

Chicago's building industry creates 1st-ever loan fund to help minority biz

Related Midwest, which earlier raised the diversity hiring bar with what amounts to a community benefits agreement governing "The 78" development, now lifts the bar higher. It has assembled building industry players to create a first-of-its kind loan fund guaranteeing capital for left out minority- and women-owned businesses.

By Maudlyne Ihejirika Aug 14, 2019, 8:06pm CDT

The developer creating Chicago's newest community, The 78 — which earlier raised the diversity hiring bar with what amounts to a community benefits agreement governing the 62-acre development — is now lifting the bar even higher.

Led by Related Midwest, major players in Chicago's building industry — from developers and contractors to labor — have joined to create a first-of-its kind, cross-industry loan fund guaranteeing capital for often left out minority- and women-owned firms.

Partners including Magellan Development, Sterling Bay, Clayco and the Chicago Federation of Labor will Thursday host a first fundraiser for the fund offering lines of credit to help women- and minority-owned firms compete for work on the \$7 billion South Loop development and elsewhere. The CFL has an ownership stake in Sun-Times Media.

"Three years ago, I was in a program trying to get my forklift certificate, when a mentor said, 'You can make \$40 an hour, or you can be a millionaire in construction and development,'" said Davona Hawkins, 29, of Lynwood.

A single mother of three, her two-year-old firm, Kingdom Construction, specializing in preparing newly built homes for delivery, is among seven inaugural winners of the funding support being unveiled Thursday.

"As a young girl, I watched my father put in flooring, paint and do the plumbing around the house, and watched him turn a storefront church into a beauty salon. So when the opportunity came to enter the business, I took it," said Hawkins, who has seven employees. "I'm very excited. My greatest need is to help make payroll and purchase materials."

Thursday's event, "Paving a Path to the Future: A Night Supporting Chicago Minority Small Business Owners," currently is on track to raise a half million dollars, organizers said.

"The genesis of this has been the initiatives we began at The 78. As we talked more and more about our goals with developers, contractors and labor, it became very clear that this is

something we need to do as an industry,” said Don Biernacki, senior vice president of the firm spearheading The 78, coming to Clark Street and Roosevelt Road.

“As we started to think about all the various hurdles out there in terms of workforce, business and supply chain, we started talking about what we could do to really increase opportunities for small, minority-owned businesses on Chicago’s South and West sides,” he said.

“One of their biggest hurdles is access to capital. We said, OK, we need to get lenders on board for them to be able to get loans, and the obstacle is a lack of ability to collateralize a loan, so let us as an industry put together a fund to be able to guarantee those loans.”

With the guarantee, lenders including CIBC, Chicago Neighborhood Initiative, Liberty Bank, Providence Bank & Trust and Wintrust Bank have agreed to provide the loans at low interest rates in amounts from \$10,000 to \$500,000.

“I’d worked in various jobs and different construction trades before deciding I wanted to be a part of it,” said Charles Wilson, 40, of West Town, owner of Unity Fencing, a five-year-old firm among the seven inaugural winners. The funding comes with mentorship.

“It’s absolutely great to be selected, especially with the growing pains my company is going through at the moment, needing funding for everything from materials to working capital, machinery, facility and everyday needs,” said the father of six.

Related Midwest in November announced hiring goals for the mixed-use residential, retail, corporate and green space project that raised the bar on diversity hiring by any private developer in Chicago through its four-pronged community benefits program.

Envisioned as the city’s 78th community, the development that was a one-time finalist for Amazon’s 2nd headquarters — Amazon HQ2 — will produce 15,000 construction and 24,000 permanent jobs.

Partnering with groups such as Black Contractors United, Hispanic American Construction Industry Association (HACIA), Association of Asian Construction Enterprises and Federation of Women Contractors, Rainbow PUSH and St. Paul Church of God in Christ Community Development Ministries, Related Midwest will ensure The 78’s \$4 billion in labor spending includes jobs for area residents and contracting with women and minorities.

The project is expected to take 15-20 years to complete.

“The big thing with this fund is that we’ve got a lot of big companies that usually compete — four very prominent developers — and on behalf of contractors, many of my colleagues I compete with on a daily basis,” said Michael Meagher of McHugh Construction, vice president of the Chicagoland Association of General Contractors.

“We’re all putting our egos aside, saying, ‘This is the right thing to do for the industry. Let’s work together,” Meagher said.

The International Brotherhood of Electrical Workers Local 134 Business Manager Don Finn agreed.

“I’ve never seen collaboration like this in my 33 years in this business,” said Finn. “I just can’t wait to see the faces of the contractors tomorrow who are going to get this money to be able to make something happen. This is huge.”