

# 2017 PRO Neighborhoods Initiative Executive Summary

## PRO Neighborhoods Initiative Overview

PRO Neighborhoods helps cities cultivate vibrant communities that connect low-and-moderate income (LMI) families to greater economic opportunity and contribute to the economic growth of the city. Our approach emphasizes the critical role that capital – in the form of grants or below market rate loans – can play in addressing many of the neighborhood quality issues that pose major barriers to economic mobility and wealth and income equality. Community Development Financial Institutions (CDFIs) are critical partners in this goal. CDFIs deliver the loan capital needed to develop the community infrastructure residents need to thrive, such as affordable housing, child care centers, health clinics, and grocery stores. CDFIs also provide financing to underserved entrepreneurs that are unable to qualify for traditional financing.

**Communities face different challenges, which is why PRO Neighborhoods is flexible to allow local leaders to tailor solutions to their local context and needs**

PRO Neighborhoods supports CDFIs and housing innovators that can leverage our capital and expertise to drive greater investment in LMI neighborhoods through:

- Annual competitive grant and peer learning program for CDFIs that address specific community challenges by aligning talent, technology and balance sheets
- Innovative housing financing models to increase or preserve affordable housing that connect LMI individuals to resources that drive economic mobility
- Research and Data that informs local planning and investment decision-making

We tailor our approach to meet the needs of unique local circumstances:

- Comeback Cities through promotion of comprehensive revitalization efforts, inclusive small business growth, mixed income neighborhoods and housing, and CDFI capacity building
- High Growth Cities through affordable housing preservation focused on low to moderate income and workforce housing, and transition and preservation support for small businesses and nonprofits
- High-poverty, Rural Communities through equity and operating grant support to CDFIs to help them borrow from government programs offering low-cost, long-term debt

# PRO Neighborhoods Annual CDFI Competition Overview

## Annual CDFI Competition Summary

- Three years ago, JPMC launched a \$33MM pilot program to support innovative strategies developed by CDFIs to deliver much needed economic resources and services to the most vulnerable neighborhoods across U.S. cities. The success of this pilot program helped us build a new model for locally-driven, tailored support of individual communities.
- Building on two years of testing new models to identify the most promising community development models, including gathering insights through the Detroit Initiative, JPMC launched Partnerships for Raising Opportunity in Neighborhoods (PRO Neighborhoods), a \$125MM, five-year commitment to address neighborhood quality issues that are among the biggest drivers of income and wealth inequality. By providing communities with the tools and capital required to scale cross-sector solutions, PRO Neighborhoods is advancing inclusive economic growth in the communities that need it the most.
- **A key component of PRO Neighborhoods is the annual PRO Neighborhoods CDFI competition**, which invites CDFIs to work in close partnership to address a specific community development challenge. These CDFIs work together to address specific community challenges by aligning talent, technology and balance sheets. We have hosted 3 competitions to date including:
  - 2014: \$33MM for 7 collaboratives with a broad focus that has attracted \$351MM in additional capital; supported 1,263 loans totaling over \$239MM to support LMI communities; created or preserved 1,616 units of affordable housing; create and retain 4,432 jobs through 331 small business loans
  - 2015: \$15MM for 5 collaboratives with a focus on target geographies
  - 2016: \$20MM for 6 collaboratives focused on inclusive neighborhoods
- **In 2017, we will continue to focus on building inclusive neighborhoods while improving the application process and expanding activities to include peer learning, capacity building and thought leadership efforts.** The annual competition seeks to create more widely shared prosperity by encouraging local community development organizations to combine balance sheets, talent and capital to address the drivers of economic opportunity in neighborhoods. JPMC will advance and amplify these solutions through peer learning, capacity building and research.
- To ensure geographic diversity in our portfolio, we will target the following markets in 2017:
  - California: Los Angeles / San Jose; Florida: Orlando; Louisiana: New Orleans; Nevada: Las Vegas; Ohio: Cleveland / Columbus; Texas: Houston; Washington, D.C.; West Virginia: Charleston

## Highlights from FAQs: Eligibility

### Eligibility

#### What are the guidelines of the Collaborative structure?

- Consist of between two and five CDFIs with net assets of or below \$75 million (each).
- Identify a Lead Organization responsible for coordinating the group's activities including fiscal administration, reporting, quality control and deliverables management. The Lead Organization must be a 501(c) (3) public charity, and must meet ONE of the following criteria:
  - A participating CDFI with net assets below \$75 million;
  - A nonparticipating CDFI with net assets greater than \$75 million. In this case, the Lead Organization may provide coordination, administration, and technical expertise, but may not assign grant funds to its balance sheet; or
  - A non-CDFI intermediary fiscal sponsor with a demonstrated track record of supporting CDFIs. In this case, the Lead Organization may provide coordination, administration, and technical expertise, but may not assign grant funds to its balance sheet.
- Identify a third-party evaluation partner to track and evaluate outcomes. Strong preference will be given to Collaboratives that have identified an evaluation partner at the time of submission. If an evaluator is not identified, one must be secured within six months of grant execution.
  - Each CDFI Collaborative must identify a third-party evaluation partner within six months of the grant execution. Evaluation partners can be local universities, consultant firms or individuals able to effectively track program outcomes set forth in the proposal and agreed to in grant contract. Ideally, they should be familiar with the community and/or the challenges the Collaborative seeks to address. Evaluation partners will be responsible for submitting publicly available annual reports and the final impact report, as well as sharing outcomes with the Joint Center for Housing Studies at Harvard University research team.
- Note: An organization can apply more than once with different projects but will not receive more than one grant.

#### Are CDFIs that received PRO awards in any of the first three CDFI Collaborative competitions eligible to apply PRO funding to their own balance sheet?

- Any CDFIs that have received balance sheet dollars in 2015 or 2016 may apply in 2017 as a Lead Organization or Collaborative member, but are not eligible to receive balance sheet dollars in 2017.
- All 2013/2014 winners can participate again as well as apply grant dollars to their balance sheets given that their grants have closed out and they meet all other criteria.
- Note: past winners **cannot** apply to extend the same project that has been supported through the competition in the past. Given our goals to identify new models of collaboration and programs to advance inclusive growth in distressed communities, we are not going to support an extension of projects previously supported through the PRO Neighborhoods competition.
- Note: Having an existing, non-PRO Neighborhoods grant from JPMorgan Chase **does not** disqualify an applicant

# Highlights from FAQs: Requirements

## Requirements

The majority (at least 51 percent) of funds are required to leverage additional capital to finance community development projects. The remainder can be used for operational expenses, program evaluation, technology upgrades and other capacity-building needs. *Preference will be given to applications that dedicate a greater portion of their grant amount to balance sheet activity and/or technology or systems development.*

**Selection Process Requirements:** If your proposal is selected for the final round of review, applicants must submit detailed financials by June 30. The Collaborative must also be available for interviews and potential site visits from June 28-July 14, and at least one member of the Collaborative must attend a live presentation in New York City on July 28 (travel will be provided by JPMorgan Chase). At least one representative from the Collaborative must be available for announcement activities on September 25-26.

**Participation in PRO Neighborhoods CDFI Collaborative Cohort:** To encourage peer learning, networking and knowledge sharing, JPMorgan Chase will host several virtual and in-person events throughout the year. If you are selected, you are expected to participate in at least two events each year. **Travel should be included in the grant budget.**

### **Other requirements will include:**

- **Collaborative MOU and work plan submission**
- **Release Annual Impact Report:** The evaluator will release a public white paper/progress report with detailed, quantitative data on the project annually online and/or release during a media/visibility event.
- **Report to the Joint Center for Housing Studies at Harvard University (JCHS):** The JCHS will produce a series of studies and reports that will assess the PRO Neighborhoods Program from its inauguration in 2013/2014 through 2018. The JCHS will work with each Collaborative's evaluator to collect aggregate metrics common across all the PRO grantees.
- **Submit JPMorgan Chase CyberGrants Impact Report:** In addition to the third-party evaluation requirement, all PRO Neighborhoods grantees are required to submit an Impact Report through JPMorgan Chase's online grants system, CyberGrants, annually. The primary contact will receive a reminder email from our system 30 days prior to the due date of the report.
- **Share a story of how the local community was directly impacted by the grant:** When grantees submit their Impact Report in CyberGrants, they will attach an "impact story" that highlights the problem or challenge the grant addressed, describes how the population served was assisted by the grant and helps explain the success of the program.
- **Host three media/visibility events (one of which will be a peer learning event):** All PRO winners are required to host three media/visibility events within the three-year grant period. One event should be a peer learning event with other stakeholders in their communities. Grantees can align their visibility event with the release of their white paper.