

COMMUNITY CATALYST GRANTS

CAPITAL FUNDS



BALTIMORE CITY
DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT

FUNDING GUIDELINES & APPLICATION

Release Date: January 31, 2019

Response Deadline: March 22, 2019 – 4 p.m. EST

Responses are to be sent to the following address:

(Hard Copies)

*Department of Housing & Community Development
COMMUNITY CATALYST CAPITAL GRANTS
417 E. Fayette Street, 10th Floor
Baltimore, MD 21202*

(Electronic Copies)

Send PDF copy, and Development Budget in an Excel Spreadsheet to:

<https://www.dropbox.com/request/oAqQ4biqRrhT3sEON99i>

PLEASE READ THESE GUIDELINES CAREFULLY BEFORE COMPLETING YOUR APPLICATION.

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IMPORTANT DATES

Grant Application Available	January 31, 2019
Information Session To describe the application process and answer questions	February 6 February 26
Submission of Written Questions to DHCD Note: No questions will be accepted or answered after the February 15th deadline	February 15 (for those who attended the information session on February 6) March 5 (for those attending the information session on February 26)
Answers to Written Questions Posted on DHCD'S Website	February 25 (from the February 6 information session) March 8 (from the February 26 information session)
SUBMISSION DEADLINE	March 22
Notification of Awards	May 2019

COMMUNITY CATALYST GRANTS OVERVIEW

Mayor Catherine E. Pugh has made attracting new investments to neighborhoods a top priority by targeting City resources to historically disinvested and long-time neglected areas, where investment will spur growth and transformation, and attract additional interest. The **Community Catalyst Grants Program (CCG)** is intended to leverage assets and support community-led organizations that are essential to a neighborhood's viability by providing up to \$2 million to support operating costs and up to \$3 million to support capital projects that are critical to locally-driven community revitalization projects.

Community Catalyst Grants are intended to:

- **Be flexible.** Applicants will identify their priorities for funds, whether it is increasing staff, retaining consultants, updating equipment, creating cooperative enterprises or helping to finance a project that achieves a community identified need.
- **Value neighborhoods.** Support locally-driven, community-based efforts that support residents' efforts to take the lead in their communities' redevelopment plans and projects.
- **Provide and enhance access.** Work collaboratively to create an open platform and learning community that builds on the experiences, successes, and failures of the groups and organizations that are on the ground.

DHCD is committed to addressing the disparities in communities that have experienced long-time systematic neglect and disinvestment, which for the purposes of the Community Catalyst Grants, are defined as:

Neighborhoods that are predominantly low-income, minority, and have suffered disproportionately from low housing values, high rates of vacancy and abandonment, poverty, crime and public health problems, and may have received less public and private investment than other communities.

Emerging vs. Established Organizations

Organizations headquartered in or whose work is centered in communities that have historically been underfunded, may not have established revenue sources and may lack access to capital are, for the purposes of the Community Catalyst Grants, considered to be "emerging." "Emerging" organizations can include nonprofit groups that have a long-term presence in neighborhoods, groups that are active but may not have a 501(c)(3) status, groups that are interested in starting a new initiative, or groups collaborating to achieve larger goals. In some instances, emerging organizations have success in raising funds, but due to the challenging nature of their projects, find themselves with funding gaps or other delays.

Organizations that work in neighborhoods and communities where ongoing investment has resulted in demonstrated market changes and improvements, have consistent funding sources, professionalized boards, and access to resources are, for the purposes of the Community Catalyst Grants, considered to be “established.”

This application is for organizations requesting Capital Grants only. CCG Grants will be managed and administered by the City’s Department of Housing & Community Development (DHCD).

CAPITAL GRANTS DESCRIPTION

DHCD will be making up to \$2.75 million available for this round of Community Catalyst Capital Grants. At least 55 percent of the total available Capital grants will be awarded to projects in historically disinvested neighborhoods where “emerging” organizations are playing a significant role in development efforts. Not more than 45 percent of the total available grant funds will be awarded to projects in stable neighborhoods as classified by the 2017 Housing Market Typology.

CCG Capital Grants are intended to:

- Reduce blight in neighborhoods where blight removal will increase private market interest, create opportunities to attract new residents, support citywide planning initiatives, create a diversity of uses and enhance the quality of life for current residents
- Support mixed-income housing
- Preserve housing opportunities for current homeowners
- Provide gap financing, loan guarantees, or other financing that moves a project forward
- Minimize gentrification by supporting projects that include community ownership and participatory decision making and benefit local and minority/women-owned business enterprises
- Support local community economic development

Eligible Applicants

Eligible applicants include community development corporations, umbrella organizations, neighborhood revitalization organizations, faith-based organizations, merchant associations and other organizations that have a valid 501(c)(3) or 501(c)(6) status or that have received a temporary determination from the IRS.

For-profit developers may apply for funds provided they are a co-applicant with an eligible applicant and the eligible applicant is playing a significant role in the project including equity participation and/or other comparable financial benefits.

In addition, within the last five (5) years, no applicant or member of their team may have:

- Received a limited denial of participation of from the U.S. Department of Housing and Community Development
- Have unpaid fees, loan arrearages or other obligations due to DHCD on other projects
- Listed on the state or federal list of suspended or debarred contractors
- Declared bankruptcy
- Defaulted on other government or private sector loans
- Received a Baltimore City Housing or Property Maintenance Code Violation (Part VII of the Building, Fire, & Related Codes of Baltimore City 2015 Edition)
- Found to have acted in violation of the Fair Housing Act, the Civil Rights Act, or any other law prohibiting discrimination, or failed to comply with the terms of any agreement or court order related to any settlement, conciliation, or legal action

DHCD reserves the right to undertake a credit history of the applicant, developer and/or team members at its discretion at any time to determine a project or applicant's eligibility and may revoke an award based on any of the following findings:

- Chronic past due accounts
- Substantial liens or judgements
- Unpaid taxes
- Deed in lieu of foreclosure

Maximum Grant Request & Terms

Projects cannot exceed \$3 million in Total Development Costs. Applicants can request up to 30 percent of a project's total cost. Funds can be requested as a grant or a loan; however, to the maximum extent possible, DHCD will make funds available as a loan. Terms will be determined based on final award amounts and budgets and may include deferred and/or forgivable payments or repayment based on cash flow. Financing can include other City sources; however, City funds cannot comprise more than 30 percent of a projects total Sources of Funds. In the event City Sources include federal funds (e.g. HOME or CDBG), CCG funds will be subject to federal requirements.

Funds awarded for pre-development costs should be considered as a loan and included as part of a project's permanent financing for repayment. In the event funds are awarded for predevelopment costs and the project does not move ahead, DHCD will retain ownership rights of all work product. Final funding commitments will be subject to underwriting and review of plans and documents. All CCG Capital Grant funds must be spent within 24-months of executing a Funding Agreement.

Eligible Uses of Grant Funds

CCG Capital Grants can be used to fund a variety of projects. The examples below are for illustration purposes only and are not intended to represent a comprehensive list of activities:

- Pre-development costs including, but not limited to: studies, surveys, zoning changes and conceptual design and plans
- Subordinate Financing
- Carrying costs associated with a specific development initiative
- Consultants and staff necessary to implement a specific project
- Mixed-income housing with an emphasis on households who earn between 60-120 percent of the Area Median Income as defined by the Department of Housing and Urban Renewal (HUD)
- Acquisition of non-City owned properties, stabilization or construction that is part of a larger development or revitalization initiative provided that the funded activity occurs within 18 months of executing a Funding Agreement with DHCD.
- New construction and/or substantial rehabilitation provided that the funded activity occurs within 18 months of executing a Funding Agreement with DHCD.
- Intervention strategies to address problem properties on otherwise stable blocks
- Cooperative Economics
- Main Street or other commercial corridor redevelopment strategies that are seeking to broaden the diversity of business owners and retail options.
- Food related enterprises that support larger efforts to reduce food insecurity
- Tenant fit-out that is part of a specific economic development strategy
- Revolving Loan or Strategic Acquisition Fund
- Net Zero or other forms of environmentally sustainable construction
- Preservation of existing affordable housing in communities where significant investment is planned
- Activities that may be eligible for Affordable Housing Trust Funds as described in Article I, Section 14 of the City's Charter.

Ineligible Uses of Grant Funds

- Relocation
- General Operating Support
- Repayment of existing loans or liens
- Development or expansion of liquor, adult entertainment, night clubs, and other uses as determined by DHCD
- Projects involving fewer than three (3) properties unless waived (Please refer to Application for additional information)
- Community Gardens or Urban Agriculture
- Commercial Façade improvements
- Public Art
- Projects that support a specific religious or other affiliations, and/or that support political actions, causes, advocacy, or parties

Additional Considerations

DHCD may give additional consideration to projects that address the following:

- Projects that incorporate job readiness and employment opportunities as part of a larger Re-entry initiative
- Transit Oriented Development that reduces dependencies on cars
- Demonstrated health and environmental benefits
- Projects that generate significant benefits or returns for current stakeholders
- Projects that generate repayment
- Projects that support a City-sponsored initiative, including but not limited to INSPIRE, LINC'S, Green Network Plan, Comprehensive Economic Development Strategy, DHCD, or BDC Revitalization area
- Projects that enable neighborhood-based organizations to build financial and organizational capacity

Developer Fees

- Fees on homeownership projects may not exceed five (5) percent of the total project costs
- Fees on rental projects may not exceed 10 percent of total development costs; builder profit and overhead combined may not exceed five (5) percent of total construction costs. Combined developer fees and overhead cannot exceed 12 percent of the project's total costs.
- Fee-based developer fees for non-residential will be negotiated following an award of funds.

Grantees may be asked to defer a portion of the development fee as part of the terms of a Funding Agreement. DHCD reserves the right to modify fees as part of award terms.

Other Financing Commitments

Applicants are required to indicate the status of other project funds (committed, pending, or not requested). If funds are indicated as committed, applicants are required to include a copy of the commitment letter with their application. If a lender and/or other funder(s) has been identified, applicants should include a letter of intent to provide financing. If funds have not been requested, the application must include an estimated submission date. In the event an award of funds is made, DHCD reserves the right to defer entering into a final agreement until such time that all financing is committed.

Acquisition & Site Control

CCG Capital Funds may be used to acquire non-City or privately owned properties. Applicants will have up to 120 days from the execution of a Funding Agreement to enter into a Contract of Sale. Applicants will be required to provide evidence of site control for all other requests. Site Control can include a copy of an approved Contract of Sale, Option to Purchase, or Land Disposition Agreement.

Non-Residential Uses

Funds may be used to support community-based and driven economic development efforts. This could include tenant improvements, incentives to fill long-term vacancies in neighborhood retail areas or commercial corridors, or for ground level retail that has been vacant for a minimum of six months provided the applicant can demonstrate efforts to market and attract tenants. In the event an award of funds is made, funds will not be made available until the applicant is able to provide an executed lease.

Conformity with Laws and Regulations

All applicants who are awarded funds will be expected to comply with all applicable city, state, and federal laws and regulations. Building and other permits must be obtained for all work performed. DHCD will not waive permit and or demolition fees. Work that is undertaken without a permit, or is found to be in violation, will be considered an act of default and could result in a loss of Grant funds.

Security, Guarantees and Collateral

All recipients of CCG Capital funds will be required to provide collateral, execute a Deed Restriction, or provide other types of security as determined by DHCD as a condition to receive funds. DHCD reserves the right to request that awardees identify a third party with the financial capacity to guarantee or otherwise securitize grant funds.

Final Award of Funds

Final award of Grant Funds will be contingent on DHCD's ability to underwrite funds for the project and subject to approval of all funding agreement by the City's Board of Estimates. DHCD reserves the right to request additional project and financial information before making a final award determination.

APPLICATION INFORMATION

Submission Information

Applicants must submit one (1) electronic copy of their application in the form of a PDF, an Excel spreadsheet of the Development Budget, and six (6) hard copy submissions no later than **Friday March 22, 2019 4 p.m. EST. LATE SUBMISSIONS WILL NOT BE ACCEPTED. Please allow sufficient time to be checked in by security and for the elevators to arrive.**

Electronic copies should be submitted to:

<https://www.dropbox.com/request/oAqQ4biqRrhT3sEON99i>

Hard copy submissions must be delivered to:

Development Division

Department of Housing & Community Development

417 East Fayette Street, 10th Floor

Attn: CCG Capital Grants

Threshold Criteria

All applications must include the following in order to be considered for an award. **Failure to include this information will result in the disqualification of an application.**

- A complete application (all questions must be answered)
- Development Budget (must be submitted as an Excel spreadsheet electronically. All tabs must be completed)

Organizational Documents

- Corporate Resolution/Board of Directors approval (nonprofit applicants)
- Articles of Incorporation, By-Laws (nonprofit applicants)
- Current IRS Determination Letter indicating 501(c)(3) or 501(c)(6) status
- Evidence of Good Standing with the State of Maryland for all parties
- List of Board of Directors, titles, and affiliations (nonprofit applicants)
- Organizational chart indicating roles and responsibilities of all partners

Financial Documents

- Commitment Letters or a lender's Letter of Intent

Community Catalyst Grants Capital Funding Guidelines and Application

- Copy of the most recent 990 Tax Return (nonprofit applicants)
- Most recent Audited Financial Statement for applicants with annual budgets of \$500,000 or more
- Most recent Financial Statement as prepared by a certified accounting firm for applicants with annual budgets that are more than \$200,000 and less than \$500,000
- Most recent annual budget for applicants with annual budgets that are less than \$200,000. In the event funds are awarded, the applicant will be required to provide a Reviewed Financial Statement.

Forms and Disclosures

- Signed Certification and Authorization to Submit by all parties
- Organization Disclosure
- Owned Property Disclosure
- Certification of Compliance

The following documents will be considered as Threshold Criteria in the event they are applicable to an application:

- Evidence of Site Control
- Request for Waiver

All applications will be required to demonstrate how they support community-driven planning initiatives as well as one or more of the following City priorities:

- Fostering a diverse housing stock
- Build/stabilize neighborhood market conditions
- Mixed-Income Housing including homeownership
- Blight Elimination and Asset Development
- Violence Reduction Initiative
- Anchor Institutions
- Job creation, small business growth and expansion, retail diversity, and strengthening neighborhood retail and commercial corridors
- Reducing food insecurity
- Expanding locally based cultural initiatives
- City-sponsored planning initiatives, including but not limited to INSPIRE, LINCS, Green Network Plan, Comprehensive Economic Development Strategy, DHCD, or BDC Revitalization area

Classification as “Emerging” or “Established” organization

Applicants will be able to self-select whether they are classified as an “emerging” or “established” organization and whether their project is located in a historically disinvested community. The following are suggested guidelines; applicants may also use existing information to explain their selection:

- Neighborhood Housing Market data provided in the Housing Market Typology or other sources
- Demographic information as found in the American Community Survey, Baltimore Neighborhoods Indicators Alliance *Vital Signs*, or other sources
- Financing including funding streams and access to capital and investment
- Deferred/underfunded projects
- Market studies or other information regarding the built environment

Applicants who also submitted a request for CCG Operating funds can include the same information, in their Capital application. DHCD reserves the right to modify an applicant’s classification.

Collaborative or Joint Applications

One or more entities may partner and submit a joint application for a project and/or up to five unrelated projects. In the event funds are awarded, DHCD will require a Memorandum of Understanding or Partnership Agreement between all participants prior to executing a Funding Agreement.

Requests for Multiple Projects

Applicants can request funds for multiple projects but will be required to rank projects in priority order and will also need to demonstrate the organizational capacity to implement projects. Applicants that request funds for multiple projects in the same community will be required to demonstrate how these projects support a community plan or other strategic revitalization initiatives. Applicants submitting a collaborative request must designate one eligible organization as the lead applicant. Please refer to the Application for additional information.

Application Narrative

The project narrative should reflect the following:

- A project description, proposed outcomes and feasibility
- How CCG Capital Funds will assist an organization’s effort to increase their capacity and/or infrastructure
- How the proposed request supports or will leverage larger community development efforts
- How the proposed request supports the Mayoral initiatives described earlier in these Guidelines

- How other funding sources will be made available so that the project can proceed and alternatives in the event CCG or other funds are awarded at amounts less than requested, deferred, or denied
- How community residents and other stakeholders are participating in the proposed development initiative
- How organizations will work together on a collaborative project

Applicants will be required to demonstrate the community's role in their operations and are encouraged to submit collaborative applications to address specific infrastructure and capacity building needs or to jointly help build infrastructure and capacity.

REVIEW PROCESS and GRANT AWARDS

DHCD and other City Agency staff will review applications, meet with applicants and conduct site visits as necessary. Anticipating that there will be more requests than available funds, applicants may be asked to re-submit budgets, plans, drawings, financial information, or other information as part of the review process. The Review Committee will provide their recommendations to the Housing Commissioner who will make the final determination. All applicants will be notified in writing and awards will be posted on DHCD's website.

All applicants who are awarded funds will be required to execute a Grant or Loan Agreement with the Department of Housing & Community Development that will be subject to approval by the City's Board of Estimates and to provide quarterly reports and other documentation regarding their project. Depending upon the amount of the grant award, applicants may also be required to meet the following City requirements:

- Minority and Women's Business Participation
- Local Hire
- Employ Baltimore

ADMINISTRATIVE INFORMATION

Issue Date

The issue date of this Grant Application is January 31, 2019.

Submission Deadline and Requirements

The deadline for submitting all applications is March 22, 2019 at 4p.m. EST. All applicants must provide an electronic copy in PDF form, the Development Budget as an Excel spreadsheet, and one (1) original and six (6) Community Catalyst Grants Capital Funding Guidelines and Application

hard copies of their application. Electronic applications, certifications, required attachments, and the excel spreadsheet for the development budget should all be emailed to:

<https://www.dropbox.com/request/oAqQ4biqRrhT3sEON99i>

Hard copy submissions must be in three-ring binders with tabbed and labeled dividers and delivered to:

COMMUNITY CATALYST CAPITAL GRANTS

Department of Housing and Community Development

417 E. Fayette Street, 10th Floor

Baltimore, MD 21202

All hard copy submissions will be time and date-stamped and a receipt will be provided. **LATE SUBMISSIONS WILL NOT BE ACCEPTED.** Please allow sufficient time to register at the security desk and for the elevators to take you to the 10th floor.

Obtaining the Application and Guidelines

The Community Catalyst Capital Grants Application and Guidelines will be made available free of charge. The application and guidelines may be picked up from the 10th Floor receptionist at 417 East Fayette Street, Baltimore, MD 21202 weekdays between 8:30 a.m.- 4 p.m. EST . The application and guidelines are also available electronically on DHCD's website at: <https://dhcd.baltimorecity.gov/nd/community-catalyst-grants>.

Information Session

DHCD will host another information session on February 26, 6-7:30 p.m. It will be held at 417 E. Fayette Street in the 3rd Floor Conference room. If special accommodations are required, please email Felicia Harris at Felicia.Harris@baltimorecity.gov at least three business days in advance.

Questions and Inquiries

Interested applicants who attended the first information session held on February 6, can submit questions and inquiries in writing only to Felicia.Harris@baltimorecity.gov no later than 5 p.m. EST on February 15. All responses will be posted on DHCD's website no later than February 25. Interested applicants who attended the second information session held on February 26 can submit questions and inquiries in writing only to Felicia.Harris@baltimorecity.gov no later than 5 p.m. EST on March 5. All responses will be posted on DHCD's website no later than March 8. DHCD reserves the right to decline questions that are project specific.

Revisions and Addenda

Should it become necessary to revise any part of this Application and or Guidelines or provide additional information necessary to adequately interpret the provisions and requirements, an addendum shall be posted on DHCD's website. Revisions and Addenda will not be provided on an individual basis, therefore all interested applicants are encouraged to review the Community Catalyst Grant website periodically at: <https://dhcd.baltimorecity.gov/nd/community-catalyst-grants>

Award Amounts

Final awards are determined by the Housing Commissioner. DHCD reserves the right to make an award of funds in an amount other than what is requested in the Grant Application. All awards are subject to final underwriting by DHCD and approval of funding agreements by the City's Board of Estimates.

Waivers

Applicants can request a waiver to the requirement that CCG Funds cannot be requested for projects involving fewer than three (3) properties. As part of the application review process, all waiver requests will be evaluated for feasibility with final approval provided by the Housing Commissioner.

Incurring Expenses

Neither the City of Baltimore nor DHCD will be responsible for and will not pay for any cost incurred by any applicant in preparing and submitting an application or requested supplemental information in response to this Application.

Compliance with Law

By submitting an Application, organizations awarded funds agree that they will comply with all Federal, State and City laws, rules, and regulations and ordinances applicable to its activities and obligations under this program.

Public Information Act Notice DHCD commits to handling all information regarding financial assets in strictest confidence. Applicants should give specific attention to identifying any portions of their application that they deem to be confidential, proprietary or trade secrets and provide justification why such material should not be disclosed by DHCD under the Maryland Public Information Act SS 1-601 et seq. of the State Government Article, Annotated Code of Maryland upon request by the public.

Determination of Alternate Funding Sources

In the event that alternate funding sources are available for projects requesting Community Catalyst Capital Funds, DHCD reserves the right, at its sole discretion, to determine the source of funds used for projects.

For additional information:

<https://dhcd.baltimorecity.gov/nd/community-catalyst-grants>