

# COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

[www.cdfifund.gov](http://www.cdfifund.gov)



## 2016 Capital Magnet Fund Application Training Presentation

# Presentation Agenda



- ❖ **CDFI Fund Overview**
- ❖ Capital Magnet Fund Overview
- ❖ Capital Magnet Fund Application
- ❖ Application Submission Process

# Mission and Vision



- ❖ **Mission:** The CDFI Fund's mission is to increase economic opportunity and promote community development investments for underserved populations and in distressed communities in the United States.
- ❖ **Vision:** The vision of the CDFI Fund is to empower America's economically distressed communities.



# Programs and Initiatives

The CDFI Fund achieves its mission **by directly investing in and supporting** Community Development Financial Institutions (CDFIs), Community Development Entities (CDEs), and other financial institutions through the following programs and initiatives:

- ❖ Bank Enterprise Award (BEA) Program
- ❖ Capital Magnet Fund (CMF)
- ❖ CDFI Bond Guarantee Program (BGP)
- ❖ CDFI Program (FA & TA)
- ❖ Native Initiatives Program (NACA)
- ❖ New Markets Tax Credit (NMTC) Program

# Presentation Agenda



- ❖ CDFI Fund Overview
- ❖ **Capital Magnet Fund Overview**
- ❖ Capital Magnet Fund Application
- ❖ Application Submission Process

# Capital Magnet Fund Overview



- ❖ CMF was established through the Housing and Economic Recovery Act (HERA) of 2008 (Public Law 110-289, section 1131).
- ❖ The amount of funding available for CMF comes from allocations from the government-sponsored enterprises (GSEs) – Fannie Mae and Freddie Mac.
- ❖ GSE funding for CMF was suspended after the enactment of HERA, but Congress appropriated \$80 million for the initial FY 2010 funding round. No CMF funding has been appropriated since FY 2010.
- ❖ In December 2014, the suspension was lifted and the Federal Housing Finance Agency instructed the GSEs to make allocations for CMF based on their 2015 activity.

# CMF 2010 Round Recap



- ❖ Awarded **\$80 million** in competitively awarded grants to 23 CDFIs and qualified non-profit housing organizations serving 38 states.
- ❖ Generated more than **\$1 billion** of combined investment
- ❖ Generated **\$12** of private investment **for every \$1** of federal funding
- ❖ Supported **189** new development and preservation projects
- ❖ Created **9,887** affordable homes comprised of **8,813** affordable rental homes and **1,074** homeowner-occupied homes

# Capital Magnet Fund Overview



- ❖ The Capital Magnet Fund (CMF) provides competitively awarded grants for CDFIs and qualified Nonprofit Organizations to finance:
  - The Development, Rehabilitation, Preservation, and Purchase of Affordable Housing for Low-, Very Low-, and Extremely Low-Income families, and
  - Economic Development Activities (including Community Service Facilities) that, in Conjunction with Affordable Housing Activities, revitalize Low-Income communities

# Capital Magnet Fund Overview



- ❖ Recipients may use up to **30%** of their awards to finance **Economic Development Activities.**
- ❖ Each CMF Award must result in **Eligible Project Costs** (CMF Award dollars and Leveraged Costs) in an amount that equals **at least 10 times the amount of the CMF Award.**

# Eligible Uses of CMF Award Dollars



- ❖ To provide Loan Loss Reserves
- ❖ To capitalize a Revolving Loan Fund
- ❖ To capitalize an Affordable Housing Fund
- ❖ To capitalize a fund to support Economic Development Activities
- ❖ For Risk-Sharing Loans
- ❖ For Loan Guarantees



# Additional CMF Requirements

- ❖ **100% of Eligible Project Costs must be** attributable to Affordable Housing Activities to support housing that is occupied by families at or below 120% Area Median Income (AMI).
- ❖ **Greater than 50% of Eligible Project Costs must be** attributable to Affordable Housing Activities to support housing that is occupied by families at or below 80% of AMI.
- ❖ **At least 20% of the units in each rental housing project** financed by a CMF award must be occupied by families at or below **50% of AMI** and **at least 20% of the units in each Homeownership project** must be occupied by families at or below **80% of AMI**.
- ❖ **No more than 5% of CMF award dollars** can be used for Direct Administrative Costs.

# Additional CMF Requirements



**Timeline:** CMF award funds must be:

- ❖ Committed for use by the awardee within **2 years** of the effective date of Assistance Agreement;
- ❖ at least partially disbursed within **3 years** of the effective date of Assistance Agreement; and
- ❖ used to finance Projects that are fully funded and achieve Project Completion within **5 years** of the effective date of Assistance Agreement (or as otherwise specified in the Assistance Agreement).
- ❖ For Affordable Housing Activities financed through the re-investment of the CMF award, the schedule and deadlines will be detailed in the Assistance Agreement.

**Affordability Requirement:** The Assistance Agreement will require a 10-year affordability period after Project Completion.

# Applicant Eligibility Factors



To be eligible to apply for an FY 2016 CMF Award, an Applicant must:

- ❖ Be certified as a CDFI by the CDFI Fund as of February 8, 2016;  
**OR**
- ❖ Be a Nonprofit Organization having as one of its principal purposes the development or management of affordable housing.

All Applicants must have been in existence as a legally formed entity for at least three years prior to the application due date (March 30, 2016).

The Applicant must meet all eligibility requirements on its own behalf and may not rely on any Affiliates or Subsidiaries to meet this requirement.

# Applicant Eligibility Factors



## **An eligible Nonprofit Organization (that is not a CDFI) must:**

- ❖ Demonstrate, through articles of incorporation, by-laws, or other board-approved documents, that the development or management of affordable housing are among its principal purposes; and
- ❖ Demonstrate that at least thirty-three and one-third percent of its total assets (loan portfolio and investments) is dedicated to the development or management of affordable housing.

# Application Restrictions



- ❖ An Applicant may apply for and receive an award through CDFI's other programs but only to the extent that the activities proposed for CMF Awards are different from those activities for which the Applicant received an award under another CDFI Fund program.
- ❖ No single applicant may apply for or receive more than 15% of the total award amount available under the FY 2016 application round.
- ❖ The total award amount available is pending and will likely be determined by March 2016. The award amount available will be posted on the CDFI Website, [www.cdfifund.gov](http://www.cdfifund.gov).

# Presentation Agenda



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- ❖ Capital Magnet Fund Overview
- ❖ **Capital Magnet Fund Application**
- ❖ Application Submission Process



# Key Documents

**Prior to submitting a CMF Application in the FY 2016 Round, Applicants should be sure to review the following documents on the CDFI Fund's website:**

- ❖ **CMF Interim Rule (as amended 2/8/2016)**
- ❖ **FY 2016 Notice of Funding Availability (NOFA)**
- ❖ **CMF Application Instructions:** Provides detailed instructions on the CMF Application questions, content and requirements.
- ❖ **CMF Frequently Asked Questions:** Provides additional clarification on programmatic or application related questions. The CDFI Fund may update the FAQs based on questions received from Applicants in the coming weeks.

# Overview of Application Components



The Application consists of the following two components:

<b>Application Component</b>	<b>Submission Method</b>
<b>SF-424 Mandatory Form</b> (Application for Federal Assistance)	<b>Electronically via Grants.gov</b>
<b>CMF Online Application and Required Attachments</b>	<b>Electronically via the Award Management Information System (AMIS)</b>

# Grants.gov and the SF-424 Form



- ❖ The SF-424 Mandatory Form (SF-424) is required for all Applicants and is the only component of the CMF Application submitted via Grants.gov.
- ❖ An Applicant must electronically sign and submit the SF-424 Mandatory Form.
- ❖ Signing the SF-424 means that the Applicant certifies that the information in the application is true, complete, and accurate, and also certifies that the Applicant will comply with the Assurances and Certifications, if an Award is made.

# FY2016 CMF Application Overview in AMIS



Applicants will submit the five sections (as well as associated “tables”) of the CMF Application through AMIS:

- ❖ **Applicant Information:** Executive Summary, Environmental Review Form, Assurances and Certifications, and 501(c)(4) Questionnaire (if applicable)
- ❖ **Part 1: Business Strategy**
- ❖ **Part 2: Leveraging Strategy**
- ❖ **Part 3: Community Impact**
- ❖ **Part 4: Organizational Capacity**



# Applicant Information

- ❖ The information provided here **does not factor** into the competitive review or scoring of the application.
- ❖ This information will be used by the CDFI Fund for administrative purposes only, including:
  - Applicant eligibility verifications; and
  - Reporting information regarding the characteristics of the overall Applicant pool.



# Overview of Scoring: Parts 1 - 4

- ❖ Maximum of **100 points**
- ❖ Four sections of **25 points each:**
  - Part 1: Business Strategy
  - Part 2: Leveraging Strategy
  - Part 3: Community Impact
  - Part 4: Organizational Capacity

# Part 1: Business Strategy



Applicants are asked to discuss:

- ❖ Their track record of financing Affordable Housing Activities and Economic Development Activities (if applicable);
- ❖ A description of the marketplace gaps in financing available for affordable housing in its proposed Service Area(s);
- ❖ Their proposed activities, including the financing type(s) to be offered and the rates and terms that will be offered; and
- ❖ Their pipeline of proposed projects and activities.

# Business Strategy Scoring



An Applicant will generally score more favorably if it:

- ❖ Clearly identifies market gaps and proposes eligible activities to address those gaps through the use of its CMF Award;
- ❖ Describes effective plans to provide financing that would not otherwise be available to finance and support Affordable Housing Activities and (if applicable) Economic Development Activities;
- ❖ Proposes activities that are consistent with the Applicant's track record;
- ❖ Provides a detailed and viable pipeline of potential eligible Affordable Housing Activities and (if applicable) Economic Development Activities.



## Part 2: Leveraging Strategy

An Applicant must describe its anticipated strategy for leveraging dollars, including the extent to which leveraged funds will be raised from private, 3<sup>rd</sup> party sources:

- ❖ At the pre-investment stage (*e.g.*, use of CMF Award to secure additional capital prior to investing in Projects);
- ❖ Through reinvestment of CMF Award during the Investment Period into additional Projects; and/or
- ❖ At the project level (*e.g.*, use of the CMF Award to invest in Projects with total Eligible Project costs equaling 10 times in excess of the CMF Award investment).



# Leveraging Strategy Scoring

An Applicant will generally score more favorably:

- ❖ To the extent that a higher percentage of its leveraged funds come from private sources and from third party capital;
- ❖ If it utilizes strategies for leveraging funds at the Applicant level (pre-investment stage and reinvestment), as opposed to solely at the Project level;
- ❖ If it demonstrates a track record of leveraging funds in a similar manner to its proposed leverage strategy.

# Part 3: Community Impact



Applicants are asked to describe:

- ❖ How Affordable Housing Activities will be targeted to Eligible-Income, Low-Income, Very Low-Income, and Extremely Low-Income Families;
- ❖ The communities the Applicant intends to serve and demonstrate a track record of serving those persons and/or communities;
- ❖ The extent to which their activities are coordinated with local planning initiatives and consider broader community needs;
- ❖ Any additional community and economic development impacts that will be achieved through their activities;
- ❖ The extent to which activities will be directed to non-metropolitan areas (NOTE: This does not affect application scoring).

# Community Impact Scoring



An Applicant will generally score more favorably:

- ❖ **For rental Projects:** To the extent it proposes to produce a greater proportion of units that are occupied by families with incomes at or below 50% of AMI, beyond the threshold of 20% of units per project.
- ❖ **For Homeownership Projects:** To the extent it proposes to produce a greater proportion of units that are occupied by families with incomes at or below 80% of AMI, beyond the threshold of 20% of units per project.
- ❖ **For Economic Development Activities:** To the extent that it commits to financing Economic Development Activities in Low-Income Areas.

# Community Impact Scoring (cont'd)



An Applicant will generally score more favorably:

- ❖ **High-Housing Need:** To the extent that its strategy uses a higher portion of its CMF Award to finance or support Affordable Housing in areas of High Housing Needs, which are census tracts that either:
  - have Very Low-Income renters paying more than half their income for rent, or
  - are high poverty census tracts with high vacancy, or
  - are Underserved Rural Areas.
- ❖ **Community or Economic Development Outcomes:** To the extent that its strategy will produce other community and economic development impacts.



# Part 4: Organizational Capacity

In this section, the Applicant must identify and describe:

- ❖ Its management team and key staff;
- ❖ The role of its governing board or advisory board;
- ❖ Its strategy for soliciting feedback from low-income community representatives during the process of selecting investments;
- ❖ Its current financial health, including results of recent audits, and quality of its loan portfolio;
- ❖ Its experience administering other public funds including federal awards, if applicable.

# Organizational Capacity Scoring



An Applicant will generally be scored more favorably to the extent that:

- ❖ Its staff, Board members and other personnel have the requisite skills and experience to administer the CMF Award and maintain compliance with its Assistance Agreement;
- ❖ It involves Low-Income persons or Low-Income community representatives in its decision-making process;
- ❖ It demonstrates a strong portfolio and financial health.

# Overview of Application Review Process



All eligible Applications will be reviewed through a multi-phase review process that includes both quantitative and qualitative reviews:

- ❖ **Eligibility and Completeness Review (CDFI Fund)**
- ❖ **Phase 1: Substantive Review**
  - a) Quantitative Review (CDFI Fund):
  - b) External Application Review (External non-Federal Reviewers)
- ❖ **Phase 2: Internal Application Review (CDFI Fund)**
- ❖ **Initial Award Determination**
- ❖ **Selection**

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# Where to Submit CMF Application Materials



The CDFI Fund is excited to introduce its new **Award Management Information System (AMIS)**, which together with **Grants.gov** will capture all FY 2016 CMF Application Information.

Application Form	Submission Method	Due Date
<b>SF-424 Mandatory Form</b>	Electronically via Grants.gov	March 16, 2016
<b>CMF Online Application and Required Attachments</b>	Electronically via AMIS	March 30, 2016

# Accessing Grants.gov



- 1) **SAM:** Ensure Applicant has an active System for Awards Management (SAM) account ([www.SAM.gov](http://www.SAM.gov)).
- 2) **DUNS and EIN Number:** Ensure that Applicant has a current and valid Dun and Bradstreet Data Universal Numbering System (DUNS) number and Employer Identification Number (EIN).
- 3) **Complete SF-424:** Located in the 'Mandatory Documents' box of the downloaded Grants.gov Application Package. To access the form, select SF-424 Mandatory Form; then click on the 'Move Form to Complete' button. The SF-424 will move to the 'Mandatory Documents for Submission' box. Click on the 'Open Form' button to open the form. **Complete and submit form.**

# Accessing AMIS



**AMIS Link: [amis.cdfifund.gov](https://amis.cdfifund.gov)**

## **If you have an AMIS Account:**

- 1) LOGIN TO AMIS link. Use your assigned AMIS Username, which in most cases is your email address.
- 2) Navigate to Applicant's Organization. Select CMF within the Program Profiles. Select "New CMF Application."

## **If you don't have an AMIS account:**

- 1) LOGIN TO AMIS link. Select "Join our Community".
- 2) Register your organization in AMIS first. The first person to register an organization becomes an administrative user for that organization. Once the organization is registered, other users can be added to the organization.

# AMIS Application Submission Tips



- ❖ Each question response has **specified character limitations** and AMIS has character restrictions for its questions and instructions. Applicants should prepare responses in an off-line format using the **CMF Application Instructions** and then paste them into AMIS.
- ❖ Allow plenty of time to submit. Inquiries must be received by the CDFI Fund no later than **March 28, 2016** in order to receive a response before the AMIS Application deadline.
- ❖ The CDFI Fund recommends applicants submit AMIS application two days prior to the deadline of **March 30, 2016**, so that we may be available to assist them in case technical issues arise.
- ❖ Applicants will not be able to access or change their application once submitted.

# AMIS Resources and Training



- ❖ **AMIS Webinars:** There will be two AMIS Webinars specifically focused on accessing and navigating AMIS.
  - **March 1, 2016: 1:00 – 1:45 pm EST**
  - **March 3, 2016: 3:00 – 3:45 pm EST**
- ❖ **AMIS User Manual and Quick Start Guides:** Available on the AMIS homepage at [amis.cdfifund.gov](http://amis.cdfifund.gov) under “AMIS Training Materials.”
- ❖ **AMIS Help Desk and Service Requests**

**Please Note:** AMIS is a new system so users may encounter bugs or technical glitches. We ask that you report any issues by submitting a Service Request within AMIS. For technical issues, please select “General Inquiry” for the Service Request Record Type, and “Cross-Program-AMIS technical problem” for the Type.

# Application Deadlines



## FY 2016 CMF Program Funding Round Deadlines

Description	Deadline	Time (Eastern Time)	Submission Method
SF-424 Mandatory Form	<b>March 16, 2016</b>	11:59 p.m. ET	Electronically via <b>Grants.gov</b>
CMF Online Application and Required Attachments	<b>March 30, 2016</b>	11:59 p.m. ET	Electronically via <b>AMIS</b>

# Contacting the CDFI Fund



Contact Information		
Type of Question	Telephone	Email
Programmatic Support	202-653-0421	<a href="mailto:CMF@cdfi.treas.gov">CMF@cdfi.treas.gov</a>
Compliance Support	202-653-0423	<a href="mailto:CCME@cdfi.treas.gov">CCME@cdfi.treas.gov</a>
Information Technology Support (AMIS)	202-653-0422	<a href="mailto:AMIS@cdfi.treas.gov">AMIS@cdfi.treas.gov</a>

**NOTE:** The CDFI Fund seeks public comment on the Interim Rule through April 8, 2016. You may submit comments via the Federal e-Rulemaking Portal at <http://www.regulations.gov>.



# General Questions?

Please note: We encourage you to submit your individual questions to [cmf@cdfi.treas.gov](mailto:cmf@cdfi.treas.gov).