

Local Initiatives Support Corporation

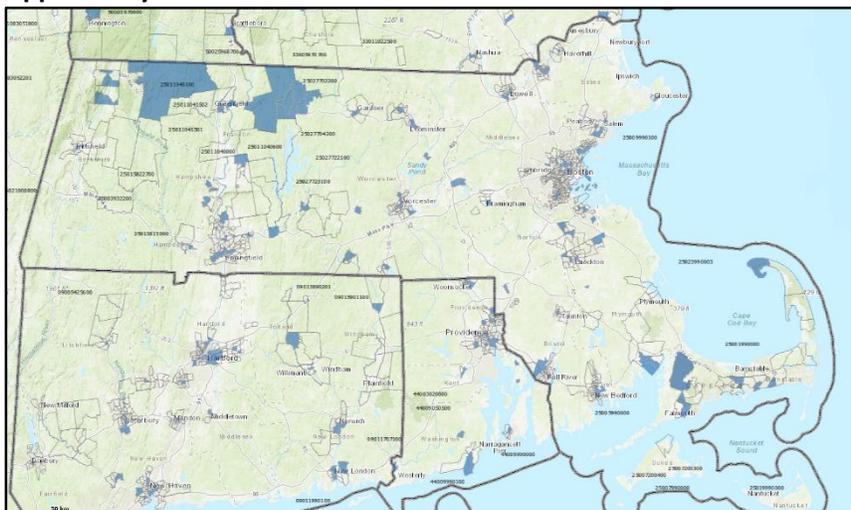
Invitation to Apply for Massachusetts Opportunity Zone (OZ) Impact Grants for Community Development Corporations

Local Initiatives Support Corporation (LISC) seeks applications from community development corporations (CDCs) in Massachusetts for capacity building support to drive inclusive investment in one or more low income communities that has been designated a federally-qualified opportunity zone by the Commonwealth of Massachusetts. Funds will be awarded under the Federal Section 4 Capacity Building program for Community Development and Affordable Housing. **Applications must be submitted to LISC Boston no later than 5:00 p.m. on May 10, 2019.**

Opportunity Zones

The Opportunity Zone (OZ) tax incentive was established by Congress in the 2017 Tax Cuts and Jobs Act to spur long-term private investment in low-income communities. Investors with capital gains have the opportunity to reduce tax liability by investing their gains, through a qualified opportunity fund, in real estate and businesses in low-income communities that have been designated as Opportunity Zones. The program has the potential to harness private capital to seed investment in low-income communities, but developing investments that meet investors' return expectations poses certain challenges. The law's simplicity is potentially powerful, but also could allow investment to flood into communities in ways that cause displacement of current residents or otherwise work against the community's vision for investment and growth. LISC seeks to build community capacity to capitalize on the Opportunity Zone program in ways that fuel inclusive, locally-driven growth and investment strategies.

Opportunity Zones in Massachusetts



Massachusetts has designated 138 Opportunity Zones in 79 municipalities. These Opportunity Zones have an average poverty rate of 26.2% and an average unemployment rate of 12.4%. The average family income in these census tracts is just 53.1% of area median income. They stretch from Provincetown to North Adams and include areas as diverse as downtown Brockton, Assembly Row in Somerville, the paper mill buildings in Turner's

Falls, Route 28 in Yarmouth, and Boston's Columbia Point. 48% of them are located in Gateway Cities, and 18% are in rural communities. The state's designations reflect a desire to leverage the program to spread job creation and economic activity throughout the Commonwealth. LISC seeks to build the capacity of Massachusetts communities to drive economic growth in low-income communities and ensure inclusion of

low-income residents in economic growth as it unfolds in their Opportunity Zones. A list of opportunity zones in Massachusetts and a map showing their locations can be found on the website of the Executive Office of Housing and Economic Development: <https://www.mass.gov/opportunity-zone-program>

LISC Background

LISC's mission is to connect communities to the resources necessary to transform distressed neighborhoods into sustainable communities of choice and opportunity—good places to work, do business and raise children. LISC Boston has more than thirty years of experience providing technical and financial assistance and building capacity of local institutions, including nonprofit community development corporations (CDCs) and other neighborhood or local groups, to respond to changing community needs. We share best practices to maximize precious resources broker collaboration among our network of partners— government, nonprofit, and corporate —to tackle issues on the community level.

For 40 years, LISC has been leading investment and working hands-on in many of the places now designated Opportunity Zones, in the Commonwealth and nationally. Since 2008, we have invested \$2.3 billion in areas now designated Opportunity Zones. We have 40 years of experience and flourishing partnerships in Opportunity Zone markets in the Commonwealth and across the country. (Nationally, **924** Opportunity Zones are in LISC's footprint, where we've made some **861** investments.)

We are mindful that the intent of Opportunity Zones is to attract a new pool of funding to neighborhoods in need of intensive, long-term investment. Past experience as a leading syndicator of other federal tax incentives has shown us both the promise and the pitfalls of such interventions, especially their potential to cause displacement of the very people and businesses the legislation intended to help. As an organization dedicated to promoting equity of opportunity, our work on this program will emphasize strategies to avoid unintended consequences and maximize the Zones' benefit for low income communities and their residents.

Our work on Opportunity Zones in Massachusetts is informed by our deep national expertise and the best strategies emerging nationally and in other markets. This allows LISC to harness our deep expertise deploying tax-incentivized investments through our affiliates, the National Equity Fund and the New Markets Support Corporation.

Funding Available

LISC invites funding proposals of up to \$25,000 to fund projects eligible under the terms of this announcement. It is anticipated that 4-5 proposals will be funded, and LISC reserves the right to award less than the full amount of funds requested.

Eligible Applicants

OZ Impact Grants are provided with funds made available under the HUD Section 4 Capacity Building Program for Community Development and Affordable Housing which was created by the U.S. Department of Housing and Urban Development (HUD) to enhance the technical and administrative capabilities of CDCs and CHDOs to carry out community development and affordable housing activities that benefit low-income persons. Accordingly, the applicant for the OZ Impact Grant must be a community development corporation (CDC) or community housing development organization (CHDO) – with the specific eligibility criteria set forth in greater detail below. These organizations are uniquely positioned to work with their municipalities to advance inclusive opportunity zone investment through community engagement, planning, infrastructure investment and other activities that attract investment in housing or economic development in designated opportunity zones.

LISC understands that not all communities with designated opportunity zones have a local CDC with the capacity to work with them on an opportunity zone strategy. Such communities may wish to partner with a CDC in their region that works in more than one municipality. Communities in need of support for their opportunity zone strategy who are unable to work with a CDC are ineligible for LISC OZ Impact Grants, but are invited to contact LISC to discuss alternative funding sources. CDCs who have successfully administered previous HUD Section 4 funding are preferred, but all qualifying CDCs or CHDOs are invited to apply.

Eligible Activities

LISC Boston invites proposals from eligible nonprofit organizations for grant funds to support organizational capacity building to facilitate inclusive investment in one or more low income communities that has been designated an opportunity zone by the Commonwealth of Massachusetts. Such strategies may include (but are not limited to) proactive planning and community engagement processes; feasibility studies or other data collection and analysis; assembly or owner outreach; infrastructure investments; outreach to and partnerships with developers, entrepreneurs, anchor institutions and investors; the creation of smart growth districts or overlay zoning; pathways to expedited development approvals, collaboration with adjacent or similarly situated communities, incentives for targeted development or investment types and marketing opportunity zone strategies

Municipal Participation

We believe that the participation of and alignment with the municipality in the OZ strategy is critical to the project's success. Accordingly we will only fund proposals that include a letter of support from the chief executive officer of the municipality in which the subject opportunity is located, demonstrating the support and partnership of the municipality in the proposed project. Each municipal chief executive is asked to support only one proposal.

Examples of costs that can be covered

Staff costs

CDCs are invited to apply for LISC HUD Section 4 funding to cover staff salary and fringe costs associated with the activities to be funded. This can include time on the project spent by housing development and preservation project managers, community development specialists, organizing and outreach specialists, and CDC leadership such as Executive Directors and Program Directors). Funds are provided on a reimbursement basis. Back-up documentation for disbursement of grant funding must include payroll records and timesheets that document the staff person's time spent on the project.

Consultant costs

CDCs are also invited to apply for LISC HUD Section 4 funding to cover consultant costs associated with the activities to be funded. However, consultant costs can only be covered if the consultant is retained following an open procurement process that meets federal guidelines. Funds are provided on a reimbursement basis. Back-up documentation for disbursement of grant funding for consultants must include the consultant contract, invoices, copies of cancelled checks, and documentation of the competitive selection process.

Eligibility to apply for funding

The HUD Section 4 Capacity Building Program is exclusively for Community Development Corporations (CDCs) and Community Housing Development Organizations (CHDOs). CDCs and CHDOs must be organized under Federal, State or local law to engage in community development activities (which may include housing and economic development activities) primarily within an identified geographic area of operation.

Threshold Criteria

To be eligible to apply for LISC HUD Section 4 funding, an organization must meet the following threshold criteria:

- ✓ Must have a tax exception ruling from the IRS under 501 (c)(3) or (4) of the Internal Revenue Code;
- ✓ Must conduct an annual audit through an independent certified accountant;
- ✓ Must provide the following financial materials: financial audits for the past 3 fiscal years, current operating budget and current budget to actuals, and current list of funders (other additional materials may be requested);
- ✓ If subject to an A-133 audit, must submit the A-133 Audit to the federal Audit Clearing House within 9 months after the close of the CDC's fiscal year;
- ✓ Be actively registered in the System for Award Management (SAM) at <https://www.sam.gov/portal/SAM/#1> and maintain an active SAM registration during LISC grant term;
- ✓ Must not be excluded, debarred or suspended from doing business with the Federal government (as evidenced in sam.gov);
- ✓ Must be current with Federal tax obligations;
- ✓ Must have an accounting system which segregates grant revenues and expenditures; Organizations must track their LISC HUD S4 grants separately in their accounting systems and must be able to produce general ledgers, balance sheets, and other accounting records that demonstrate that grant expenses are segregated for each federal grant;
- ✓ Must have an employee timekeeping system that records and certifies how much time the employee spends on the LISC HUD Section 4 funded project. Timesheets should be prepared at least monthly and coincide with one or more pay periods. Documentation must include actual compensation (i.e., payroll records);
- ✓ Must have written Personnel Policies and Procedures that have been recently updated and approved by the Board;
- ✓ Must have written Procurement Procedures that meet federal regulations;
- ✓ Must have written Finance and Accounting Policies and Procedures that have been recently updated and approved by the Board;
- ✓ Must be organized under Federal, State or local law to engage in community development activities (which may include housing and economic development activities) primarily within an identified geographic area of operation;
- ✓ Must be governed by a board of directors composed of community residents, business, and civic leaders;
- ✓ Has as its primary purpose the improvement of the physical, economic or social environment of its geographic area of operation by addressing one or more critical problems of the area, with particular attention to the needs of persons of low income; and
- ✓ Is not be an agency or instrumentality of a State or local government.

Evaluation Criteria

Strongest proposals will convey the likelihood that the proposed project will facilitate inclusive investment in one or more low income communities that has been designated an opportunity zone by the Commonwealth of Massachusetts.

- The extent to which the applicant describes a reasonable and feasible work plan and budget for designing and carrying out the proposed activities.
- How Proposal articulates how the grant will build the capacity of the CDC.
- The applicant's demonstrated capacity to administer federal funds, particularly its track record of fulfilling past HUD Section 4 grant agreement terms with LISC.

LISC seeks to fund promising, diverse and innovative strategies and reserves the right to allocate funds in a manner that promotes inclusion of a diverse range of communities and a variety of strategies.

Application requirements

Please include the following information in your proposal:

1. Organizational background

- CDC's mission & history
- Description of current programs, activities and recent accomplishments
- Description of neighborhood(s) and population served
- Description of staff -- total full-time and part-time, key leadership
- Description of Board – number, composition and key leadership
- Current operating budget, and year-to-date financial information
- A statement indicating that the organization meets the Threshold Criteria set forth above.
(Maximum 5 pages – excluding operational budget)

2. Describe the proposed activities to be supported with LISC HUD Section 4 funding.

Please explain the need for these activities and how the proposed activities will facilitate inclusive investment in one or more low income communities that has been designated an opportunity zone by the Commonwealth of Massachusetts. (Maximum 5 pages)

3. Describe how this grant will build your organization's capacity and the capacity of your community to attract inclusive opportunity zone investment. (Maximum 4 pages)

4. Provide a narrative description of the deliverables and outcomes you expect to achieve, along with numerical targets chosen from the chart below. (Chose among the outcomes that are relevant to your proposal – it is not necessary to include projected deliverables for all output categories). (Maximum 3 pages)

Output	Definition	Grant Projection
# of individuals served	If individuals will be the primary, direct beneficiaries of funds within the grant term, count discrete individuals to be served. (Ex. a person receiving weekly financial coaching would be counted once.) If a community as a whole will be the primary beneficiary of the grant, for example a QOL planning meeting, do NOT count individuals attending. NOTE: grantee will be required to submit HUD ethnic and race data report at closeout.	
# of CDCs/CHDOs served	Number of HUD-qualified CDCs or CHDOs served as a <u>direct</u> result of these funds within grant term. Include CDCs receiving training by the grantee.	
# of States served	Number of states where these funds will be deployed, either in the form of grants or location of CDCs receiving training or other TA.	
HUD Region Number served	Please refer to HUD Region map to determine the number HUD has assigned your area. For example, Buffalo is region 2; Phoenix is region 9	
# of web based engagements or trainings offered	Count of trainings and engagements <u>delivered by grantee</u> through web based methods	
# of in-person engagements or trainings	Count of trainings and engagements <u>delivered by the grantee</u> through in-person methods.	
TOTAL # of engagements or trainings offered	Total number of training and education engagements offered by the grantee (Add the above two lines, Web based + In person Outcomes = Total #)	
# of participants earning or renewing a licensure or certification	Count of individuals attending capacity building training that results in a certificate or license. Individuals are either Grantee, staff members, OR community members who are receiving training conducted BY the Grantee (for example, a homeownership education program certificate.) NOTE: grant funds cannot be used to pay to send non-CDC staff members to external trainings, which would be considered participant support costs.	
# peer to peer learning events	Count of engagements that are considered to be peer to peer learning (exchange) events.	
# of community development projects supported	Count of new/existing community development projects supported with this grant within the grant term. Examples of capacity building PROJECTS include commercial construction, park/green space development, and infrastructure work.	
# of community programs supported	Count of new/existing community development programs supported with this grant within the grant term. Examples of capacity building PROGRAMS include community health programs, community safety initiatives, and after school programs.	

# of new community partnerships developed	Count of new/existing community development partnerships supported as a result of this grant within the grant term. Count the partnerships, not the number of groups/people in the partnerships. If two people are partnered, you count ONE partnership.	
# of data portals/web	Count of new or significantly modified data portals (ex. HAC rural data portal) or web resources created (Ex. HAC community mapping application)	
# of data portal and web visits	Count of visits to new or significantly modified data portals and web resources, provides a measure of popularity and usage.	
# of publications/newsletters created	Count of unique publications/newsletters created and released containing capacity building knowledge or resources (includes both digital and print). You may count Quality of Life Plans, and other community-benefiting publications completed within grant term.	
# of jobs created	Count of jobs created as a direct result of grant activities within the grant term. DO NOT count Grantee positions funded under this grant.	
# of jobs retained	Count of jobs retained as a direct result of grant activities within the grant term. DO NOT count Grantee positions funded under this grant.	
# of NEW housing units in the development process	Count of new units/houses placed in the development process as a result of this grant within grant term. Since work by the grantee may only have time to impact the front end housing development, this output captures those units that will be fully constructed and occupied after the end of grant performance period.	
# of NEW housing units completed	Count of new housing units created and completed as a result of this grant within the grant term.	
# of existing housing units sustained, repaired, or rehabbed	Count of housing units sustained, repaired, or rehabbed as a result of this grant within the grant term. Serves as catchment for all construction work on existing housing units. Whether the units are sustained, repaired, and/or rehabbed will be ascertained from the activity description.	
# of businesses assisted	Count of businesses assisted as a direct result of this grant within the grant term Do NOT count grantee.	
# of businesses created	Count of businesses created as a result of this grant within the grant term. Do NOT count grantee.	
\$ of new or expanded Federal funding received	Dollars amount of Federal funding received by grantee as an immediate and direct result of this grant funding.	

5. Provide a description of your proposed staffing for the activities described in your work plan.
6. Provide a brief timeline that proposes a start and end date, amount of months needed to complete this scope of work and projected dates of completion for key milestones.
7. Provide an overall project budget that includes your request to LISC as well as other sources of funding for this work that have been secured or are pending.

Budget:

Use of Funds	Amount
TOTAL:	

8. Provide a letter of support from the chief executive officer of the municipality in which the subject opportunity is located, demonstrating the support of the municipality for the proposed project and any ways the municipality will contribute its own resources to facilitate success of the strategy.

Applications must be received at LISC’s Boston office, 75 Kneeland Street, Suite 1102, no later than 5:00 p.m. on May 10, 2019. Applicants submitting hard copies via a mail or messenger service are encouraged to use a service that guaranties (and provides confirmation of) date and time of delivery. Applications may be submitted electronically to LISC Boston at liscboston@lisc.org, but applicants are strongly encouraged not to submit electronically at the last minute, to ensure your submission is not delayed by technical difficulties. We will make best efforts to confirm receipt of all applications received before 3:00 p.m. on the due date.

Please contact us at liscboston@lisc.org with any questions about this Invitation to Apply.