

CHDO Listening Session: DCA Topics

September 1, 2020

2020 CHDO NOFA

DCA anticipates releasing a Notice of Funding Availability (NOFA) for CHDOs this fall. CHDOs would receive a HOME loan to be paired with 9% tax credits. Below are three NOFA items that DCA would like to discuss with CHDOs.

NOFA SCORING SECTION: “COMMUNITY TRANSFORMATION” COMPETITIVE RANKING

At the last CHDO roundtable, CHDOs stated that the QAP Scoring sections “Community Transformation” and “Enriched Property Services” most closely resemble the work that distinguishes CHDOs from other affordable housing developers. Further, some proposed that given the innovative nature of these Scoring sections, a more subjective application review would be more appropriate than the current prescriptive approach. Below is an initial proposal for how such a subjective review might be structured for the upcoming CHDO NOFA.

Scoring structure

- Applicant provides a narrative with supporting documentation that makes the application’s case.
- DCA reviews the applications qualitatively and ranks them in accordance with the section’s intent.
- Applications with a higher ranking receive more points.

Criteria for ranking

DCA publishes only enough criteria to convey concretely the section’s intent. DCA reserves the right to consider additional criteria applications may include, provided they are consistent with the section’s purpose – to provide a competitive advantage to developments that are (a) surrounded by a holistic community development initiative and (b) are sponsored by place-based developers. Potential criteria include:

- CHDO has a history of working within the community of the application.
- CHDO has been engaged in cross-sector partnerships within the community.
- Community development initiative fundraising and implementation measures predate the proposed development.
- Community development initiative reflects input from citizens and stakeholders within the community.
- CHDO partnerships and community development initiative surrounding the site are holistic (e.g., covering health, employment, education, etc.).
- General:
 - Narrative demonstrates a strong potential magnitude of benefit to property’s residents.
 - Application contains documentation substantiating the narrative.

NOFA SCORING SECTION: “ENRICHED PROPERTY SERVICES” COMPETITIVE RANKING

Scoring structure

Same as for “Community Transformation” above.

Criteria for ranking

Potential criteria include the following:

- Services will be physically and financially accessible to residents.
- Services respond to community need identified through data or community input.
- Ongoing services will be informed by resident input.

- Service providers are qualified to provide proposed services.
- Service providers and proposed services have a strong positive track record.
- Implementation will not strain property management or property's financial health.
- General:
 - Narrative demonstrates a strong potential magnitude of benefit to property's residents.
 - Application contains documentation substantiating the narrative.

PROPOSED ADVANTAGE FOR 100% NONPROFIT DEVELOPER ENTITIES

Question

Some CHDOs recommended giving a scoring advantage to GPs of 100% nonprofit ownership.

Concern

Stated concern was that for-profit developers try to seek out CHDOs without development experience to get a second chance on a 9% application. This might result in outcomes inconsistent with the CHDO NOFA purpose of promoting place-based development and mission-oriented management.

For discussion

- Some CHDOs in attendance have joint ventured with for-profit developers previously. What are your perspectives on the proposed competitive advantage for 100% nonprofit GPs?
- In the last roundtable, CHDOs stated that Community Transformation and Enriched Services represent the work that distinguishes CHDOs. If the highest scoring plans in each of these categories are put forth by joint ventures with a for-profit entity, is it a desirable outcome to counteract that outcome?
- Are there requirements DCA could impose related to CHDO partnership agreements that could address underlying concerns?

CHDO PARTICIPATION IN CHIP PROGRAM

CHIP program overview

DCA has a single family construction program called Community HOME Investment Program (CHIP). CHIP is a HOME-funded grant program that provides funds to local governments, nonprofits, and public housing authorities to do two activities:

- Owner occupied rehabs (up to \$300,000 for around 6 homes at \$50,000 per home); or
- Construction of single family homes to sell to HOME income eligible homebuyers (up to \$600,000 to build homes. The grantee keeps the proceeds to reinvest into more HOME-eligible affordable housing activities)

CHDOs can participate in this program by applying directly to receive CHIP funds for these two activities or by serving as grant administrators for local governments interested in receiving funds for redevelopment projects in their communities.

We are always looking to expand the number of highly capable grantees we work with around the state.

CHIP Challenges

- Limited number of contractors to do the owner-occupied rehabs
- Limited understanding of the single family development process (i.e. market analysis, financing, etc.)
- Not enough grant administrators especially in some parts of the state

Question for CHDOs

What would incentivize our CHDO partners to participate in the CHIP program?