JPMorgan Chase & Co.

PRONEIGHBORHOODS

# Attracting and Deploying State and Federal Funding for Equitable Community Development

Abt


Source: Equitable
Wilmington Collaborative

JPMorgan Chase & Co.

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# CONTENTS


Source: Getty Images (Cleveland)

# Introduction

Historically, private investment in housing, retail, and community facilities in the U.S. has not been distributed equitably. Compared to wealthier areas, low- to moderate-income neighborhoods often find it difficult to secure investment, despite their need for development to support thriving communities. This imbalance contributes to growing disparities between neighborhoods over time. Attracting public funding to these areas is important to bridge market gaps and ensure equitable development.

As part of its commitment to promoting equitable community development, JPMorgan Chase (JPMC) began providing grants through its PRO Neighborhoods program to support collaboration between community development financial institutions (CDFIs) and other community-based organizations. Collaboratives invested the flexible capital provided by JPMC to address a wide range of development needs in targeted neighborhoods, from financing the development of affordable housing and community facilities to providing small businesses with grants and technical assistance.

In addition to the grant they received from JPMorgan Chase, many PRO Neighborhoods collaboratives successfully attracted state and federal funding to support their equitable community development efforts. Examples include American Rescue Plan Act (ARPA) funds, state brownfields funds, Community Development Block Grants, state Downtown Development District grants, state and federal Historic Preservation Tax Incentives, Low-Income Housing Tax Credits, and New Market Tax Credits. In total, PRO Neighborhoods collaboratives have been able to leverage JPMorgan Chase grants with more than $1 billion in additional capital, including state and federal government funding. PRO Neighborhoods can help position CDFIs for accessing state and federal funding because it brings together CDFIs and other community partners to build relationships and share funding, technology, staff, and other resources to build a streamlined and cohesive process and relationships before funding becomes available.

Recent public investments (e.g., the Infrastructure Investment and Jobs Act of 2021, the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act of 2022, and the Inflation Reduction Act of 2022) provide a once-in-a-generation influx of funds that could be channeled to support equitable development. This report shares learnings from investment data provided by PRO grantees and stakeholder interviews (see **Appendix A** for details) on how PRO Neighborhoods collaboratives have leveraged past public funding sources to inform the field's understanding of how to harness public investments now and in the future for equitable neighborhood development. It reviews promising practices from three successful collaboratives – Equitable Wilmington, Opportunity CLE Neighborhoods, and Purple Line Equitable Transit-Oriented Development.

### Lessons Learned from PRO Neighborhoods Collaboratives

- ✓ Develop a strong understanding of local needs.
- ✓ In funding applications, demonstrate capacity and potential to advance equitable development.
- ✓ Build the capacity of grassroots partners and other players in the development ecosystem.
- ✓ Build relationships with public stakeholders to increase awareness of local needs and capacity.


Source: Equitable Wilmington Collaborative

# Equitable Wilmington's Strategies to Attract and Deploy State and Federal Funding for Equitable Community Development

In 2019, Cinnaire Corporation, True Access Capital, and NeighborGood Partners – three Community Development Financial Institutions (CDFIs) – formed the Equitable Wilmington Collaborative to support three neighborhoods in Wilmington, Delaware. From its start, the Collaborative established goals guided by the needs of residents and aimed to support small businesses, affordable housing, and community facilities. The Collaborative wanted to build healthy neighborhoods through targeted financing, technical assistance, expanded access to data, and capacity building. To guide these efforts, Equitable Wilmington established a local governance structure, including a Community Advisory Committee.

Before, during, and after their PRO Neighborhoods grant, from 2019 to 2022, the members of Equitable Wilmington strengthened their relationships with federal, state, and local government stakeholders to raise awareness about local needs and encourage additional funding to be directed to the target neighborhoods. They developed a strong understanding of where funding was needed most, and they built the capacity of grassroots organizations closest to residents and local challenges to help those organizations attract resources to advance core community needs.

## Equitable Wilmington

The Equitable Wilmington Collaborative was granted **$4 million from JPMC's PRO Neighborhoods initiative and leveraged an additional $34.8 million** for investment. The leveraged funding sources included: CDFI Fund resources (such as New Markets Tax Credits and Capital Magnet Fund), U.S. Department of Agriculture's Rural Community Development Initiative grants, U.S. Department of Labor grants, Delaware State Housing Authority's Strong Neighborhoods Housing Fund, a state housing bond, the state's Downtown Development District fund, and state and federal Historic Preservation Tax Incentives.

Among other things, these public resources helped finance mixed-use development, homeownership counseling and assistance, the USDA's Rural Development Mutual Self-Help Housing program, homeownership opportunities, and affordable multifamily housing.

## Strategies to Expand Funding Opportunities

**To raise awareness and expand funding opportunities for the target neighborhoods, the CDFIs leveraged their existing momentum and relationships**. Before the PRO Neighborhoods initiative, members of the Collaborative had already established relationships with one another by occasionally meeting to identify potential partnership opportunities and working together on projects in the target areas. Each CDFI also had a positive reputation in the state, a proven track record of successful work, and offices in Wilmington. They leveraged these relationships to form new partnerships with the state and city and raise awareness about CDFIs and local challenges.

**The CDFIs also formed new partnerships and strengthened existing relationships with the Delaware State Housing Authority and the City of Wilmington**. For example, Dionna Sargent, Community Connection Vice President for Cinnaire Corporation, observed that the positive relationship between Cinnaire and the State Housing Authority, stemming from past Low-income Housing Tax Credit deals they had worked on together, led the Authority to reach out to Cinnaire to

collaborate on the state's new *Catalyst Fund*. The fund consists of $20 million in state ARPA funding to support affordable housing development in places where the cost of rehabilitating a property exceeds its potential sales price.

Collaborative members worked with the City of Wilmington on a number of strategies during the term of its PRO grant, including exploring how the city could administer its local ARPA funding, facilitating the *Jumpstart Wilmington* aspiring developer program, and establishing a property acquisition pilot program to further support Jumpstart graduates. True Access Capital and Cinnaire (under the Delaware Community Investment Corporation) established connections with the City of Wilmington beginning in the early 1990s and NeighborGood Partners built these relationships beginning in the early 2000s.

## Catalyst Fund

In 2022, the Delaware State Housing Authority partnered with Cinnaire to establish the Catalyst Fund using state ARPA funds to provide gap financing for developing and preserving affordable housing on vacant land in neighborhoods disproportionately affected by COVID-19. Cinnaire seeded the Catalyst Fund with $900,000 from PRO Neighborhoods.

## Jumpstart Wilmington

The Jumpstart Wilmington program encourages people to get involved in developing property in their community. The Collaborative launched it after existing developers expressed a need for more capacity. Robert Snowberger from 9th Street Development Company (9SDC), a local developer and partner of the Collaborative, praised Jumpstart Wilmington for its extensive community outreach and for providing development training to anyone who wants to participate.

Through PRO Neighborhoods, **the Collaborative raised awareness about CDFIs' work happening in the target neighborhoods, and opportunities to strengthen funding opportunities for these communities**. Cinnaire's Sargent said that Delaware is unique because, due to its small size, everyone knows everyone. It was not uncommon for members of the Collaborative to coordinate meetings with elected officials and invite them to attend events. Each CDFI also has strong independent relationships with government entities and banks that can speak about the benefits of CDFIs and advocate for them to receive more funding. State and federal representatives recognized the Collaborative's strong capacity, so the state often approached the CDFIs with partnership opportunities.

Raising this awareness and building these relationships takes work. **Cinnaire had two employees dedicated to developing relationships with government leaders by organizing meetings and inviting them to events and conferences**. Similarly, Dave Callahan, the Loan Fund Director for NeighborGood Partners, said that his organization tries to attend all discussions related to new state programs to demonstrate interest. Additionally, NeighborGood Partners staff participate in workshops and seminars to learn about federal programs, like the U.S. Environmental Protection Agency's Greenhouse Gas Reduction Fund.

## Strategies to Target Funding Where It Is Needed Most

To ensure the funds they attracted would be deployed equitably, the Collaborative developed a strong understanding of local needs and worked to increase the capacity of grassroots partners.

**From its start, the Collaborative established goals guided by community input and plans**. The Collaborative partnered with entities that have "deep roots" in Wilmington, such as community development corporations (CDCs) and local developers. **The Collaborative also created a Community Advisory Committee** made up of representatives from community-based organizations, CDCs, and other interested parties. The Collaborative organized regular meetings with the Advisory Committee, which allowed for direct communication with residents.

The Collaborative's local partners were the closest to the residents and best understood their priorities. However, **the Collaborative members knew they needed to take an additional step to ensure that local partners had the resources and capacity to respond to those needs**. To this end, the Collaborative provided financial support, technical assistance, and capacity-building support to local developers and grassroots organizations to help them with their development projects, grant operations, funding applications, and other activities.

**The Collaborative played a key role in enhancing the capacity of local developers through the Jumpstart Wilmington program** that provided local developers with training on accessing state and federal funding, data analysis and other relevant topics, and monthly alumni roundtables. **The Collaborative expanded local partners' access to data by conducting a market analysis and negotiating access to PolicyMap for 30 grassroots organizations**.

The Collaborative decided to provide these specific supports based on input from a focus group of organizations working in the neighborhoods that said that having access to data would help with planning, program development, implementation, and tracking services. Cinnaire's Sargent reported that some local partners are now using data to map their current programming, understand local demographics, and guide additional services to meet community needs.

**The Collaborative also provided technical assistance and $100,000 in Capacity Building Grants to grassroots organizations through the Fund**. The Collaborative awarded eight grants to nonprofits, one of which leveraged its $15,000 grant from the Collaborative to raise another $125,000 to support its program operations.

Additionally, **the Collaborative supported key development projects**. For example, Solomon's Court is a catalytic mixed-use development project helping to revitalize a major corridor in Wilmington. It is being developed by Be Ready CDC with assistance from Cinnaire. Each CDFI member of the Collaborative has been involved in helping to facilitate Solomon's Court. Among other assistance, the Collaborative provided Be Ready CDC with capacity-building funding through the Capacity Building Grant Fund, which it used to hire a consultant to help finish Phase 1 of the project. Collaboration was critical for attracting needed funds and ensuring the project had the strong capacity it needed to qualify for funding.


Source: Opportunity CLE Neighborhood

# Opportunity CLE Neighborhoods' Strategies to Attract and Deploy State and Federal Funding for Equitable Community Development

In 2019, Cleveland Development Advisors-Community Reinvestment Fund (CDA-CRF) and Finance Fund Capital Corporation (FCAP), two CDFIs, partnered to form the Opportunity CLE Neighborhoods Collaborative. They launched this initiative to support community investment priorities in three neighborhoods in Cleveland, Ohio.

Though CDA-CRF was a relatively new CDFI at the time the Collaborative received a PRO Neighborhoods grant, it's parent Cleveland Development Advisors had been providing capital for more than 30 years. FCAP was an experienced CDFI that had been operating in Ohio for decades. Through the collaborative, the two organizations worked together to provide loans, grants, and technical

assistance to local partners to identify project funding opportunities and strengthen the partners' applications to attract investment. The partnership allowed the CDFIs to leverage their strengths and achieve common goals. CDA-CRF brought local market knowledge and capital to support community development projects, and FCAP provided necessary technical assistance.

Over the three-year term of its PRO Neighborhoods grant, 2019 to 2022, the Collaborative financed and coached community-driven real estate projects. It also provided small business and local capacity-building grants and leveraged technical assistance and lending capital to close deals and attract additional investment for projects' long-term sustainability.

## Opportunity CLE Neighborhoods

The Opportunity CLE Neighborhoods Collaborative was granted **$5 million from JPMC's PRO Neighborhoods initiative**, and CDA-CRF committed $3.75 million in capital to support the Collaborative's efforts.

Opportunity CLE Neighborhoods then leveraged **an additional $66.6 million** for investment. The Collaborative financed projects using the following state and federal resources in their target neighborhoods: federal and state Historic Preservation Tax Incentives, New Markets Tax Credits, Low-Income Housing Tax Credits, and the State of Ohio's Brownfield Remediation Program.

Among other activities, these public resources supported historic building renovation and filled funding gaps for real estate development projects to increase community facilities and services.

The Collaborative submitted successful applications to attract resources that could expand funding opportunities in its target areas. It also helped others identify and apply for funding to expand local partners' access to project support. To identify community needs and potential strategies to address them, the Collaborative engaged in regular outreach and engagement. It also used a community impact tool and community benefit agreements to ensure its projects resulted in equitable impacts for residents. Additionally, Opportunity CLE Neighborhoods fostered an "equitable development ecosystem" of emerging developers of color.

## Strategies to Expand Funding Opportunities

**The Collaborative completed detailed and thoughtful funding applications that demonstrated their capacity and local needs**. Diana Turoff, the President and CEO of FACP, said that every funding application is unique, so applicants need to tailor their submissions. For example, some programs might require applicants to demonstrate similar past work experience, staff expertise, and other

funding sources. Some applications request an organization's financial information to show financial performance over time. For loan programs, funders typically assess staff strength and expertise, past experience, letters of support, and portfolio history. **In general, to successfully attract resources for investment, the CDFIs found they needed to demonstrate**:

- **A track record of successful work and understanding of local needs**. Yvette Ittu, the President and CEO of CDA-CRF, said when their CDFI sought funding, staff provided information on the target area's needs and highlighted the organization's past projects and lessons learned, showing the significant effects it has had on the market. For example, CDA-CRF discussed how earlier projects resulted in more initiatives and investments in their surrounding areas. Ittu said the CDFI used past work examples to say, "We make investments in projects that are intended to have a catalytic impact in a neighborhood. Using lessons learned from investments made in one neighborhood can be duplicated in the next emerging neighborhood."
- **A compelling story with projects' strong community impacts.** For funding applications, CDA-CRF quantified each project's potential impacts on populations in low-income communities and developed a strong narrative on the project's benefits. Jessica Coffey, Vice President of Lending for CDA-CRF, said, "I think the projects we invested in had strong community impacts, so they had a compelling story, especially for New Market Tax Credits. Project readiness and community impacts are what drive the ability to attract a New Market Tax Credit allocation. Similarly, the Historic [Preservation] Tax Credit projects had a strong narrative showing the benefits of those renovations."
- **Evidence of community support**. CDA-CRF demonstrated local support for its projects by providing letters of support and information on projects' complete capital stacks, including all funding sources, such as commitments from the city or local civic entities. CDA-CRF's Coffey said, "I think the demonstration of local support is very helpful."

**The CDFIs helped local organizations and developers identify and apply for funding**. The Collaborative helped projects by providing technical assistance and other support for their fundraising activities. For example, CDA-CRF's Ittu said, "If a project sponsor was seeking a state or federal application, we would help support that application by providing letters of interest or support for the project." CDA-CRF's Coffey said, "We often helped connect projects to other community development entities if we did not have New Market Tax Credit allocation available, and I think support from a local organization like ours can go a long way with a national community development entity, for example."

[CentroVilla25](), a community-driven project that received funding from City ARPA funds and New Market Tax Credits, provides one example of a project the Collaborative helped support. CDA-CRF's Ittu said CentroVilla25 was "a labor of love" that required the community to come together to make it happen. The Northeast Ohio Hispanic Business Center, the project developer, received technical assistance and funding from the Collaborative to acquire the project's property, engage a third-party consultant for its commercial feasibility strategy, and attract additional funding for its development. CentroVilla25's construction took a while to kick off because of financing gaps. CDA-CRF's Coffey said that real estate projects in some Cleveland neighborhoods can be challenging even under normal circumstances. However, recent increases in construction costs and interest rates have made financing gaps even more significant.

Source: CDA-CRF

### CentroVilla25

The **CentroVilla25** project involved redeveloping two acres of blighted property into a community hub with micro-retail spaces, a grocery, restaurant, co-working space, nonprofit headquarters, and community programming. CentroVilla25 is aligned with the surrounding area's **La Villa Hispana Action Plan**, which is designed to support the neighborhood in becoming an economic and cultural center for Cleveland's Latino community.

To help CentroVilla25 address this challenge, the Collaborative provided technical assistance regarding project financing and fundraising, helped engage potential funders, and provided letters of support, which helped the project secure $1.5 million from the City of Cleveland's ARPA Coronavirus State and Local Fiscal Recovery Funds in 2023 to fill its gaps.

## Strategies to Target Funding Where It Is Needed Most

**The Collaborative used community outreach and engagement to assess local needs and identify potential strategies to address them**. From its start, the Collaborative intended to support the implementation of existing City efforts and neighborhood plans.

The Collaborative knew working in multiple neighborhoods across Cleveland would require extensive community collaboration, so **the CDFIs met regularly with local stakeholders**, including monthly meetings with three CDCs, frequent events and meetings with public agencies and departments, neighborhood tours for investors, and regular meetings with project sponsors. This engagement

ensured community partners had ongoing access to CDA-CRF's and FCAP's expertise and provided communication channels to discuss potential and existing development projects. The Collaborative relied on a range of local partners to guide and support its efforts, including the City of Cleveland, CDCs, the land bank, small businesses, project tenants, residents, CDC professional development leaders, developers, and social service providers.

During the PRO Neighborhoods grant period, the Collaborative identified several potential investment opportunities and provided financing for three community development projects through five loans. **To ensure that the projects it financed would have equitable impacts on the surrounding community, CDA-CRF assessed its projects' expected impacts** by using a tool based on the Urban Institute's Community Impact Assessment Tool. Additionally, **CDA-CRF required all the projects it financed to have community benefits agreements** to ensure that the loans would help achieve positive outcomes for low-income households and communities. These agreements established specific goals and reporting requirements for the borrower.

## Equitable Development Ecosystem Collaborative

The Equitable Development Ecosystem Collaborative is a multi-sector effort to support emerging developers of color and increase development projects and partnerships in Greater Cleveland. The program provides a cohort of 15 emerging developers with access to capital and training, including how to access all of the different layers of capital (e.g., tax credits, local grant opportunities, and state and federal funding).

In addition to these efforts to ensure funding was targeted to where it was needed most, **the Collaborative supported local developers to foster an "equitable development ecosystem."** Through its PRO Neighborhoods activities, the Collaborative learned opportunities existed to support disadvantaged real estate developers in Cleveland. To help address gaps in local development capacity and increase investment in the target neighborhoods and others like it in Cleveland, the Collaborative convened service providers, the city, county, land bank, and others to identify strategies to support emerging developers of color. Guided by this discussion and others, CDA-CRF established the Equitable Development Ecosystem Collaborative and partnered with other local civic organizations to provide more predevelopment loans. CDA-CRF's Ittu said,

> *Before PRO Neighborhoods, I can say we did very few, if any, pre-development loans. We know now that this was an area where there was a bigger gap that no one was filling, and we know it is a necessary piece of capital that we need to figure out for work with emerging developers.*

The predevelopment loans help overcome the challenge that new developers often have less upfront capital for predevelopment activities than more experienced developers.

Source: Purple Line Equitable Transit-Oriented Development Collaborative

# Purple Line Equitable Transit-Oriented Development Collaborative's Strategies to Attract and Deploy State and Federal Funding for Equitable Community Development

In 2013, a group of public and private partners formed the Purple Line Corridor Coalition (PLCC) to proactively prevent the displacement of existing residents and small businesses around the Purple Line, a 16-mile light rail line being built in the Maryland suburbs outside of the District of Columbia. The PLCC aims to preserve or create 17,000 affordable homes and prevent displacement around the transit corridor, which passes through Prince George's and Montgomery Counties.

In 2019, three members of the PLCC formed the Purple Line Equitable Transit-Oriented Development Collaborative: the National Housing Trust (NHT), a CDFI operating locally and nationwide; Enterprise Community Partners, a larger CDFI; and Latino Economic Development Center (LEDC), a CDFI that specialized in small business lending. The Collaborative brought these three CDFIs together to tackle multiple issue areas in one target geography, joined by several other key actors, including brokers, developers, and local government.

## Purple Line Equitable Transit-Oriented Development Collaborative

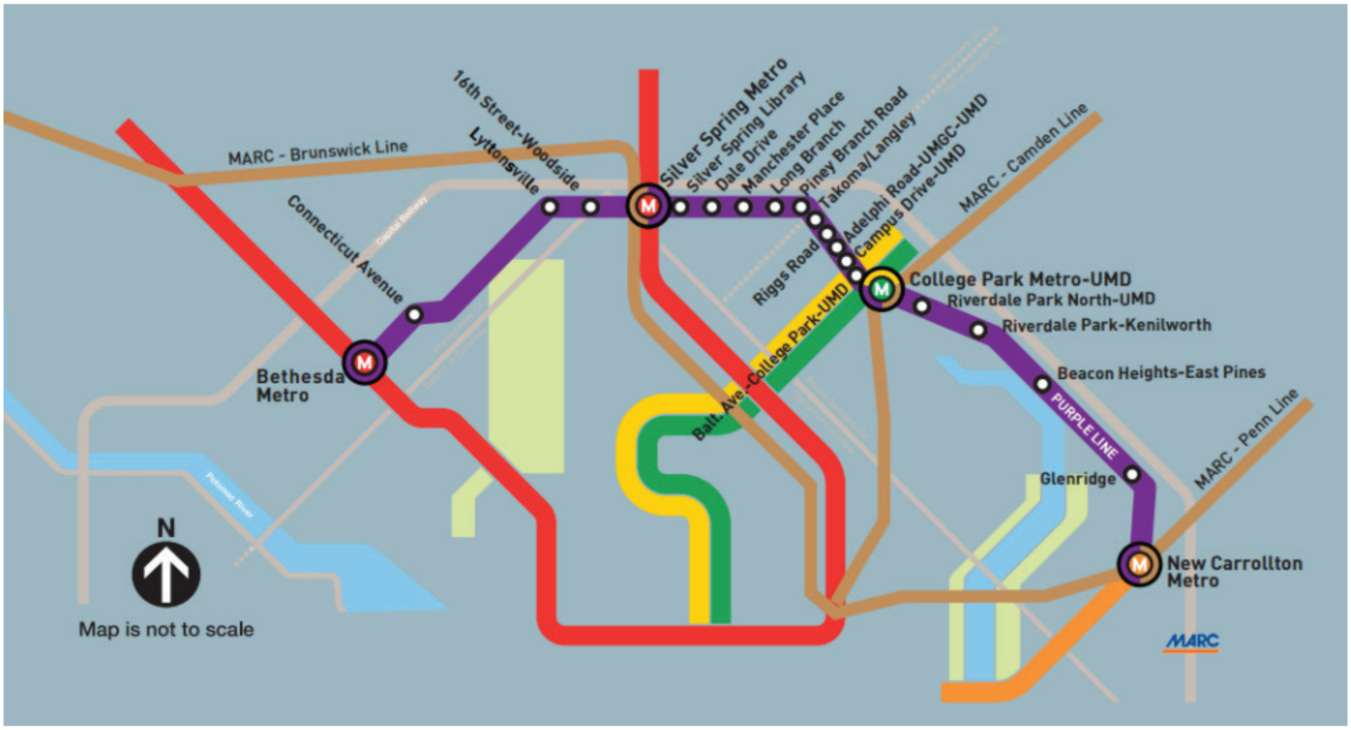
The Purple-Line Equitable Transit-Oriented Development Collaborative received a $5 million grant from the JPMC PRO Neighborhoods initiative and leveraged more than $121.9 million of investment to support small businesses and affordable housing development and preservation.

Among others, Collaborative members reported using the following public resources in their target area: small business grants from Prince George's County using Community Development Block Grant funds, funding from the Maryland Department of Commerce, Federal Transit Administration funding, and Montgomery County.

From its start, the Collaborative used shared goals identified by PLCC to further support residents and businesses along the transit corridor:

- Develop and expand partnerships, policy, and community engagement in the corridor to promote equitable development in the region.
- Preserve and develop affordable housing in the corridor by providing technical assistance and capital.
- Provide loans and technical assistance to preserve small businesses in the corridor.

From 2019 to 2022, the Collaborative played an important role in expanding funding opportunities in the corridor by engaging key actors, such as local governments; raising awareness about local needs and displacement concerns; and helping various stakeholders such as local developers, municipalities, faith communities, and others identify and access funding sources for local development and PLCC's projects. To ensure that funding allocated to where it was needed most, the Collaborative's shared investment priorities were driven by community input and outreach conducted to the entire development ecosystem (e.g., local government, funders, developers, CDCs, small businesses, and service providers).




Source: Enterprise Community Partners

## Strategies to Expand Funding Opportunities

**The Collaborative increased funding opportunities by proactively raising awareness about local needs**. Shellon Fraser, Senior Director of Lending for NHT, said the Collaborative drew public attention to potential neighborhood issues very proactively. “We’re looking at displacement of residents and small businesses as the issue because there’s a new train line coming. We’ve seen what happens when a transit line comes; opportunity comes with it, and it tends to displace low-income residents. So that became the call: *This cannot happen here*.” Fraser suggested that raising awareness about local challenges and potential solutions can help attract funding because local and state representatives are eager to respond to community concerns.

To further expand funding opportunities, **the Collaborative formed partnerships with local government stakeholders**. NHT identified housing development and preservation projects along the Purple Line and connected them with capital from Montgomery County’s housing trust fund, the Montgomery Housing Initiative Fund, and its Affordable Housing Opportunity Fund, a $20 million acquisition fund that NHT manages for the county. Many housing units financed by the Collaborative

used capital from the Affordable Housing Opportunity Fund. NHT's projects also attracted funding from other sources, including Maryland's Rental Housing Works program, the CDFI Fund's Rapid Response Fund and Capital Magnet Fund, and Low-Income Housing Tax Credits.

Montgomery County chose NHT to manage its Affordable Housing Opportunity Fund because the County knew the CDFI had the necessary experience and capacity. Josh Earn, the Managing Director of Lending & Innovation at NHT, said Montgomery County's funding was a game-changer. He said communities can learn from this experience on how to attract funding by bringing something valuable to the table. If the county is willing to participate, it can be very significant. It is critical to have the right people at the table to rally support.

Prince George's County supported the Collaborative's housing efforts by reactivating a dormant law in 2021 that allows the County right of first refusal when an owner of a multifamily property wants to sell. By 2023, this process had preserved at least 1,200 affordable housing units.[1] Laura Searfoss, Senior Program Director for Enterprise, said, "There's been so much work to create the right enabling environment in both counties, and there's still work that needs to be done."

In addition to partnering with local government, **the Collaborative built relationships and helped other local partners identify and access project funding**. LEDC hired a Community Coordinator in late 2020 to support local developers, municipalities, faith communities, and others in identifying, funding, and implementing affordable housing projects in the target areas. The Community Coordinator also worked on building relationships with elected officials by attending public hearings, requesting meetings, and engaging other interested parties in conversations. The Community Coordinator met regularly with developers to offer tailored technical assistance for their projects, including developments that accessed public funding. The Collaborative also provided specific assistance to housing developers to help them understand new federal funding opportunities, such as the Inflation Reduction Act and the Infrastructure Investment and Jobs Act.

Additionally, LEDC developed a small business directory providing local business' locations, contact information, and Minority or Women's Business Enterprise status. The directory enables the Collaborative to quickly connect with local small businesses and make them aware of new funding that becomes available that they can access directly.

1 Center for Community Investment. *Preserving Affordable Housing Along the Purple Line Corridor in Washington, DC's Maryland Suburbs: Case Study*. Center for Community Investment. 2023. https://centerforcommunityinvestment.org/wp-content/uploads/2023/04/Purple-Line.pdf


## Strategies to Target Funding Where It Is Needed Most

**PLCC established shared investment priorities from the start and the Collaborative (funded by PRO Neighborhoods) used those shared goals to guide the PRO Neighborhoods work**. Laura Searfoss, Senior Program Director for Enterprise, said, “We have a really clear sense of shared priorities and a goal, which creates a really good lens to filter ideas through.” For example, Enterprise reviewed and submitted comments to strengthen the State of Maryland’s Qualified Allocation Plan for equitable transit-oriented development projects, including those in the corridor.

Source: Maryland Transit Administration Purple Line Train

To further guide the CDFIs’ investments to where they were needed most, **the Collaborative consulted a range of parties representing different roles in the development ecosystem**. Over the PRO Neighborhoods grant period, the Collaborative met with many different actors representing different voices and perspectives (e.g., developers, funders, the public, small businesses, and others). NHT spent a lot of time talking to developers and the public to ensure its projects would directly benefit existing residents. LEDC made similar connections with local small businesses. In 2021, the Collaborative hosted a roundtable of more than 60 developers to discuss the transit line and the opportunities for investment nearby.

# Lessons Learned

The recent influx of federal funding has created unprecedented opportunities for equitable development. Federal subsidies play a critical role in funding social impact investments, so it is important for communities to be well prepared to attract those resources and maximize their outcomes by ensuring they are used to address unmet needs.

PRO Neighborhoods collaboratives are well positioned to secure federal and state funding as they bring together CDFIs and other community partners to build relationships and share resources to take advantage of new funding opportunities. This report offers insights from their experiences on how to access public investments for equitable development. It provides lessons learned from three PRO Neighborhoods collaboratives that can guide community leaders in effectively attracting and using state and federal funding:

- ✓ **Develop a strong understanding of local needs**. The three case studies underscore the importance of engaging residents and grassroots organizations and reviewing local plans and studies to identify community needs and potential solutions. By developing shared investment priorities that all partners have agreed can result in positive impacts and are guided by community input, the collaboratives were able to move quickly once funding opportunities became available. Being nimble is important because some funding applications have short turnaround times; in some cases, as little as three weeks from their announcement.
- ✓ **In funding applications, demonstrate capacity and potential to advance equitable development**. The three collaboratives had strong staff capacity that was essential for completing community-driven projects. These types of projects can be very complex and time-intensive and blend many different types of financing with varying requirements. The CDFIs also had strong leadership capacity with staff that had prior experience with public financing, which was especially important. In applying for public funding, the PRO Neighborhoods collaboratives demonstrated their capacity, local needs, and the potential of their projects to result in equitable development by using data and mapping tools. To strengthen their appeals, they:
    - Documented their organizations' experience and strong track record of previous work in the target neighborhood(s).
    - Showed how their organizations have successfully leveraged public funding previously.

- Developed reports (e.g., service reports, impact reports, and/or financial reports) to show their organizations have the skills, experience, and resources needed to support projects.
- Used data to tell a compelling story about local challenges, who is affected, and how additional funding could benefit the community.
- Provided proof of support for projects from the city, county, and/or other local leaders.

✓ **Build the capacity of grassroots partners and other players in the development ecosystem**. The collaboratives also worked to increase the capacity of their neighborhood partners to address local priorities by providing technical assistance, funding, and access to data. In some cases, building the necessary capacity required the organizations to form new partnerships; expand existing ones; and/or assume leadership roles.

✓ **Build relationships with public stakeholders to increase awareness of local needs and capacity**. State, county, and local governments were critical partners for the three collaboratives' successful community development efforts. To foster these relationships, the CDFIs scheduled conversations with them to share what was happening in their target areas, what was needed, what projects were in their pipelines, and what would help address the neighborhoods' investment priorities. They also invited appointed and elected officials to relevant events and conferences. Attention to building relationships with local offices and agencies helped each of the three collaboratives attract funding and ensure public resources benefited their communities.

These lessons can inform efforts to address long-standing inequities in which locales benefit from public investment. New and unprecedented amounts of local, state, and federal funding have been made available in recent years (See **Appendix B** for a list of possible funding opportunities). Communities can learn from the experiences of the three collaboratives highlighted in this report as they seek to harness the potential of these new funding sources to advance equitable development.

# Appendix

## A. Methodology

To develop this report, Abt Global studied three of the JPMC PRO Neighborhoods collaboratives that have been successful in attracting investment for equitable development: Equitable Wilmington, Opportunity CLE Neighborhoods, and Purple Line Equitable Transit-Oriented Development. Abt also examined data the three provided as part of the PRO Neighborhoods initiative and interviewed collaborative members and a selection of their partners.

From those interviews, Abt identified state and federal funding sources the collaboratives accessed, tactics they used to attract those funds, how they used the funds, characteristics they shared that contributed to their successes, and their ideas for how other communities can become well positioned to attract state and federal funding.

Abt interviewed the Equitable Wilmington Collaborative, Opportunity CLE Neighborhoods Collaborative, and Purple Line Equitable Transit-Oriented Development Collaborative, which included conducting interviews with 13 collaborative members and partners, including:

1. Dave Callahan, Loan Fund Director, NeighborGood Partners. (Equitable Wilmington)
2. David Rinnier, Principal, Ninth Street Development Company. (Equitable Wilmington)
3. Dionna Sargent, Community Connection Vice President, Cinnaire Corporation. (Equitable Wilmington)
4. Robert Snowberger, Co-Founder, Ninth Street Development Company. (Equitable Wilmington)
5. Stephen Weathers, Co-Founder, Ninth Street Development Company. (Equitable Wilmington)
6. Jessica Coffey, Vice President, Lending, Cleveland Development Advisors-Community Reinvestment Fund. (Opportunity CLE Neighborhoods)
7. Yvette Ittu, President and CEO, Cleveland Development Advisors-Community Reinvestment Fund. (Opportunity CLE Neighborhoods)
8. Diana Turoff, President and CEO, Finance Fund Capital Corporation (Opportunity CLE Neighborhoods)

9. Josh Earn, Managing Director of Lending & Innovation, National Housing Trust. (Purple Line Equitable Transit-Oriented Development)
10. Shellon Fraser, Senior Director of Lending, National Housing Trust. (Purple Line Equitable Transit-Oriented Development)
11. Emi Reyes, CEO, Latino Economic Development Center. (Purple Line Equitable Transit-Oriented Development)
12. Laura Searfoss, Senior Program Director, Mid-Atlantic Market, Enterprise Community Partners. (Purple Line Equitable Transit-Oriented Development)
13. Omar Velasco, Chief of Small Business Services & Lending, Latino Economic Development Center. (Purple Line Equitable Transit-Oriented Development)

## PRO Neighborhoods Collaboratives

| Collaborative | Members | Major Partners | JPMC PRO Funds | Additional Funds Raised* | State & Federal Resources Identified in Interviews | Activities Associated with the Funds |
|---|---|---|---|---|---|---|
| **Equitable Wilmington** | • Cinnaire Corporation<br>• True Access Capital<br>• NeighborGood Partners | • Delaware State Housing Authority<br>• City of Wilmington, DE<br>• Neighborhood nonprofits<br>• Local small businesses<br>• Local developers (e.g., 9th Street Development Company) | $4 million | $34.8 million | • CDFI Fund resources (e.g., New Markets Tax Credits and Capital Magnet Fund)<br>• USDA Rural Community Development Initiative grants<br>• U.S. Department of Labor grants<br>• Delaware State Housing Authority's Strong Neighborhoods Housing Fund<br>• State housing bond<br>• State's Downtown Development District fund<br>• State and federal Historic Preservation Tax Incentives | • Mixed-use development<br>• Homeownership counseling and assistance<br>• Self-help program<br>• Homeownership opportunities<br>• Affordable multifamily housing |
| **Opportunity CLE Neighborhoods** | • Cleveland Development Advisors-Community Reinvestment Fund (CDA-CRF)<br>• Finance Fund Capital Corporation (FCAP) | • Local community development corporations<br>• Local small businesses<br>• City of Cleveland, OH<br>• Real estate developers | $5 million | $66.6 million, including $3.75 million from CDA-CRF | • Federal Historic Preservation Tax Incentives<br>• New Markets Tax Credits<br>• Low-Income Housing Tax Credits<br>• State brownfields funds | • Renovating historic buildings<br>• Filling funding gaps in real estate development projects |
| **Purple Line Equitable Transit-Oriented Development** | • Enterprise Community Partners<br>• Latino Economic Development Center (LEDC)<br>• National Housing Trust (NHT) | • Montgomery County, MD<br>• Prince George's County, MD<br>• Local small businesses | $5 million | $121.9 million** | • Small business grants from Prince George's County using Community Development Block Grant funds<br>• Funding from the Maryland Department of Commerce<br>• Federal Transit Administration funding | • Small business support<br>• Technical assistance |

* Totals could include private capital and/or government and philanthropic funding.

** Current total reflects reporting in January 2023. The Purple Line Equitable Transit-Oriented Development Collaborative received a six-month extension, and its final numbers are slightly higher.

## B. Funding Opportunities

The following are some common funding sources, organized by the administering agency, federal followed by state. This is an illustrative rather than exhaustive list. To ensure accuracy, descriptions of the funding opportunities have been excerpted or adapted from the program websites linked in the funding program title, unless otherwise noted.

An asterisk (*) indicates funding sources that the three collaboratives reported accessing.

### Community Development Financial Institutions (CDFI) Fund, U.S. Department of the Treasury

- Bank Enterprise Award Program: Provides funds annually to qualifying financial institutions for investing in community development and wealth-building activities in distressed communities to offset some of their risk. Eligible activities include support for CDFIs, financing opportunities for residents and small businesses, and providing financial products and services for residents.
- Capital Magnet Fund*: Provides competitive grants annually to CDFIs and qualifying nonprofits for supporting affordable housing and economic development activities. Funds can be used for various financing tools, including “loan loss reserves, revolving loan funds, risk-sharing loans, and loan guarantees.”[2] CDFIs can use the funds to offer credit to other community development practitioners; 70 percent must be used to finance affordable housing, and 30 percent can be used for economic development activities. Awards must leverage at least 10 times their amount.[3]
- CDFI Bond Guarantee Program: Offers long-term credit at below-market interest rates to CDFIs[4] for supporting community development activities in distressed communities.
- Native Initiatives: Provides financial and technical assistance to Native CDFIs for creating jobs, building businesses, and fostering economic self-determination. Monetary awards are made through “loans, grants, equity investments, deposits, and credit union shares.”[5]
- New Markets Tax Credit Program*: Offers tax credits to community development entities through a competitive process for attracting private investment to distressed communities, encouraging community and economic development.

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2 CDFI Fund. Capital Magnet Fund. U.S. Department of Treasury. www.cdfifund.gov/programs-training/programs/cmf

3 CDFI Fund. Fact Sheet: Capital Magnet Fund Solutions for Affordable Housing in Low-income Communities. U.S. Department of Treasury. 2022. www.cdfifund.gov/sites/cdfi/files/2022-11/Capital_Magnet_Fund_FactSheet.pdf

4 CDFI Fund. Fact Sheet: CDFI Bond Guarantee Program a Gateway to Capital and Community Revitalization. U.S. Department of Treasury. 2020. www.cdfifund.gov/sites/cdfi/files/documents/cdfi-bond-guarantee-program-fact-sheet-(english)-12march2020.pdf

5 CDFI Fund. Native Initiatives. U.S. Department of Treasury. www.cdfifund.gov/programs-training/programs/native-initiatives

- Small Dollar Loan Program: Provides grants to CDFIs for creating and maintaining programs that offer alternatives to high-cost small-dollar loans (i.e., do not exceed $2,500 per loan). Grants can establish a loan loss reserve fund or support technical assistance (e.g., technology and staff support) for the program. CDFIs cannot use grants to provide direct loans.

### Federal Transit Administration

- Federal Transit Administration Grants*: Provides competitive grant and cooperative agreement opportunities for a range of transportation improvement activities, such as planning and financial studies; construction of transit facilities; technology to improve transit users' experience; bicycle and pedestrian projects; strategies to integrate land use and transportation planning with a transit capital investment; and projects to enhance mobility for older adults and people with disabilities.

### Internal Revenue Service

- Opportunity Zones: Offers tax incentives for investing in distressed areas designated as a Qualified Opportunity Zone. The Internal Revenue Service provides a map of eligible areas and discusses how Opportunity Zones are defined, the tax benefits available for investments in these areas, requirements for these investments, and proper investor reporting processes.

### National Park Service

- Federal Historic Preservation Tax Incentives*: Offers a 20 percent income tax credit for renovating historic buildings on the National Register of Historic Places or part of a historic district. The project's rehabilitation costs must exceed the pre-rehabilitation cost of the building, and renovations must be completed according to the Secretary of the Interior's Standards for Rehabilitation. The final project must be depreciable for at least five years. Owner-occupied residential projects do not qualify.[6] The National Park Service provides a broad list of Qualified Rehabilitation Expenditures, which includes walls, floors, windows, doors, elevators, sprinkler systems, electrical and plumbing fixtures, and more.[7]

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6 National Park Service. Historic Preservation Tax Incentives: Eligibility Requirements. National Park Service. 2023. www.nps.gov/subjects/taxincentives/eligibility-requirements.htm

7 Most states also have their own historic tax credits with varying requirements.

## U.S. Department of Agriculture, Rural Development

- Rural Community Development Initiative Grants*: Provides annual grants, ranging from $50,000 to $500,000, to public agencies, nonprofits, and qualifying private entities for supporting community and economic development projects in rural areas (i.e., localities with a population of 50,000 or less and not an urbanized area adjacent to such locality). The matching requirement for these grants is equal to the amount awarded.[8]
- Single Family Housing Direct Home Loans: Offers loans with low interest rates (5.125 percent in 2024) for low-income borrowers to purchase, build, or rehabilitate single-family housing in rural areas, also known as the Section 502 Direct Loan Program. Loans cannot finance homes with a market value over the area's loan limit or designed to produce income. To be eligible for a direct loan, applicants must meet income limits for their area, and the loan amount will depend on their adjusted family income.

## U.S. Department of Housing and Urban Development (HUD)

- Community Development Block Grant Program (CDBG)*: Provides flexible grants annually on a formula basis to cities, counties, and states to expand housing and economic opportunities for low- and moderate-income individuals in their communities. Examples of eligible activities include property acquisition, demolition, housing rehabilitation, construction of community facilities, public services, job creation and retention activities, and more. CDBG consists of four sub-groups: (1) the CDBG Entitlement Program for cities with a population of 50,000 or more and qualifying counties with a population of 200,000 or more; (2) CDBG Hawaiian Counties for three counties in Hawaii; (3) CDBG Insular Areas for American Samoa, Guam, Northern Mariana Islands, and the U.S. Virgin Islands; and (4) the State CDBG Program that provides funds for states to allocate grants to smaller non-entitlement communities; each state has its own funding requirements.
- Green & Resilient Retrofit Program (GRRP): Provides grants and loans, as part of the new Inflation Reduction Act, to retrofit HUD-assisted multifamily housing properties (i.e., Section 8, Section 202, and Section 811) "to make them more energy efficient, healthier, and resilient."[9] Funding will also be available to measure the usage and efficiency of HUD-assisted properties.

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8 Rural Development. Rural Community Development Initiative Grants. U.S. Department of Agriculture. 2023. www.rd.usda.gov/sites/default/files/fact-sheet/508_RD_FS_RHS_RuralCommunityDevInitiatives.pdf

9 U.S. Department of Housing and Urban Development. *HUD Seeks Public Input on Design of New Green and Resilient Retrofit Program for Multifamily Assisted Housing Properties*. 2022. www.hud.gov/press/press_releases_media_advisories/HUD_No_22_185

GRRP's funding is split into three paths: Elements, Leading Edge, and Comprehensive; each supports projects in a specific stage of redevelopment. Property owners receiving HUD assistance through the Multifamily Section 8 Project-Based Rental Assistance, Section 202 Supportive Housing for Low-Income Elderly, and Section 811 Supportive Housing for Low-Income Persons with Disabilities programs are eligible to apply.

- HOME Investment Partnerships Program: Provides flexible formula grants on an annual basis to states and localities for funding the creation and preservation of housing and providing rental assistance for low-income households. Communities can use these grants to offer grants, direct loans, loan guarantees, other forms of credit enhancements, and rental and security deposit assistance.
- Housing Trust Fund: Provides formula grants annually to states for creating and preserving affordable housing for extremely low and very low-income households. At least 80 percent must be used for rental housing, up to 10 percent for homeownership, and up to 10 percent for administrative and planning costs. Units produced must remain affordable for at least 30 years.[10]
- Lead-based Paint Hazard Control & Lead Hazard Reduction Programs: Provide grants for identifying and remediating lead-based paint hazards through two sub-programs. The Lead-based Paint Hazard Control Program is open to communities of all sizes and requires a 10 percent match. The Lead Hazard Reduction Program is for communities with at least 3,500 pre-1940 occupied rental housing units and requires a grantee match of 25 percent or more. Applications are accepted annually.

### U.S. Department of Labor

- Department of Labor Grants*: Provides various funding opportunities for workforce development activities.

### U.S. Department of the Treasury

- Low-Income Housing Tax Credit (LIHTC)*: Provides state and local allocating agencies with tax credits to incentivize developers and investors to preserve and create affordable housing opportunities for households with incomes below 60 percent of the area median. There are two types of LIHTC: the 4 percent credit (30 percent subsidy) and the 9 percent credit (70 percent subsidy). The 4 percent tax credit supports projects financed by tax-exempt bonds.

10 Most states also have their own housing trust funds with varying requirements.

11 Gramlich, Ed. Low-Income Housing Tax Credits. National Low Income Housing Coalition. 2021. https://nlihc.org/sites/default/files/AG-2021/05-05_LIHTC.pdf

The 9 percent tax credit is for larger projects that do not have existing federal subsidies; these are typically more competitive because states have a fixed amount based on their population. LIHTC-supported units must remain affordable for at least 30 years, and LIHTC can be claimed for up to 10 years.[11] Other requirements for receiving LIHTC include tracking and reporting property- and tenant-level data.[12]

## U.S. Environmental Protection Agency (EPA)

- Greenhouse Gas Reduction Fund: Encompasses the National Clean Investment Fund, Clean Communities Investment Accelerator, and Solar for All programs, which provide grants to help finance clean technology projects in low-income and disadvantaged communities to build local capacity and lower energy bills. Each program has specific eligibility requirements.
- Water Infrastructure Investments: Provide support for states to invest in drinking water, wastewater, and stormwater infrastructure as part of the new Bipartisan Infrastructure Law. Funding flows through State Revolving Funds (SRF). Grants are provided to states, Tribes, and territories through five programs: Clean Water SRF Supplemental, Drinking Water SRF Supplemental, Clean Water Emerging Contaminants, Drinking Water Emerging Contaminants, and Drinking Water Lead. The federal government prioritizes ensuring these new investments equitably benefit disadvantaged communities, such as those with environmental justice concerns, so programs have requirements for what percentage of funds must be used in disadvantaged communities.[13] The program supports a broad range of eligible grantees and activities.

## State Funding Sources*

States typically have their own resources for equitable community development, and many sources complement funding available at the federal level. Community development practitioners can visit their local government websites to see what funding opportunities exist in their state. Some examples of state funding sources accessed by PRO Neighborhoods collaboratives include the State of Delaware's Strong Neighborhoods Housing Fund, Downtown Development District Fund, Historic Preservation Tax Credits, and state housing bonds; the State of Maryland's Department of Commerce funds; and the State of Ohio's Historic Preservation Tax Credits and Brownfield Remediation Program.

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11 Gramlich, Ed. Low-Income Housing Tax Credits. National Low Income Housing Coalition. 2021. https://nlihc.org/sites/default/files/AG-2021/05-05_LIHTC.pdf

12 Many states also have their own LIHTC with varying requirements.

13 Environmental Protection Agency. *Fact Sheet: Bipartisan Infrastructure Law: State Revolving Funds Implementation Memorandum*. Environmental Protection Agency. 2022. www.epa.gov/system/files/documents/2022-03/bil-srf-memo-fact-sheet-final.pdf

## Additional Resources

To learn about other funding sources, community development practitioners can visit:

- GRANTS.GOV
- HUD's Funding Opportunities and Build for the Future Funding Navigator
- Webpages at LocalHousingSolutions.org, including Federal Funding Directory, Federal Programs for Affordable Housing, and State Funding Sources.

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