

PREDEVELOPMENT PROGRAM

POLICY AND GUIDELINES

I. Program Purpose:

The purpose is to bring more resources to community-based organizations and developers that do housing, economic development and commercial revitalization.

II. Definitions:

PreDevelopment activity: Activities that are undertaken prior to the actual implementation of a specifically targeted project.

Target project: A specific project that may result from the predevelopment activities for which funding is being requested.

III. Eligible Applicants:

A. In order to apply to the program an organization must meet all of the following minimum requirements:

1. Must be a member of the Finance Fund;
2. Prior to the date of application for funds, be incorporated as private, nonprofit organization with the Secretary of State of the State of Ohio under Ch. 1702 of the Ohio Revised Code and be granted **501 (c) (3)** status by the Internal Revenue Service;
3. Created and maintained as a community-based organization with the purpose of meeting the needs of a **geographically defined low- and moderate-income neighborhood**, community or target area. A low- and moderate-income area is defined as a geographic area which has a significant number of residents that are either at or below 80% of area median income or which qualify under CDBG Section 8 rental income guidelines;
4. Have a Board of Directors that is broadly representative of and accountable to the neighborhood or community it serves. The **Board must be comprised of at least one-third low- and moderate-income neighborhood residents**;
5. Show evidence of **capacity to raise funds and manage resources**;
6. Have a **development focus** as evidenced by the applicant's Code of Regulations and experience that indicate the organization's purpose and focus to be specifically related to economic development or housing, and the development of space to house the organization's administrative offices or functions cannot exceed 25% of the total development space, i.e., total square footage; and
7. All applicants must consult with Finance Fund staff prior to the submission of an application.

IV. Ineligible Applicants:

- A. An organization is ineligible if it:
 1. Has previously been funded under this program, and it has not expended and drawn all grant/loan funds or fulfilled all other program requirements (i.e., submitted all required reports, etc.).
 2. Does not meet the minimal requirements for an eligible applicant;
 3. Is a:
 - a. Chamber of Commerce
 - b. Unit of local government
 - c. Regional planning commission
 - d. For-profit corporation

GROUPS THAT HAVE BEEN PREVIOUSLY AWARDED FUNDS FOR PREDEVELOPMENT ACTIVITIES OF A TARGET PROJECT WHICH WERE UNABLE TO PROCEED TO IMPLEMENTATION MAY APPLY TO THIS PROGRAM.

V. General Program Parameters:

- A. A total grant/loan of up to **\$20,000** (Smaller requests will be accepted.) may be awarded to an individual organization. The Finance Fund reserves the right to award a portion of the total funds requested.
- B. Applicants have the option of applying for a **loan or a grant** from the program. Projects that have the ability to repay predevelopment expenditures are encouraged to choose the loan option. The Finance Fund Board of Directors will have the authority to award grants or loans regardless of which option is chosen by the applicant.
- C. Awards from this program shall be made on an **open window** basis.
- D. **Documentation of all expenditures** of predevelopment funding is required. In addition to a **final program report**, the applicant must submit **financial reports** with documentation periodically during the grant/loan period.
- E. The grant/loan period may be up to **12 months**. All predevelopment activities must be completed in that time frame. The Finance Fund reserves the right to terminate the grant/loan if the proposed project is not making adequate progress.
- F. The following general operating costs of the organization may not be funded through this grant/loan or be used to fulfill matching requirements:
 1. The organization's overhead and/or indirect costs; or
 2. Staff of the organization not directly working on the project
- G. Grant/loan dollars must leverage other public and/or private funds for the proposed predevelopment activities at a minimum ratio of 20%, i.e., **(\$0.20 of other funds to each \$1.00 of the Finance Fund funds)**. Organizations are encouraged to obtain cash match; however, in-kind services which take the form of eligible activities may be used as match. Match commitments may be contingent upon the receipt of predevelopment grant/loan funds.

VI. Eligible and Ineligible Activities:

- A. This grant/loan is to be used for predevelopment activities related to

commercial revitalization, economic development, housing, and energy conservation. Eligible activities include but not limited to:

1. General project development and management costs (i.e., salaries and fringe benefits for staff time directly involved with the project)
2. Planning
3. Arrangement of financing
4. Architectural/site plans
5. Legal research
6. Engineering drawings
7. Accounting/tax syndication
8. Business plans
9. Market studies/marketing
10. Rehabilitation specifications
11. Real estate options
12. Feasibility studies
13. Payment of zoning and permit fees
14. Environmental review
15. Other eligible activities

B. Ineligible activities include:

1. The development of **public and/or community facilities**;
2. The development of projects which are exclusively **social service in nature**;
3. The organization's **indirect costs, overhead costs or any staff costs** not directly involved with the project; and activities that have been completed **prior to the signing of agreements**.

VII. Evaluation Criteria:

A. Proposals are assessed on the following criteria:

1. Overall Project Concept/Reasonableness
 - a. General project plan and reasonableness of financial strategy;
 - b. The extent to which the proposed target project will result in specific benefits to the community (i.e., businesses assisted, jobs created or retained, units rehabilitated or built);
 - c. The extent to which the proposed predevelopment activities fit into the context of the overall development project;
 - d. The degree to which the development project demonstrates an innovative approach to community revitalization (e.g., linkages to job training and opportunities, social services, etc.), and the origin of the concept and associated support.
2. Project Outcomes
 - a. The capability of the organization's staff and/or consultants to implement the activities of the grant/loan and carry out the project;
 - b. Specific technical/professional expertise available to the organization to carry out the project, including the capabilities of the identified project manager;
 - c. Proposed outputs from the grant/loan funds (e.g., architectural

...community development through the power of partnerships

- plans, feasibility study, market research, site acquisition, financing package, zoning change, rehab specs, etc.);
- d. The extent to which these products will move the development project toward implementation and how this will occur, and the reasonableness of the time frame to complete the predevelopment project.
3. Need
 - a. The extent to which the end project will directly meet the needs and involve low income residents of the neighborhood or community; and
 - b. The extent to which the funds requested cannot be obtained from other sources.
 4. Project Support
 - a. The extent to which the Board of Directors of the organization is representative of the neighborhood or community served, in particular low-income residents, and is also composed of a variety of individuals who can be of assistance in implementing the proposed project;
 - b. Evidence of community endorsement for and awareness of the proposed development project and the organization (e.g., minutes of community meetings, petitions of support, letter of support, etc.); and evidence of organizing efforts and other community involvement in planning this project.
 5. Organizational Track Record/Capacity
 - a. The track record of the organization and members of the development team in carrying out projects in the past, if applicable;
 - b. Fiscal management capabilities of the organization.

AWARD OF A PREDEVELOPMENT GRANT/LOAN IS NOT A PREREQUISITE FOR APPLICATION TO THE FINANCE FUND LINKED DEPOSIT PROGRAM OR ANY OTHER FINANCE FUND PROGRAM NOR IS IT AN ASSURANCE OF ACCESS TO THOSE PROGRAMS. APPLICANTS FOR THE PREDEVELOPMENT PROGRAM MUST BE MEMBERS OF THE FINANCE FUND.