Corporation for National and Community Service
2011 Social Innovation Fund
NCB Capital Impact

Table of Contents

2011 Social Innovation Fund
NCB Capital Impact
Section 1 – Application

DRAFT

PART I - FACE SHEET

APPLICATION FOR FEDERAL ASSISTANCE

Modified Standard Form 424 (Rev.02/07 to confirm to the Corporation's eGrants System)

1. TYPE OF SUBMISSION:
Application [X] Non-Construction

2a. DATE SUBMITTED TO CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS):
04/08/11

3. DATE RECEIVED BY STATE:

STATE APPLICATION IDENTIFIER:
N/A

2b. APPLICATION ID:
11SI127429

4. DATE RECEIVED BY FEDERAL AGENCY:
04/08/11

FEDERAL IDENTIFIER:
11SIHVA001

5. APPLICATION INFORMATION

LEGAL NAME: NCB Capital Impact

DUNS NUMBER: 603198524

ADDRESS (give street address, city, state, zip code and county):
2011 Crystal Drive
Suite 800
Arlington VA 22202
County: Arlington

NAME AND CONTACT INFORMATION FOR PROJECT DIRECTOR OR OTHER PERSON TO BE CONTACTED ON MATTERS INVOLVING THIS APPLICATION (give area codes):

NAME: Cynthia Muller

TELEPHONE NUMBER: (703) 647-2338

FAX NUMBER:

INTERNET E-MAIL ADDRESS: cmuller@ncbcapitalimpact.org

6. EMPLOYER IDENTIFICATION NUMBER (EIN):
521290127

7. TYPE OF APPLICANT:
7a. National Non Profit
7b. National Non-Profit (Multi-State)

8. TYPE OF APPLICATION (Check appropriate box).

[X] NEW [ ] NEW/PREVIOUS GRANTEE
[ ] CONTINUATION [ ] AMENDMENT

If Amendment, enter appropriate letter(s) in box(es): [ ] [ ]

A. AUGMENTATION B. BUDGET REVISION

C. NO COST EXTENSION D. OTHER *(specify below):*

9. NAME OF FEDERAL AGENCY:
Corporation for National and Community Service

10a. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 94.019

10b. TITLE: Social Innovation Fund

11.a. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:
Stewardship Capacity Fund

11.b. CNCS PROGRAM INITIATIVE (IF ANY):
SIF - Issue Area Opportunity

12. AREAS AFFECTED BY PROJECT (List Cities, Counties, States, etc):
While the initiative ultimately seeks to alter homeownership program policies nationwide, we have identified the following metro regions as initial target areas. These regions represent a cross section of the nation geographically and economic

13. PROPOSED PROJECT: START DATE: 09/01/11 END DATE: 08/31/15

14. CONGRESSIONAL DISTRICT OF: a.Applicant b.Program VA 008

15. ESTIMATED FUNDING: Year #: 1

a. FEDERAL	$ 1,000,000.00
b. APPLICANT	$ 1,199,991.00
c. STATE	$ 0.00
d. LOCAL	$ 0.00
e. OTHER	$ 0.00
f. PROGRAM INCOME	$ 0.00
g. TOTAL	$ 2,199,991.00

16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?

[ ] YES. THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON:

DATE:

[X] NO. PROGRAM IS NOT COVERED BY E.O. 12372

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?
[ ] YES if "Yes," attach an explanation. [X] NO

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

a. TYPED NAME OF AUTHORIZED REPRESENTATIVE:
Cynthia Muller

b. TITLE:

c. TELEPHONE NUMBER:
(703) 647-2338

d. SIGNATURE OF AUTHORIZED REPRESENTATIVE:

e. DATE SIGNED:
07/22/11

Narratives

Executive Summary

NCB Capital Impact (NCBCI) is a federally certified Community Development Financial Institution and an existing grantmaking institution with over $765 million in assets under management.

Issued Based Social Innovation Fund -- Economic Opportunity

NCBCI requests $5 million in grant funds over a five-year period, of which $4 million will be used for subgrants and $1 million for technical assistance, evaluation and administration. This will be matched 1:1.2 with $6 million in private funding (primarily from the Ford Foundation) for the proposed Stewardship Capacity Fund (SCF).

The SCF will build the capacity of local organizations to more effectively manage public investment in affordable homeownership for low-income families to ensure that assisted families realize measurable economic benefits including increased stability, access to neighborhoods of opportunity, and family wealth building. By preserving the public investment these programs will INCREASE THE NUMBER OF FAMILIES SERVED WITHOUT ADDITIONAL PUBLIC INVESTMENT. The ultimate goal of this work is to transform the way that local, state and federal agencies invest scarce public funds to support homeownership for lower income families.

Subgrantees are likely to be located in the following regions: San Francisco Bay Area, Detroit, New Orleans, Boston, Twin Cities, New York/NJ, Denver, Atlanta, Chicago, Nashville, TN, Austin, TX

Key Implementation Partners: Ford Foundation, National Community Land Trust Network, Habitat for Humanity International, Urban Institute, NeighborWorks® America, Housing Partnership Network

Narratives

PROJECT OVERVIEW:

For the first time in decades, the nationwide homeownership rate is falling. It is increasingly clear that millions of low-income families have entered ownership in ways that are unsustainable. Homeownership remains a top economic aspiration for the majority of renters--and with good reason. Homeownership has been key to accessing quality neighborhoods with strong schools and is the primary way low-income individuals have built assets. For this reason, federal, state and local governments spend billions annually on programs intended to promote homeownership. But it is unclear whether this investment has any lasting impact.

The good news is: we know how to structure public investment in homeownership to generate sustainable economic improvement for low-income families. A growing number of local programs have adopted a transformative new approach that generates lasting measurable outcomes. Where most traditional programs offer one-time grants to buyers, "shared equity homeownership" (SEH) programs involve a government or nonprofit agency acting as a co-investor with a new homebuyer, injecting substantial public funds to reduce homeownership costs. In return, homebuyers agree to limit, or share, their equity appreciation to preserve affordability so that the initial public investment can ultimately serve far more families.

A growing body of empirical research shows that SEH programs can make homeownership safely affordable for low-income families, and that those families can build assets to move on to unassisted homeownership. The evidence also shows that the programs can simultaneously preserve the value of public investment so that subsequent buyers can benefit. In this sense, SEH programs offer a rare opportunity to increase both the efficiency and the effectiveness of public spending. However, research also indicates that a key barrier to wider adoption of this innovation is the lack of local capacity to manage these investments over time. SEH programs require active "stewardship" by a public or nonprofit agency with capacity and experience.

To address this need, the SCF will: 1) provide grants to between seven and 10 organizations annually, bringing these programs to the next level of growth, capacity and impact; 2) provide comprehensive TA to grantees; and 3) support grantees in implementing our existing Sector Performance Datasystem in order to more effectively track program outcomes.

For 28+ years, NCBCI has delivered high-impact investments and development support benefiting millions of Americans. We are well positioned to deploy grants and technical assistance. We have a proven track record of developing and replicating social innovations. Over the last 20 years we have successfully led 8 major philanthropically driven initiatives.

Program Design

1. Goals and Objectives

1.A RETHINKING HOMEOWNERSHIP

(Full citations and links to research papers cited below are available at www.affordableownership.org/research)

Homeownership has long been the cornerstone of the American Dream. Access to homeownership has become, in some ways, a proxy for access to economic opportunity more generally. In many regions, owner-occupied homes dominate neighborhoods with the strongest schools and the best access to quality jobs. And homeownership has been the only significant source of lasting asset building for middle-income families. It's no surprise then that two thirds of today's renters report that they aspire to ownership (Fannie Mae 2010).

Yet homeownership remains elusive for many low-income and minority families. Responding to this need, communities across the U.S. collectively invest billions of dollars annually in programs intended to make homeownership possible for low-income families. For the most part, these programs treat homeownership as a desirable end in and of itself. Policymakers rarely articulate broader social goals for homeownership policy beyond vague references to the "American Dream." The lack of concrete goals means that programs are generally unable to measure their real impact. Homeownership programs typically count the number of participants that purchase homes but rarely look beyond that initial transaction to capture evidence of any lasting positive impact. Two key questions in particular remain largely unexamined:

1. Do participating low-income families actually experience economic or social BENEFITS as a result of homeownership?

2. Do programs actually TARGET buyers who would not have purchased without help?

1.A.i Clarifying the Benefits of Low-Income Homeownership

Homeownership is thought to provide many social and economic benefits but policymakers tend to cite homeownership's asset building potential as a primary reason for supporting wider access -- and with good reason: homeownership has been the primary means through which recent generations of middle-income families have built personal wealth. But discrimination in housing policy and housing markets has meant that not everyone has had equal access to this economic opportunity. Today, 66% of all households in the U.S. own their homes. However, the homeownership rate for white Americans is 72% compared with 47% among African Americans and 48% among Hispanics. The unequal rates of homeownership factor hugely into the large and still growing racial asset gap. For example, white Americans have a median net worth of $79,400 compared to a median net worth of $9,750 among African American households. Of the $70,000 difference in average net worth between groups, 70%is attributable to differences in home equity alone (Orzechowski and Sepielli, 2003).

Clearly homeownership policy is key to any effort to overcome lasting income inequality. But the recent housing crisis has made it clear that homeownership does not automatically provide economic benefits. In spite of the widespread support for homeownership policy, there has been almost no attempt to measure the economic impact of homeownership for low-income families. A series of studies has found that low-income buyers face greater risks and often lower returns (Herbert and Belksy, 2008). Reid (2005) found that half of all low-income homebuyers were no longer homeowners five years later. While the existing research is inconclusive as to whether most low-income buyers leave ownership with more assets than they started with, all the data suggest that policymakers cannot safely assume that low-income buyers will realize economic gains from ownership.

1.A.ii Targeting Impact

It is also unclear whether most ownership programs are serving buyers that truly need help to buy. While all programs track the number of families that receive assistance, most make no effort to determine whether participants would have been able to purchase without public assistance. A recent example of this effect was the $8,000 First Time Home Buyer Tax Credit. Congress authorized these credits for a limited time in order to stimulate the economy by encouraging new homebuyers to enter the market. A Goldman Sachs study found that eight out of every nine families claiming the credit would have purchased a home without it.

Narratives

1.B WHAT IS SHARED EQUITY HOMEOWNERSHIP?

A growing number of local communities have adopted a transformative new approach that takes a longer-term view and generates lasting measurable outcomes for both families and communities. Where most traditional programs offer one-time grants to buyers, the new programs involve a government or nonprofit agency acting as a co-investor with a new homebuyer, injecting substantial public funds to reduce costs to an affordable level. In return, buyers agree to limit, or share, their equity appreciation to preserve affordability so that the initial public investment can ultimately serve far more families. These programs are known by different names across the country, but in recent years the term "Shared Equity Homeownership" (SEH) has been increasingly used to describe them.

SEH Programs respond proactively to the two generally unexamined questions in homeownership policy.

1. Because SEH programs co-invest with families, they have a strong incentive to monitor and ensure that families actually realize the BENEFITS of ownership. SEH programs are keenly aware of any foreclosures and have a clear incentive to help buyers avoid them. SEH buyers are able to buy at prices that ensure affordable monthly payments. And by preserving affordability, SEH programs offer one of the only ways to preserve space for low-income families in high-opportunity locations with access to good schools and jobs. SEH programs have begun to collect outcome data (described in detail below) that validate the conclusion that this approach does, in fact, lead to higher success rates and fewer foreclosures.

2. And SEH programs TARGET resources exclusively to families who need assistance in order to purchase a home. Rather than spreading limited subsidy thinly to many families, SEH programs can

"afford" to provide each buyer with enough subsidy to make a difference because that initial subsidy serves multiple families over time. Moreover, SEH programs are generally not attractive to buyers who have other paths to ownership. But for families whose only other option is renting, they offer an immediate and safe path into ownership and an opportunity to begin building equity.

1.C WHAT WILL IT TAKE TO BRING THIS INNOVATION TO SCALE?

In early 2010, NCBCI and its partners began a collaborative, inclusive process for creating a set of overarching principles by which to guide the development and implementation of the next generation of affordable homeownership programs. The partners convened leading practitioners, policymakers and field experts in three day-long discussions designed to elicit suggestions for broad industry principles. The final set of principles outlines a new approach for these programs:

1. Impact Driven: Set and track goals that track community priorities
2. Targeted: Focus on buyers who need help but are likely to succeed
3. Balanced: Build wealth for owners while preserving the community interest
4. Managed: Steward the public investment to ensure long-term benefit
5. Safe: Ensure sound mortgage financing
6. Understandable: Educate buyers on program requirements

Based on this set of principles, NCBCI and its partners launched the Cornerstone Partnership, a peer network for homeownership programs that preserve long-term affordability and community stability. Working with a broad team of key industry partners, Cornerstone has outlined effective practices that support the principles, and built a comprehensive technical assistance program and an ambitious software tool for measuring the impact of individual programs and the sector as a whole.

Narratives

1.C.i The Need for Nonprofit Capacity Building

A primary barrier to widespread adoption of SEH is a lack of local organizations with capacity to manage and oversee SEH investments over the long term. Like any investment, public investment in SEH requires active stewardship. Whereas homebuyer grant programs have a relatively low administrative burden, SEH programs require administrators to monitor the investment, support homeowners, manage the resale of homes and, when necessary, enforce program rules. At the appropriate scale, sponsors of these programs are able to sustain programs indefinitely with income earned through fees built into the program. Our strategy is to boost these programs to that sustainable scale.

1.D THEORY OF CHANGE:

Our hypothesis is that communities can assist significantly more homeowners with the same level of local program funding while simultaneously improving the measurable positive economic impact of ownership on families by adopting a shared equity investment strategy and building local capacity for long-term stewardship.

INITIATIVE LEVEL IMPACT

We will provide operating support and technical assistance to existing nonprofit organizations in targeted metropolitan regions in order to build sustainable capacity to provide long-term stewardship of SEH homes and to more effectively document grantees' measurable social impacts

...so that...

Narratives

Local communities more readily adopt and expand programs that encourage long-term affordability and invest in sustainable stewardship capacity to monitor and support owners (as measured by growth in the number of affordable homeownership units produced by grantees annually; and growth in the dollar value of government and private capital invested in new units annually).

... so that... (SUBGRANTEE LEVEL IMPACT):

Existing funding for affordable homeownership can be used to serve significantly more families (as measured by the extent to which the buying power of community investment is maintained at resale)

... so that...

Low-income families who would otherwise be priced out are able to access ownership (as evidenced by affordability of program home purchase price relative to market prices.)

... so that... (PARTICIPANT LEVEL IMPACT):

Assisted families can experience economic and social benefits of homeownership including:

* Stable affordable monthly housing costs (as measured by % of monthly income required for all housing costs)

* Security of tenure (as measured by % of buyers who remain homeowners five years after purchase -- relative to national average for all first-time homebuyers)

* Low financial risk (as measured by the % of assisted owners experiencing loan defaults and foreclosures relative to local market average)

* Opportunity to build wealth over time (as measured by home seller total debt retirement, home price appreciation and Internal Rate of Return [IRR]).

* Economic mobility (as measured by % of assisted owners who subsequently purchase homes without public assistance)

1.E GEOGRAPHIC FOCUS:

While the initiative ultimately seeks to alter homeownership program policies nationwide, we have identified the following metro regions as initial target areas. These regions represent a cross section of the nation geographically and economically including urban, suburban and rural communities in each part of the country taking into consideration home prices relative to the U.S. median home price. These regions generally have higher poverty rates than the national average and all of the regions suffer from a higher than average share of homeowners experiencing serious housing cost burdens.

In addition, these regions are all involved in regional planning efforts focused, in part, on encouraging more mixed-income development either as part of federal transit or Sustainable Communities planning grants or similar state programs. The growing focus on regional equity and transit-oriented development in these target regions makes investment in capacity for SEH especially timely.

Initial Target Regions (MSAs with % families living in poverty):

Narratives

Source: 2009 American Community Survey U.S. Census

High Cost Areas

Boston (6%)

New York/NJ (10%)

San Francisco Bay Area (6.5%)

Median Cost Areas

Austin, TX (9.5%)

Chicago (9.6%)

Denver (8.7%)

Nashville, TN (9.5%)

Twin Cities (6.3%)

Low Cost Areas

Atlanta, GA (10.3%)

Detroit (12.0%)

New Orleans (11.6%)

2. DESCRIPTION OF ACTIVITIES

2.A SUBGRANTING

NCBCI will support a portfolio of grantees falling into one of two categories:

Narratives

EXPANSION grantees will be nonprofit organizations with established track records of successfully stewarding portfolios of roughly 100 or more affordable homeownership units and preliminary evidence that their programs are having a strong impact on low-income families. These programs will use SIF grants to undertake geographic expansions (e.g., expanding from serving one city to serving a larger metro region) or new program partnerships (e.g., contracting with a jurisdiction to undertake administration of an existing portfolio of homes, etc.).

REPLICATION grantees will be existing nonprofit organizations with established track records of successfully operating other programs (e.g. housing development, counseling or asset-building programs) and a funded commitment to undertake a SEH program. Replication grantees may include collaborations between two or more existing high-performing nonprofit organizations.

In each case, grantees will match grant funds 1:1 with local resources and use the funding to significantly increase their organizational staffing and capacity to sustain a long-term stewardship program. Funds will support program development activities including:

* Business planning and business development
* Outreach to local providers of housing subsidy to build new partnerships
* Development and implementation of marketing strategies to build centralized applicant pools
* Development of systems and procedures for long-term monitoring and support
* Improving efficiency to accommodate expanded production
* Development of software and systems necessary to track outcomes and impacts

While the specific budget for each subgrantee will vary, in no case will subgrantees use these funds to directly subsidize housing units.

Narratives

2.A.i Providing Broad Public Notice

We will publicly notify potential applicants by publishing our notice and application on the Cornerstone Partnership website (www.affordableownership.org) and through targeted outreach by our program partners and the Cornerstone National Outreach Partners (including Fannie Mae, Freddie Mac and the National Association of Realtors).

Our partners in this proposal include each of the major national networks of nonprofit organizations primarily focused on affordable homeownership. Together, they represent a large share of potential subgrantee organizations for this project. We will work closely with each of them to solicit applications. Each will participate on the Grants Committee to review all applications and help select grantees with the strongest potential.

2.A.ii Selection

CRITERIA FOR ELIGIBLE NOMINEES

To be considered eligible, an applicant must:

* Be a nonprofit 501(c)(3);

* Have ongoing stewardship responsibility for homeownership units or have a signed contract to provide such services with affordability subsidy already committed;

* Demonstrate commitment to and capacity for tracking outcomes and have at least preliminary evidence of effectiveness;

* Commit to submitting key performance data to NCBCI's Sector Performance Database;

* Meet the matching funds requirement;

PREFERENCE CRITERIA FOR RANKING APPLICANTS

Narratives

Applicants will be ranked based on the degree to which they demonstrate the following preference criteria (120 total possible points):

* Track record of achieving measurable outcomes (expansion grantees must demonstrate measurable outcomes in their SEH program; replication grantees must demonstrate measurable outcomes in related program areas) (20 points);

* The extent to which a subgrant will result in significant growth in the number of affordable homes in the applicant's portfolio over the subsequent five-year period (20 points);

* The extent to which a subgrant will result in increased investment by state or local government agencies in affordability subsidies and/or operating support (10 points);

* The strength of the applicant's organizational management capacity, including the experience of executive and program staff, diversity of organizational leadership, strength of financial and management systems, and diversity of funding sources (10 points);

* Capacity for tracking the specific performance metrics identified by Cornerstone Partnership (10 points);

* Diversity of sources of housing subsidy including commitments or contracts to serve multiple political jurisdictions (10 points);

* Capacity sufficient to effectively obligate grant funding (10 points);

* Strong community partnerships demonstrating broad participation in the program by a range of community stakeholders (including for example civil rights and fair housing advocacy organizations, real estate development and lending partners, public agencies, and local social service providers) as demonstrated by letters of commitment (10 points);

* Reside in or propose work in one of the target regions (10 points); and

* Contribute to balanced representation within applicant pool in terms of affordability mechanism, scale and market type (10 points).

Narratives

APPLICATION REVIEW PROCESS

Applications will be screened for eligibility by NCBCI staff with telephone follow-up interviews to clarify any areas of uncertainty in application materials. Eligible applications will then be reviewed by teams of Grant Committee members. Teams will present the highest scoring applications to the full committee for approval.

To ensure an objective review process, we have a Grants Committee that includes representatives from our national outreach partners to review the applications and makes determinations. We have adopted a CONFLICT OF INTEREST POLICY that states: "No individual who has private interest through payment of fees or other financial or in-kind remuneration will be eligible to serve on the Grants Committee. Such persons would include but not be limited to consultants or TA providers, subgrantee staff and others with any direct financial interest in subgrantees."

Between seven and 10 subgrant awards will be made annually to nonprofit organizations serving low-income families. Subgrant award amounts will range between $100,000 and $200,000 depending on the extent to which grantees demonstrate evidence of effectiveness for their program, their potential to achieve the required match and the potential for greater scale. The level of evidence demonstrated by subgrantees will be a key criterion, with larger sums being allocated to organizations with higher levels of evidence. Successful subgrantees will be encouraged to apply for continuing funding for up to three years. In subsequent years, we will conduct independent application and selection processes for continuing grantees and new grantees.

2.B TECHNICAL ASSISTANCE AND SUPPORT

2.B.i Direct Technical Assistance

Narratives

Each subgrantee will be assigned an experienced Technical Assistance Provider who will develop a technical assistance (TA) plan based on our detailed Comprehensive Assessment tool. The TA plan will identify both short- and long-term goals at the outset and will include internal progress review periods at regular intervals. The TA Provider will be responsible for managing the TA plan and keeping it on track, and NCBCI will have a bimonthly meeting with each TA Provider.

Cornerstone Partnership has invested significant resources over the past 18 months in the development of a suite of TA "toolkits" addressing eight key elements of successful homeownership programs. These eight modules are used by consultants to help assess programs' needs, as well as design and implement TA plans. The eight modules align with our Stewardship Principles and help programs implement practices that ensure their ability to build evidence of their effectiveness, build scale and stability, and induce additional partnerships and private funding. Each module includes: a Module Assessment Tool that identifies common challenges and points to policies in need of further development; a Decision Guide that walks participants through key policy choices and common solutions; and a Sample Policy Pack that contains template policy documents that can be customized based on the choices made through the decision guide.

2.B.ii Sector Performance Database

A key area of assistance for all grantees will be significant support in tracking and evaluating data related to the long-term social impact of affordable homeownership programs.

We have developed a SalesForce.com-based online data system for managing the operation of a SEH program that enables participating programs to automatically track and submit detailed participant, property and transaction data to our Sector Performance Data System (SPD). The system has been built and is currently being tested by 14 nonprofit organizations. Testing will be complete prior to the selection of SIF grantees and we will require every grantee to implement this system or a comparable data system and to provide complete transaction data to our SPD System.

While our custom software will make it much easier for participating organizations to effectively track performance data and use that data to ensure that programs have a strong impact, data driven program administration and design will require a cultural change for most grantee organizations and will entail a significant learning curve for key program staff.

NeighborWorks® America's Success Measures will help ensure that grantees develop the required skills and are supported to consistently and accurately collect program data. They will develop a data collection/analysis curriculum, conduct web-based sessions for grantees, provide follow-up 1-1 TA during the data collection process, and assist grantees in analyzing their first round of performance data to aid grantees in applying that information to program improvement. They will also design and conduct an interactive session for grantees to share evaluation and performance data, extending the application of program learning across the grantee cohort.

2.B.iii Capacity Building Institute

All subgrantees will participate in an intensive Capacity Building Institute (CBI) facilitated and directed by our partner organization: the National CLT Network. The CBI is an integrated, peer-led approach to training and support for homeownership program administrators piloted by the Network in 2009 and currently being implemented more widely. The group of participating grantees will gather twice in person and convene online regularly. The group will review the individual performance challenges identified by each grantee and identify and populate up to five work groups to address common challenges. Facilitators will work with the work groups to draw on existing curriculum materials, sample documents from established programs and other resources to identify effective practices related to each of the common challenges. The final session will include a report from each work group on the work they completed during the CBI.

2.B.iv Support for Local Fundraising Efforts

Raising local matching funds will be challenging for some grantees. We will work closely with our partners at the Ford Foundation to convene a working group of philanthropic partners who will help identify potential sources of match funding. Working Group members will be drawn from among the membership of three established funder networks with overlapping interest in this area of work: the Funders Network for Smart Growth, the Neighborhood Funders Group and Living Cities. We will consult with these partners in order to identify funders with specific interest in our targeted regions and, where possible, secure commitments for local match funding in specific regions prior to the release of our Request for Proposals.

3. USE OF EVIDENCE

As a national intermediary, NCBCI has a demonstrated record of creating and expanding social innovations that improve community and family outcomes for low-income families, and has experience in competitive grantee selection and management of multi-site philanthropic initiatives. We have partnered with the Urban Institute, a national leader in evaluation of the impact of complex social innovations. Together we have produced a body of moderate evidence for the effectiveness of shared equity homeownership programs and launched an ambitious effort to collect strong evidence of this same type of impact in real time from a large cohort of local programs. Based on this collaborative work to date, we have developed a very strong plan for using evidence to select subgrantees, build their capacity to use evidence and data to drive superior program performance, and objectively validate the effectiveness of their local work over time.

Narratives

3.A EVIDENCE OF THE IMPACT OF SHARED EQUITY HOMEOWNERSHIP

In 2007, following a series of discussions convened by the Ford Foundation and the National Housing Institute, NCBCI began an effort to study the impact and potential of SEH. NCBCI and NeighborWorks America® commissioned a series of research papers that were presented at a national symposium held in Portland, Oregon, in December 2007. These papers can be found online at www.affordableownership.org/research.

These studies summarized existing evidence in support of this innovation and identified potential barriers to scale, but they did not generate new data illustrating the impact of the programs.

3.A.i Urban Institute Study

NCBCI commissioned the Urban Institute to conduct the first rigorous quasi-experimental study of a programmatically diverse set of SEH programs nationwide in order to independently evaluate the performance of this model. The study, released in October 2010 and posted at http://urban.org/sharedequity/, measured social and economic outcomes of seven established shared equity programs. Through statistical analysis, the study demonstrated that SEH programs provide positive outcomes on homeowner wealth, homeowner mobility and home affordability. This study provides MODERATE EVIDENCE that SEH programs can have STRONG IMPACT on economic opportunities for low-income families.

The Institute found that these programs:

CREATED SUSTAINABLE HOMEOWNERSHIP

Narratives

* SEH owners were less likely to experience foreclosures than owners in the surrounding market

* Over 90% of buyers were still homeowners after five years

OFFERED ASSET BUILDING OPPORTUNITIES

* The programs offered average annual internal rates of return on the buyer's investment ranging from 6.5% to 59.6%.

* The great majority of buyers earned far more than they would have if they had invested in the stock market instead.

PRESERVED AFFORDABILITY

* By preserving affordability, the programs were able to save millions of dollars in public subsidy and offer ownership assistance to significantly more families.

SUPPORTED HOMEOWNER MOBILITY

* In the three programs for which data were available, over two-thirds of owners were able to purchase unassisted, market-rate homes after reselling their affordable homes.

The small sample size of the study limited our ability to generalize the findings; yet undertaking a broader study with the same design seems impractical given the challenges that administrators faced in collecting consistent data on sales many years in the past.

3.A.ii Formal Evaluation Plan

Because expected subgrantees will be using similar program designs and measuring common outcomes, we have developed plans for a formal evaluation at the initiative level.

Narratives

The Urban Institute will serve as lead independent evaluator for the SIF outcomes. The evaluation has been designed to address the following key questions:

* Do program participants access homes that are more affordable than a comparable group of non-participants (who may or may not purchase homes)?
* In the medium term, do participants have higher asset holdings than comparable non-participants?
* Are participants less likely to experience a default or foreclosure?
* Is program participation a transitional step towards market-rate homeownership?
* Does program participation provide improved access to quality neighborhoods, schools, services, and amenities, relative to non-participants?

These questions will be answered with data collected from pre-and post-occupancy surveys of homeowners and administrative data from each of the programs. Data items will include purchasers' incomes and credit scores, the sales prices of homes, the characteristics and performance of mortgages used to purchase homes, and their previous and subsequent address. These measures will be collected through NCBCI's Sector Performance Datasystem. We will also collect medium-term outcomes for participants and non-participants by fielding an outcome survey. In addition, the evaluation will use secondary data on house prices, mortgage performance and neighborhood quality measures to determine the sector's relative performance compared to other types of homeownership.

For this study, potential homebuyers who complete a homeownership counseling program will be randomly assigned to either the treatment group or a control group. Treatment group members will eligible to buy a shared equity home (which some will elect not to do). Control group members will be eligible for any other program or service available to them, but will not have access to the SEH programs. The impact analytical strategy will be based primarily on Intent-to-Treat comparisons in observed outcomes for treatment and control groups. Because of the drop off of potential buyers between the counseling stage and actual home purchase, we will also estimate the impact of the programs for those who ultimately purchased homes, known as the Treatment-on-the-Treated impact.

While outcomes will be assessed for all programs receiving technical assistance, due to the high costs, impact analysis would only be performed at a subset of these sites, chosen to ensure that they reflect the larger pool of programs. The impact analyses we propose are major advances over previous studies--none of which allowed for controls to determine whether or not participating families would have purchased a home without participating in the program. Our proposed method will provide much more definitive analyses of SEH effects on families.

3.B USE OF EVIDENCE IN PAST INVESTMENTS:

NCBCI has managed several large philanthropic initiatives that have included significant research, evaluation or peer learning components, namely the Coming Home Project (a Robert Wood Johnson Foundation-funded initiative to replicate successful nonprofit assisted living strategies) and the Village to Village Network (an effort to widely replicate an innovative aging in place model). Both projects have been designed to closely track the lessons of formal research projects (described below) conducted by NCBCI and others in the field. In addition, our partners--the Urban Institute and Success Measures--have collectively participated in dozens of comparable initiatives efforts and are industry leaders in incorporating the evaluation data and other evidence into successful program replication efforts. Specific experience of each organization is included under Organizational Capacity.

Organizational Capacity

D. ORGANIZATIONAL CAPACITY

1. PROGRAM OVERSIGHT

Narratives

Every community deserves to thrive. That's why NCBCI works to help low-income and underserved populations by providing funding and lending for the systems necessary to support healthy communities. Our core expertise focuses on financing, grant making, policy development and technical assistance in the areas of financial analysis, strategy development and business planning. We use a variety of sources of public, private and philanthropic funding, combined with our own resources to provide funding and technical assistance to our target communities.

Our annual organizational budget is $15,129,139 and our $1 million first year SIF grant request (representing 6.2% of the annual budget) is well within our capacity to manage. Indeed, at any given time, NCBCI manages grants, loans and contracts for a wide variety of investors, funders and government agencies. Each of these sources of outside support has its own reporting requirements, and, consequently, we have carefully developed our internal capacity to manage compliance and reporting. Currently, we have loan assets under management of approximately $765 million involving more than 35 investors. We are managing over $25 million in restricted federal grants and contracts, and approximately $17 million in private grants.

1.A DATA SYSTEMS

NCBCI has invested significant resources over the past 18 months to build two key tools that will enable us to effectively manage this project and help grantees to track and evaluate the effectiveness of their programs.

1.A.i Sector Performance Data Systems:

In 2010, we convened a series of day-long meetings with industry stakeholders to outline a set of Stewardship Principles for Affordable Homeownership. There was consensus among our diverse participants that successful affordable homeownership programs should not settle for simply measuring OUTPUTS (the number of buyers assisted), but should set clear goals regarding the homeowner and community OUTCOMES that would ultimately result and justify public investment. But at the time, no one had effectively articulated what those outcomes should be or proposed a realistic means of measuring them.

We conducted dozens of interviews with SEH program managers across the country to compile a comprehensive list of potential social impact measures. We asked what data programs currently tracked or felt that they should be tracking to measure the impact that their programs are having on homeowners and neighborhoods. We then convened a stakeholder committee to refine and prioritize this list and discuss the practical implications for collecting and analyzing an industry standard set of metrics.

The resulting metrics ask programs to measure their outcomes in each of the following five key categories:

1. Housing Affordability: Measured both by the initial affordability of homes and by the program's success in maintaining that affordability as homes pass from one owner to the next.
2. Homeowner Asset Building: Measured by the average homeowner's internal rate of return (IRR) on investment relative to alternative options such as stock market investment.
3. Homeownership Sustainability: Measured by the share of homebuyers who remain homeowners (in program or subsequent homes) and the rate of default and foreclosure among program owners relative to regional averages.
4. Household Mobility: Measured both by the success of homeowners who sell their affordable homes in accessing subsequent housing in neighborhoods of their choice and by the share of such sellers who

subsequently purchase homes without financial assistance.

5. Community Value: Measured by, among other things, the net savings to a community realized by retaining or reinvesting public subsidy.

6. Organizational Effectiveness: Measured by the cost of annual program administration and monitoring relative to the value of public subsidy managed by the program.

We have contracted with two software development firms to build a cutting-edge SalesForce.com-based program workflow management system that automatically submits program performance data into a centralized Sector Performance Data System. The workflow system helps administrators manage day-to-day work flow and post-sale monitoring, enforcement and support programs. Three initial pilot sites have been using the system for six months. A total of 14 organizations are currently piloting the next version of the system. The software will be publicly available for use by any homeownership program by Fall, 2011.

With input from a 20-person advisory committee, we have developed a standard social impact report that is automatically generated for each program annually. The report provides a graphical snapshot of a program's outputs and outcomes to date and provides a side-by-side comparison with outcomes for a predefined peer group of similar programs. Our practitioners have indicated that this kind of real time relative benchmarking is most likely to drive program design changes at the local level.

1.A.ii Comprehensive Assessment Tool

NCBCI has also developed and tested a comprehensive homeownership program assessment tool that evaluates the extent to which programs implement proven practices reflective of the Stewardship Principles. The assessment protocol evaluates a program's policies, procedures, legal and regulatory documents, staffing and budget and serves as a useful framework for program replication and expansion. The protocol was piloted in partnership with the Housing Department of San Mateo County, California, in 2010 where it was used to assess 14 of the county's local affordable homeownership programs. By implementing the assessment at regular intervals, we will be able to track the growth of each program's internal program management capacity and enable our evaluators to correlate measurable program performance to specific program practices.

1.B EXPERIENCE WITH COMPARABLE PROGRAMS

Coming Home: NCBCI was selected to manage the Robert Wood Johnson Foundation-funded program, where we worked to take a market rate long-term assisted living and make it a viable non-institutional option for persons with disabilities and little or no income. We analyzed the assisted living model in the context of available government programs to identify:

1. Components of assisted living that fit with available public subsidies (e.g., SSI, Medicaid, Low-Income Housing Tax Credits, etc);
2. Policy and program modifications needed;
3. Gaps between assisted living program needs and available subsidies;
4. New programs and policies necessary to make affordable assisted living viable; and
5. Benefits of affordable assisted living to consumers and public agencies.

With this analysis in hand, NCBCI was able to work with assisted living stakeholders (e.g., consumers, providers, policy makers, program staff and lenders/investors) to craft solutions. As a result, Coming Home partner states modified or implemented new Medicaid, regulatory and finance programs to support affordable assisted living; federal agencies worked with NCBCI on assisted living initiatives; and

Narratives

91 organizations are currently operating, developing or exploring affordable assisted living projects (43 operational Coming Home demonstrations, seven in construction, and 48 in feasibility analysis or development).

Village to Village: In 2008, we began working on a movement to replicate aging in place service models known as "Villages." The model is a new, grassroots community approach for people who are planning for future support needs or who currently need assistance to remain at home. The Villages are self-governing organizations that help elders remain in their neighborhoods and homes by coordinating and delivering programs and services. Our Village to Village Network seeks to replicate the model, provide peer-to-peer network and technical assistance and research the impact of the model.

Part of this initiative involves data collection on individual Villages pulled from the individual Village member management databases on an aggregate level. Through a grant from the SCAN Foundation in California, NCBCI has partnered with the University of California-Berkeley to develop a baseline evaluation system. The information gathered from this project will inform future, expanded research in this area as well as the development of best practices in the development and management of this aging in place model.

1.C CAPACITY TO IMPLEMENT EVALUATION PLAN

1.C.i Urban Institute Experience

Since its founding in 1968, the Urban Institute has established a track record of successfully completing rigorous policy analyses and program evaluations, including:

Recent Projects

Narratives

An impact evaluation of the SIF funded Urban Alliance High School Internship program. Urban Alliance, a youth serving nonprofit in Washington, DC and Baltimore, MD is expanding its High School Internship through funding from the SIF. The Urban Institute is conducting a rigorous random assignment study to assess programmatic impacts for youth participating in the program. The study relies on program and school district records, data from the National Student Clearinghouse Student, interim and long-term surveys of youth outcomes, and interviews with youth and program staff. Outcomes of interest include whether the program improved youths' high school graduation rates, college enrollment and completion, and employment and earnings.

An evaluation of the New Markets Tax Credit (NMTC) Program. The Institute conducted a comprehensive evaluation of the program for the CDFI Fund at the Department of the Treasury. This four-year effort includes an extensive literature review; interviews with program stakeholders; development of an analytic typology; quantitative analysis of administrative data; online surveys of local officials and borrowers; and extensive quantitative and qualitative information collection on a large sample of NMTC projects.

I.C.ii Success Measures

Success Measures® is a specialized outcome evaluation resource based at NeighborWorks® America. It offers an integrated set of technology-supported evaluation consulting, training and technical assistance services for community-based organizations, intermediaries and funders seeking to learn from and demonstrate the results of their programs and investments. Over the last six years, Success Measures has supported over 300 community-based organizations and more than 25 of their funding and intermediary partners to evaluate a range of housing, economic development, financial capability, community revitalization and related programs.

Narratives

Success Measures is staffed by a team of eight professionals and a core group of 25 consultants with extensive experience in all aspects of community and economic development, philanthropy and lending, policy development and analysis, and a wide range of evaluation and research specifically tailored to urban and metropolitan issues.

Recent Success Measures projects include: a national, multi-site participatory evaluation of the Ford Foundation Metropolitan Opportunity Program's investments in 12 metropolitan areas; development and implementation of a performance measurement system for the F.B. Heron Foundation's grant programs; training and technical assistance for over 100 Habitat for Humanity affiliates to conduct a common evaluation of neighborhood revitalization initiatives; and design and implementation of a national demonstration program for Citi Foundation to support evaluation of how financial education and coaching programs shift low-income consumer's financial attitudes, behaviors and financial security.

1.C.ii Previous Evaluations Conducted by NCBCI

Our program staff has extensive experience in working with community organizations in providing evaluation and measurement support, ensuring that these measures inform the quality of the project, for example:

"A Study of Negotiated Risk Agreements in Assisted Living: Final Report." (Jenkens, Okeefe, Carder, Wilson; U.S. Department of Health and Human Services Assistant Secretary for Planning and Evaluation Office of Disability, Aging and Long-Term Care Policy, February 2006.) The study used standard policy analysis and qualitative research techniques, including a review of the published and unpublished literature; a review of statutes, regulations, and case law for all 50 states and the District of Columbia; discussions with over 50 experts and key stakeholders in long-term care law, policy, and practice; and in-depth interviews with 46 staff and residents of seven assisted living facilities in three states--Florida, Oregon and Wisconsin. http://aspe.hhs.gov/daltcp/reports/2006/negrisk.htm

"Assisted Living in Rural Markets." (NCBCI, 2007) This project evaluated the efficacy of applying standard market study methodologies and benchmarks for assisted living to rural communities and to identify factors that may contribute to the success of rural AL residences. The study evaluated the actual experience of assisted living residences in small rural communities, with resident and facility-specific data obtained for each participating residence, as well as demographic data and information about competitive facilities for each market area.
http://www.ncbcapitalimpact.org/uploadedFiles/downloads/CHP_RuralMarketStudyReport.pdf

"Nursing Home Workflow Study: Analysis of Staff Workflow in Traditional Nursing Homes and the Green House Project Sites." (NCBCI, 2010) This new study, yet to be published, examines front-line staff daily workflow in skilled nursing settings, including Green House homes, and confirms the model's design to redeploy, but not increase, staff time.
http://www.ncbcapitalimpact.org/default.aspx?id=1572&terms=Nursing+Home+Workflow+Study

1.D SUPPORT FOR MULTIPLE PROGRAMS AT DIFFERENT LOCATIONS

NCBCI has a highly developed ability to oversee national program and replication initiatives spanning many locations. Although the majority of our staff are located in our Arlington, Virginia and Oakland, California offices, we have employees who telecommute from Raleigh, Chicago, Ann Arbor, and Long Island. Currently, we have projects and or borrowers in over 30 states and are able to manage all of our project obligations in diverse settings. NCBCI staff are frequently in contact with members of our target communities whether in person or through webinars and teleconferences. Additionally, our program staff make regular site visits to both current and potential partners and grantees.

Narratives

1.E MANAGEMENT AND STAFFING

NCBCI is governed by an 11 member Board of Directors whose role is to set policies, provide strategic direction, oversee management and ensure fulfillment of our mission. Our governing board has majority low-income community representation, and we rely on them to help us fulfill and offer valuable feedback on our program areas.

NCBCI employs 65 people organized into the following teams: Community Solutions Group (15), Community Investments Group (30), Finance (8), Senior Management (5) and Corporate Initiatives (7). NCBCI's senior management team is comprised of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Risk Officer and the Managing Director of the Community Investment Group.

NCBCI's proposed project team comprises seasoned individuals who are experienced in grant making, evaluation and project management, as well as deploying timely, sector-specific and industry-relevant technical support. All of our team members have previously and successfully worked on our current or previous grant-making programs. They are:

Rick Jacobus, Director Cornerstone Project, leads the day-to-day operations of the Cornerstone Partnership. Mr. Jacobus is one of the nation's leading experts in permanently affordable homeownership and the Community Land Trust Model. He is the author of numerous publications on the topic, including the City--CLT partnership published in 2008 by the Lincoln Institute for Land Policy; Shared Equity-Transformative Wealth published in 2006 by the Center for Housing Policy; and Stewardship for Lasting Affordability published in 2007 by NCBCI and NeighborWorks.

Narratives

Colby Dailey, Program Manager, will oversee the grant application process, technical assistance and grant program(s), and help guide the overall program strategy. She has over a decade of experience working in the philanthropy and community development sectors, providing strategic technical assistance to community-based organizations, foundations, public agencies and corporations.

Marilyn Ellis, Grants and Contracts Manager, will be responsible for processing grant awards for the project. In collaboration with project leads and the Finance team, Marilyn is responsible for coordinating all stages of NCB Capital Impact's grants and contracts administration processes, from the proposal development stage through the end of the project's life cycle, to ensure successful internal workflow, communication, financial management, reporting, and audit compliance.

Charity Sack, NCB Capital Impact's Director of Communications, will be responsible for leading the communication activities of the proposed grant. Charity's career spans over 25 years in domestic and international markets in both the for-profit and nonprofit sectors. At NCB Capital Impact, she directs marketing, communications and community engagement for the organization and its initiatives.

Tiffany Eng, a consultant to the Cornerstone Partnership, will manage the Sector Performance Database. For over 10 years, she has been providing organizations around the country with training and technical assistance in designing and implementing successful asset building programs.

Rodrigo Reis, Grant Accountant, administers grants and contracts, pre- and post-award, including financial reporting and record maintenance. He also oversees cash management of grants and contracts and interprets external guidelines to ensure that grant funds are expended in compliance with federal, state and local grantor agency guidelines. In this capacity, he interacts with outside agencies, internal and external auditors and grantor organizations. He also assists in annual budget and audit development for grants and contracts.

Dana Pancrazi, Board Member, is a current NCBCI Board Member and will provide an advisory role to the Grants Committee and to the overall program. She is a Senior Program Officer for the F. B. Heron Foundation in New York City where she is responsible for helping to deploy Heron's grants, program-related investments and market-rate mission-related investments as appropriate.

Program Assistant, has yet to be hired but primarily will be tasked with coordinating subgrantee applications and reporting.

1.F CAPACITY TO MANAGE A FEDERAL GRANT

NCBCI has managed over $25 million in federal grants and has been allocated over $409 million in new markets tax credits. The following highlights our previous and current federal grants and tax credit allocations:

Department of Education

Charter School Credit Enhancement Program:

2002-$6.4 million; 2004-$8.4 million; 2005-$10 million; and 2007-$15 million

Department of Veterans Affairs

Great Lakes Veterans Affairs Community Living Centers: 2010-$673,576

Department of Housing and Urban Development

Community Housing Development Organization (CHDO): 2004-$60,000; and 2007-$280,000

Narratives

Neighborhood Stabilization Program: 2009- part of a consortium receiving over $7 million in funds over 3 years. Technical Assistance Provider for 8 HUD-assigned engagements.

Department of Treasury

New Markets Tax Credit Program: 2004-$75 million; 2005-$54 million; 2007-$100 million ; 2009-$90 million; and 2009 (ARRA round) $90 million.

NCBCI understands that protecting funds from misuse or recapture is of utmost importance. Therefore we established the funding management system (FSM) in 2004 to ensure federal as well as private funding compliance for all our grants and third party assets. FSM consists of comprehensive systems, guidelines and procedures for initial implementation and regular maintenance and conforms to all regulatory and reporting requirements of federal funds as well as individual federal program expectations and requirements. We track all of our external sources of funding through this database to ensure timely and efficient management of third party sources of funding. This process is managed by our Chief Finance Officer, Chief Risk Officer and our Grants and Contracts Manager.

If awarded, NCBCI will enter and track the proposed grants awarded into this database. The key drivers of the system include:

Contact management --Contains all organizations--and contacts within those organizations--for which we have reporting and compliance requirements. Data capture -- Contains critical information captured about each grant or loan agreement, deliverables, timing/due date, responsible parties.

Reporting management and reminders -- Alerts all parties of agreement, partnerships and reports defaults.

Narratives

2. ABILITY TO PROVIDE FINANCIAL OVERSIGHT

NCBCI has provided over $9 million in grants to organizations providing critical community projects in the fields of affordable housing, economic development, cooperative grocery development and long-term care. We deployed these funds utilizing a grantmaking approach that seeks scalable, cost effective opportunities and target low-income communities. We have worked in collaboration with other foundations, state and local governments, and government agencies. Examples of our grant making programs are listed below.

The Food Co-op Initiative (formerly Food Co-op 500): A support system and grant program started in 2007 that seeks to enable a faster and more efficient startup process to develop new retail grocery co-ops. To date, we have awarded $160,000 in grants to 23 start-up food cooperatives in seven states. These grants allowed communities to develop and launch food co-ops in communities with limited access to grants and capital. Many of the organizations are still in the planning stages; nine currently operate cooperatives. The Initiative has moved beyond its initial pilot stage and has incorporated a 501c(3).

Coming Home Program: This program is an innovative effort to create affordable assisted living for Medicaid-eligible and other low-income people. Beginning in 1992, NCBCI worked with nine states to develop a model to expand the supply of affordable assisted living in underserved rural areas. This project contributed to the creation and adoption of state policies including regulations, implementation of state programs, creation of development and operational feasibility analysis tools, and the identification and structuring of financing sources. It has also fostered and supported public-private partnerships that resulted in 92 operational affordable assisted living demonstration projects. Over $4 million in technical assistance grants and $8 million in pre-development financing was provided to both state governments and project sponsors to implement policy and program initiatives.

Narratives

Green House Project: A radically new and innovative approach to long-term, skilled nursing care, the Green House Project seeks to transform institutional long-term care. To date, the project has invested over $4 million in technical assistance grants and has opened 83 homes with another 20 in development. Each Green House home contributes to a total rethinking of the philosophy of care, architecture and organizational structure normally associated with institutional long term care. The Initiative was recently capitalized with a $10 million program related investment to create a $55 million lending pool for projects serving Medicaid eligible patients.

Village to Village Network: This initiative seeks to replicate nationally the aging-in-place model. Villages are membership-driven, grassroots organizations that provide services and social supports to their members so that they can age at home and in community for as long as possible. Currently, more than 60 open villages exist across the country, with another 15- 20 opening in 2011. To date, NCBCI has awarded over $150,000 in grants that have allowed communities to develop local networks to address the burgeoning growth in the aging population and their associated needs.

Budget/Cost Effectiveness

E. COST EFFECTIVENESS AND BUDGET ADEQUACY

1. BUDGET AND PROGRAM DESIGN

NCBCI requests a $5 million, five-year Social Innovation Fund grant to be matched 1:1.2 with private funds at the fund level and at least 1:1 at the grantee level. Eighty percent of SIF funds ($800,000 annually) along with 42% of private funds ($500,000 annually) will be allocated to fund subgrants to high performing local nonprofit organizations that are significantly growing their capacity to serve as long-term stewards of affordable homeownership units. The remaining funds will be used to fund technical assistance, evaluation and administrative expenses.

The distribution for the first year is described below.

Personnel

We will rely on existing, experienced staff to administer the program, and hire one additional Program Assistant to support in the effective deployment of grant funds.

Our typical mode of operation is to work in teams with a diversity of staff contributing to the work product. The positions allocated to this program include:

Chief Operating Officer (8% of $199,125)

Project Director (60% of $160,000)

Program Manager (80% of $76,000)

Program Assistant (100% of $72,000)

Administrative Support (10% of $61,284)

Communications Director (5% of $127,088)

All staffing costs are charged to NCBCI's match.

Fringe

Our fringe rate is roughly 33% of salary expense and includes FICA (28.38%), health insurance (27.37%), Retirement (44.24%), Life Insurance (0%).

Contractual

Urban Institute will serve as lead independent evaluator for the SIF outcomes. The total cost for the initial year--including significant work related to evaluation design and monitoring the implementation of data collection protocols--is $100,000. The federal share represents $50,000 (50%) with NCBCI's match of $50,000.

We have budgeted $40,000 for Success Measures, a program of NeighborWorks® America, to develop a data collection/analysis curriculum, conduct web-based sessions for grantees, provide follow-up 1-1 TA during the data collection process, and assist grantees in analyzing their first round of performance data to aid grantees in applying that information to program improvement. They will also design and conduct an interactive session for grantees to share evaluation and performance data, extending the application of program learning across the grantee cohort. Fifteen thousand dollars of the Success Measures contract will be paid out of the federal share and the remaining $25,000 will be paid from NCBCI's match.

We have budgeted $35,000 from NCBCI's match for ongoing software development and on-call technical support for our Sector Performance Data System and Workflow Management Tools.

Technical Assistance

We have allocated $100,000 for direct technical assistance services at approximately $10,000 to $15,000 each for the first year's seven to 10 grantees. Technical assistance will include business planning, feasibility analysis, proposal development, marketing and other business development services.

We have budgeted an additional $40,000 to contract with the National CLT network to plan and implement an intensive Capacity Building Institute for SIF Subgrantees including two in person and six online meetings annually. Our contract will be matched 1 to 1 by funding from the Lincoln Institute for

Land Policy. Lincoln's contribution to this program will be made directly to the CLT Network and is not counted toward the minimum match requirement for SIF funds.

Subgrants

NCBCI proposes to allocate $800,000 of the annual federal share toward subgrants to be matched by NCBCI share of $500,000 for a total first year distribution of $1.3 million in funds to eligible applicants. Applicants will be required to match funds between 1:1 and 1:5 with local resources. We anticipate providing seven to 10 awards annually and would seek to provide multi-year awards, subject to strong performance.

Travel

Travel has been budgeted at $30,000 with the federal share being $15,000 and the remaining $15,000 allocated to NCBCI's match. The travel budget assumes that two NCBCI staff will participate in three CNCS convenings annually in Washington DC and that we will convene up to 10 grantees for two, two-day meetings annually. It also assumes that we will allocate up to $1,000 per Technical Assistance contract to facilitate site visits by TA consultants to grantees sites.

Indirect

NCBCI does not have a federally negotiated indirect cost rate. After the award of SIF funding we will seek approval of a federally negotiated indirect cost rate, but for the purposes of budgeting we have used a 10% indirect rate for both the federal and match share.

2. MATCH SOURCES

Narratives

In 2009, working with a set of leading national partners, we developed a multi-year strategy for "taking shared equity homeownership to scale." Based on this strategy, we presented a five-year concept to the Ford Foundation that called for significant annual investment in technical assistance grants. These grants would be awarded to a select set of local programs with potential to experience significant growth, as well as the development of key technical assistance and capacity building tools, and the creation of a Sector Performance Data System. Based on this overall strategy, Ford committed $1.2 million in 2010 and an additional $1.1 million in funding for 2011. The majority of activities outlined in our Ford proposal overlap precisely with the activities that the Social Innovation Fund is seeking to support. Further, Ford has agreed with our conclusion that $500,000 of this existing grant could serve as unrestricted match for the SIF. (The remaining 2011 Ford funding will be used to support related communications and policy work that is intended to support the wider adoption of this social innovation but are not tied to the grantmaking closely enough for us to feel that it was appropriate to consider this spending as "match" for the SIF.)

Our multi-year plan calls for gradual increases in the annual investment in subgrants to local demonstration sites as we scale back investment in development of technical assistance tools. Our shared expectation with the Ford Foundation is that, over the next two years, we would be invited to request $1.5 million annually for subgrants and related technical assistance and evaluation programs, as well as for implementation of our ongoing communications strategy. While these funds have not been formally committed by Ford, they are consistent with the Metropolitan Opportunity Unit's recently adopted investment strategy and budget, and we fully expect to receive ongoing support at approximately this level. We expect to submit our 2012 proposal to Ford prior to the announcement of the SIF funding and to receive a commitment by October 2011. Of the $1.5 million expected from Ford in 2012 and subsequent years, we project that no less than $1.2 million would be expended as NCBCI's SIF Match, including for subgrants, technical assistance and training, development of outcome tracking software and program evaluation, and administrative expenses.

In addition, we have received key support for this work from the Annie E. Casey, Surdna and Heron Foundations. Surdna provided early funding for technical assistance to a set of "pre-pilot" sites.

Another resource that will support the goals of the SIF program--but have not been included in the program budget--is U.S. Housing and Urban Development (HUD)-funded technical assistance through the Neighborhood Stabilization Program (NSP). NCBCI was awarded NSP technical assistance funding as part of a consortium that received $7,143,122 from HUD in late 2009. Our proposal called for investment of $634,216 to provide direct technical assistance to local SEH programs and create tools, templates and model legal documents to support these programs. While these tools and resources will be immediately useful to SIF subgrantees, we do not currently anticipate providing HUD-funded direct TA to the local organizations that are selected for SIF subgrants. The technical assistance provided under that grant will be similar in nature to the assistance offered to SIF subgrantees but recipients will be selected by HUD based on their interest in ensuring efficient expenditure of NSP funding by local agencies, primarily units of local government.

Clarification Summary

Q1.

On our behalf, the Ford Foundation, working with the Open Society Foundation, Annie E. Casey Foundation and the Neighborhood Funders Group has begun convening a funders' Affinity Group focused on affordable homeownership. If selected to receive a SIF award, we immediately will schedule a meeting of this group to help us identify potential sources of local match funding and to generate a list of potential local match funders. We expect that these key partners will help us to reach out to those potential funders before our RFP is distributed. The goal is to begin networking with potential funders in and across our specific target regions and secure match commitments. We also expect this group to be helpful in identifying potential subgrantee applicants and in publicizing our RFP.

We expect that some grantees will have success finding match funds with theirlocal government agencies and housing entities. Our National Outreach Partners (named in proposal) will reach out to local and state government housing administrators to publicize our RFP and encourage them to offer matching funding. We will organize a webinar, concurrent with the release of the RFP, to highlight successful cross sector partnerships for the stewardship of affordable homeownership units and expect that the availability of SIF funding will induce local housing departments to reach out to their nonprofit partners and offer matching funding.

Q2.

We expect to provide a large subset of our subgrantees, based on their performance, with at least 3 years of SIF operating funding and TA. While we would not pre-commit multi-year grants, we would invite successful subgrantees to reapply for operating funds for at least 3 consecutive years.

Re-applicants would be subject to an abbreviated application process; however, as part of that process they would undergo careful evaluation administered by the Program Manager to ensure that the program had met all criteria, was compliant with NCBCI programmatic and federal rules/guidelines, and demonstrated success as defined by our subgrantee evaluation process

Q3.

Subgrantees will participate in the Capacity Building Institute (CBI), a peer learning program administered by our partner, the National Community Land Trust Network (NCLTN). The CBI is an interactive, online learning environment structured with the intent to ensure participants are sharing questions, issues and learning from each other. The CBI will involve 2 multi-day face to face interactive sessions for grantees and 6 online meetings annually.

The SIF CBI will include:

1. 2 in-person trainings of 2.5 days
2. Smaller working groups created based on individual organizational characteristics and needs,

establishing peer relationships

3. At least 6 web-based trainings where all subgrantees will engage with each other and CBI faculty to cover specific capacity building topics

4. Online collaboration space for document sharing, discussion forums, posting assignments, readings, etc.

5. TA provided individually and, as appropriate, in a group setting, in the on-line collaboration space and/or as "working the problem" webinars

In addition, NeighborWorks® America's Success Measures program will work with the subgrantees to build a peer support community focused on understanding and using the generated performance data. They will use facilitated distance learning webinars and conference calls leading up to an in person session (offered as part of the final CBI convening). Components of these sessions will be knowledge/skill building on the use of the indicators in the Sector Performance Database, data analysis, etc. and will allow participants to share questions, experiences and build a community of practice.

The in-person session will build on relationships begun through the webinar/conference calls. The focus of the session will be for organizations to engage with their data through preliminary analysis and discussing strategies for local use of the data. All grantees will bring their data from the first year and its preliminary analysis so that the session is based on actual rather than theoretical examples.

Q4.

We have a three-pronged approach for our subgrantees' capacity building, training and support: the Sector Performance Database (SPD), the Capacity Building Institute (CBI), and direct Technical Assistance (TA). Overall coordination of this approach will be the responsibility of the Program Manager.

SPD: The Program Manager will oversee the consultants working with and supporting the subgrantees on their successful use of SPD. Lead SPD consultant, Tiffany Eng, will coordinate the subgrantee training on SPD which will include a series of interactive online training sessions and some one-on-one telephone assistance. The interactive online sessions will be ongoing throughout the first year. Subgrantees requiring additional support will use part of their TA Provider contract to engage a consultant to help them with successful SPD implementation and use. Finally, NeighborWorks® America's Success Measures will provide an annual workshop for subgrantees to make sure that SPD data is being collected, entered and utilized to maximum effect.

CBI: The National CLT Network (NCLTN) will coordinate and operate the CBI with the active input of the Program Manager. The NCLTN will be responsible for developing materials, training the instructors, and coordinating both the on-line and in-person workshops.

DIRECT TA: The Program Manager will oversee the TA providers. Once subgrantees have been selected, the Program Manager will match TA providers to each subgrantee based on TA provider's expertise and a subgrantee's TA needs. The Program Manager will work with the subgrantee and the assigned TA provider to develop objectives and a workplan. Once TA begins, the Program Manager will coordinate quarterly "round-table" conference calls which TA providers are expected to attend in order to share their TA engagement activities and raise any subgrantee project or compliance issues. Subgrantees are required to complete an annual evaluation of their respective TA provider and the work provided. The TA provider and subgrantee must submit jointly an annual report demonstrating that the scope of services and deliverables were achieved. Throughout the TA engagement, the Program Manager will actively engage with the subgrantees to ensure that the TA being provided is effective and that the TA provider is on track with the intended services.

The annual cost of the individually assigned TA providers was included in our proposed budget under "Consultants and Contractual Services" at an amount of $100,000 with $80,000 paid from our match funds and $20,000 from federal funds. This $100,000 will cover approximately 10 direct TA engagements.

Q5.

NCBCI will use a memorandum of understanding (MOU) and our existing monitoring systems to articulate and ensure subgrantee compliance with federal requirements. Matching fund requirements and language indicating adherence to federal requirements such as certifications and assurances will be incorporated in all MOUs between subgrantees and NCBCI. We will hire a Program Assistant specifically tasked with coordinating subgrantee applications and reporting, who will support subgrantees on issues of grant compliance and administration. The Program Assistant will be specifically designated to shepherd subgrantees through the federal compliance process in line with our existing monitoring infrastructure, providing information on our monitoring and evaluation process and explaining necessary forms to each subgrantee. Subgrantees will attend an initial and then annual online webinar on federal compliance requirements, funding obligations, and other updates and technical support. Further, we will build a set of standard outcome reports into our SPD system designed to meet federal reporting requirements including those data required by the Transparency Act. Our systems will document subgrantees sufficiently to provide a thorough picture of the subgrantee compliance to a third party reviewer.

Q6.

We will work closely with subgrantees to establish goals and outcomes (see proposal for metrics used) that will be integrated into an MOU. These goals inform a subgrantee workplan that is monitored on an ongoing basis by the Program Manager and tracked using the SPD. NCBCI staff will monitor subgrantee compliance with programmatic requirements in the following ways: 1) monthly reporting from SPD on outcomes and financials 2) quarterly meetings with TA providers and subgrantee management teams to review performance, identify and resolve outstanding issues, including financial statement review and tracking and 3) formalized year-end evaluation, which informs the MOU between NCBCI and the subgrantee.

At the intermediary level, together with our partners, we will establish annual objectives with ongoing monitoring by NCBCI staff and an annual review by the Grants Committee.

Narratives

Q7.

Colby Dailey designed and currently manages NCBCI's existing homeownership initiative's TA Award application process. The initiative has had two active rounds of TA Award applications. For these awards, she created the existing grant application, staffs and coordinates the Grants Committee, manages the RFP process, reviews applications, interviews applicants, and makes recommendations to the committee for final TA Awards. She oversees grant contract execution and funding distribution and manages the collection of final reports from TA Award recipients as well as TA evaluation forms completed by award recipients. Throughout the process, she provides support to applicants and monitors fund obligation.

Prior to her work at NCBCI, Ms. Dailey was a program officer for the Capital Group Companies Charitable Foundation in Los Angeles where she managed and oversaw the distribution of over $2 million in grants annually to organizations within the Los Angeles area and in emerging market countries. She managed the application process, staffed the company's Contributions Committee, managed and administered the budget, and actively conducted due diligence with each of over 100 grantees to ensure eligibility and capacity and to monitor performance.

Related work includes research and analysis for the San Francisco Foundation's Bay Area Workforce Funding Collaborative (BAWFC), making recommendations on grantmaking strategies for workforce funding. The analysis contributed to the final report that BAWFC, a study site of SIF grantee the National Fund for Workforce Solutions, submitted as part of a national evaluation.

Q8.

The number of units is one of several key factors that drive the economics of these programs. Programs earn revenue both through the production of new affordable homes and by monitoring and managing existing units produced in prior years. Both the rate of new production and the scale of the existing portfolio will significantly impact the program's budget. There are significant economies of scale which make it easier to effectively operate programs that produce new units at a higher rate and/or are

Narratives

responsible for ongoing management of a larger portfolio. But because of the wide variation in prices and fees, among other factors, it is difficult to identify a specific scale below which the programs are not viable.

Nonprofit organizations that administer SEH programs earn fees from the program in three general ways:

-Development or marketing fees at the time that new units are created and initially sold to eligible buyers

-Fees charged by the program at time of resale of assisted homes, for managing the resale and finding a new income eligible homebuyer. These fees can be quite significant (2% to 6% of the sales price of a home) as sellers will generally not have to engage a realtor to sell their affordable home

-Monthly or annual monitoring or administrative fees, charged by the program to the homeowners

There is great variation in the level and mix of these fees. Newer programs tend to rely primarily on fees associated with the production of new units. Some SEH program sponsors manage construction of new homes, others rehab existing homes while others are responsible for marketing homes developed by a 3rd party. When projects happen on time and on budget, nonprofit sponsors can earn fees that significantly exceed their costs. But these fees are generally at risk and are quite variable as the rate of production will rise and fall from year to year for a variety of reasons. As the program portfolio grows, resale and admin fees begin to provide a more stable and predictable source of revenue.

One of our TA toolkits is focused on business planning and organizational sustainability. We have worked with several organizations to develop long-term revenue and expense projections, which identify the 'sustainable' portfolio size which would enable a program to survive even if no further units were developed. The breakeven point is different in different housing markets and depends to some extent on the specific program design. Some approaches are more staff intensive than others. The analysis is also sensitive to the assumption we make about the rate at which homeowners will choose to resell their homes. Nonetheless, we have found that at somewhere between 200 and 500 units, programs reach a

Narratives

point where this earned income is sufficient to pay for the program staff without relying on grants or new development activity. It is important to note that this type of calculation is somewhat theoretical. In practice these programs are generally managed by multi-purpose nonprofits which offer a range of other services and typically receive ongoing grant funding from various sources. While we have been encouraging organizations to break out their budget for stewardship of affordable homes in order to better evaluate the sustainability of this one line of work, most agencies have not done that in the past.

We expect significant variation in the scale of subgrantee programs. Programs in our current TA grant program produce anywhere from 10 to 100 new homeownership units per year. The programs also provide support to families who purchased homes in prior years but the number of these 'portfolio' units also varies dramatically. Newer programs may only manage a few dozen units while some established organizations are responsible for several thousand homes.

While we intentionally did not set a minimum rate of production, we designed our grantee selection process to favor programs that are likely to produce new units at a faster pace. It is our expectation that successful subgrantees will be creating an average of 20 to 50 new homeownership units annually.

Q9.

Each program establishes its own eligibility criteria. In every case there is an income cap which requires buyers to earn less than 50%, 80% or 100% of the area median income. The actual buyers tend to earn significantly less than these upper limits. These programs target buyers who earn less than what is generally necessary to qualify for a market rate home in their market yet who have stable incomes and acceptable credit. Programs in higher cost regions typically target higher income buyers than those in lower cost markets. Many, but not all, programs require that applicants be first time homebuyers. In addition buyers generally must have the credit characteristics necessary to qualify for a private bank mortgage. Most SEH programs require buyers to provide a down payment of 1-5% of the purchase price from the buyer's own savings.

A 2010 Urban Institute study documented the characteristics of buyers in 7 shared equity

Narratives

homeownership programs. One site, the Champlain Housing Trust (CHT) in Burlington Vermont provides a representative case. CHT has produced 435 affordable homes, but because many homes have resold several times they have assisted 683 buyers. Buyers must earn less than 80% of Burlington's median income but the average CHT buyer earned only 52.3% of the median ($36,660 in 2008 dollars). The buyers purchased CHT homes for an average of only 74% of their appraised market value and provided an average of only $2,750 in down payment and closing costs. Nonetheless, these families experienced a foreclosure rate that was less than half the county average and 92% of buyers were still homeowners 5 years later. Among those who sold their CHT homes 68% were able to purchase another home without any financial assistance.

Q10.

We anticipate that research costs associated with the SIF award will total $600,000 over 5 years. This evaluation will be led by the Urban Institute. Funds will support a rigorous analysis of programmatic impacts as well as a thorough review of programmatic implementation. To assess impacts, potential homebuyers who complete a homeownership counseling program will be randomly assigned to either the treatment group or a control group. Treatment group members will eligible to buy a SEH home (which some will elect not to do). Control group members will be eligible for any other program or service available to them, but will not have access to the shared equity homeownership programs. While UI will assess outcomes for all of the SEH programs receiving TA, due to the high costs, impact analysis would only be performed at a subset of these sites. Rather than conducting separate impact analysis for each selected program, UI will pool the programs' data and report on impacts for the group of subgrantees. This pooled approach is necessary because programs do not enroll sufficient numbers of homeowners each year to support a separate impact analysis for each site. The program models are similar enough to allow for the pooled approach. To gauge the programs' successes and challenges in carrying out the program design, UI will also conduct an implementation study. This analysis will also combine information from different programs, but researchers will make specific and individual observations, conclusions, and recommendation for the sites.

Estimated research tasks and costs by year are as follows:

Year 1: Research design; random assignment; interview guide design; qualitative interviews with program staff and participants; and observation of program activities. Estimated cost: $100,000

Year 2: Baseline data analysis; baseline report on the characteristics of program applicants and a review of programmatic implementation; dissemination. Estimated cost: $135,000

Year 3: Survey administration and tracking. Estimated cost: $50,000

Year 4: Survey design; survey administration; and collection of outcome survey data. Estimated cost: $155,000

Year 5: Survey data analysis; final report; dissemination. Estimated cost: $160,000

Q11.

The travel budget assumes that two NCBCI staff will participate in 2 CNCS convenings and 1 financial training annually in Washington DC.

Q12

We estimate spending approximately $700 for 6 staff and 1 full time consultant to obtain criminal background checks for program staff. This cost is included in the "Other Costs" line item to ensure that the 7 individuals responsible for this program are given background checks.

Q13

Please see attached budget for details.

Q14

Travel costs include transportation, lodging, and meals for the activities listed below:

SIF Meetings: 2 NCBCI staff will travel to 2 SIF convenings annually. Staff based in Washington DC area will participate in financial training. ($4,000)

CBI Meetings: Up to 10 subgrantees will participate in 2 in-person meetings annually. ($10,000)

Consultant TA: Up to $1,000 in travel costs will be covered for each individual consultant while delivering TA as part of their executed agreement. ($10,000)

Site Visits: Up to $6,000 is budgeted for site visits annually.

Q15

We have budgeted $2,841.00 for supplies. Please see attached budget for details.

Q16

Please see budget for breakout and detail of each line item below.

NATIONAL CLT NETWORK: Total costs for the CBI total $80,000, $40,000 of which will be covered by the Lincoln Institute and are not included in the budget detail.

SUCCESS MEASURES: $40,000

URBAN INSTITUTE: $100,000

TECHNICAL ASSISTANCE: $100,000. All direct TA will be provided from this budget line. This includes $10,000-15,000 in consultant fees for service for between 7 and 10 separate TA engagements.

NPOWER AND EXPONENT: $35,000

Q17

NCBCI does not have a federally negotiated indirect cost rate. If awarded SIF funding we will seek approval of a federally negotiated indirect cost rate. A copy of our most recent, expired, Indirect Cost Rate Agreement has been provided.

Q18

We will not limit ourselves to 1 subgrant per city or region. Where we see opportunity for efficiencies of scale in a particular locale, or the potential for growing strong cross-sector partnerships, we may seek to provide more than one subgrant in a particular region. We have seen SEH success in more focused place-based work in areas such as Atlanta, the San Francisco Bay Area, and New Orleans where organizations have come together to leverage resources and partnerships to bring SEH to greater scale. With respect to expansion and replication grantees, the ideal mix would be a balanced representation of both. Our driving goal is to bring scale to the SEH sector in order to see that more of the existing public subsidy in homeownership is used to help more families achieve safe and sustainable homeownership. To do that we must take a two-pronged approach: support existing, high capacity SEH organizations wanting to expand their scope to reach more families; and support organizations with a proven track record of running related programs AND a funding commitment to successfully implement an SEH program. By reaching both replication and expansion programs we will be fostering growth both in the number of organizations successfully implementing SEH and in the number of families that existing SEH programs are able to help.

Q19

In each case, the subgrantees we select will have a preexisting relationship with a government agency that has a track record and a committed budget for providing housing subsidy funds and at some scale has provided SEH funding already. We don't expect subgrantees to have to find new relationships but we hope that through our subgrants, we will induce additional funding from existing relationships. In their application to us, subgrantees will need to document their relationship with the agency providing the subsidy via a Letter of Commitment or another vehicle of confirmed support. We expect that the programs we support will demonstrate public partnerships including a combination of federal funds (e.g. HOME, CDBG), state funds (e.g. housing bond funds), local funds (e.g. locally generated tax increment financing funds), and affordable housing resources and units created by local land use policies (e.g. local housing trust fund, inclusionary zoning rules).

Q20

We expect that our subgrantees will already have a committed funding source for affordable housing and work in a policy environment that is flexible for and amenable to SEH. Our role will be to help the programs implement long-term affordability mechanisms to preserve that funding over time. In most cases there will be an educational element to help policymakers understand the implications of long-term affordability, but the subgrantees themselves, as the program administrators, will be able to implement SEH programs. Applicants who face policy that prevents preserving the subsidy over time will not be eligible for subgrants.

Q21

Uncertainty in both the national housing market and federal housing policy makes this a challenging time for homeownership programs, however, the crisis has brought attention to the issue and created openness to new ideas and opportunity to demonstrate a new approach. While there is no doubt that the home mortgage finance system will change significantly over the next five years, homeownership remains a key goal for more than 2/3 of American renters and, in spite of some extreme proposals, there is widespread political support for some form of ongoing effort to ensure that lower income buyers can safely access homeownership.

The continued growth of SEH programs does not depend on any specific policy changes or even the continuation of any specific existing programs. SEH programs successfully operate within a very wide range of market and policy environments. Subsidy programs that are essential to SEH programs will vary from state to state.

The housing crisis has been devastating to lower income families, but in many regions, it has highlighted the benefits that SEH programs can provide. SEH programs that for years offered safe sustainable ownership to low-income families with little fanfare have become central to higher profile efforts to respond to the foreclosure crisis. Cities such as Atlanta, Oakland, Tucson, Nashville and several others have launched new SEH programs as a result of the current crisis. Cuts to state and federal housing programs have, in some cases, increased support for preserving affordability.

However, there are three things that all SEH programs require in order to grow:

-Housing market strong enough that creditworthy lower income buyers have difficulty safely affording homeownership without assistance

-State or local agencies investing subsidies (in some form) to bridge this affordability gap

-Appropriate first mortgage products available to qualified lower-income buyers

Narratives

While we can't take any of these for granted in the current environment, we feel that it is very likely that all three of these conditions will continue for the foreseeable future. As long as they do, the housing crisis can be seen as an unprecedented opportunity to grow the SEH sector.

As a side note, we recognize that public agencies across the board are facing budget cuts and that many SEH programs will be involved in advocacy efforts to protect key funding sources. We will ensure that no SIF funding would be used for advocacy efforts by or on behalf of our subgrantees

Q22

Our 2010 and 2011 TA Award recipients have an average existing portfolio of 182 units, producing units at an average of 40 units per year.

Key assumptions: Expansion subgrantees will have between 100 and 500 existing units in their portfolio; replication subgrantees will start with close to zero units in portfolio; we will make subgrants to approximately 10 organizations comprising a mix of expansion and replication subgrantees; average number of units per portfolio across all subgrantees will be around 100; the average subgrantee will produce approximately 30 new units per year for 5 years.

With those assumptions, our program will reach 1000 existing homeowners immediately by increasing the capacity of the organizations that steward their affordable homes, and help reach an additional 300 homebuyers annually by providing them with affordable homes. Over 5 years, our program will directly benefit at least 2500 lower income homeowners. Moreover, the improved evidence of impact produced through our research will induce additional public funding for more SEH programs, increasing that number significantly.

Q23- You have outlined the evaluation costs would vary from year to year. Please indicate how the various line items would change in budgets for Year 2 and on in order to augment these evaluation costs from year to year.

Based on their research design, the Urban Institute (UI) provided us with a year-by-year estimate of their evaluation costs. They project more of their staff time being required at the beginning of the program (ensuring that sites are collecting data appropriately, etc) and at the end (analyzing data and drafting a report). If it was important to the SIF program for us to negotiate a flat line budget, we believe that it would be possible to negotiate such an arrangement with UI. However we built our proposal assuming that our contract with UI would change annually according to the schedule we provided and that we would compensate by adjusting other line items.

We have largely completed the development of our SPD software and are currently testing it with 14 sites. We have contracted with software firms (Npower and Exponent) to make design changes based on the trial feedback and publish a final version of the software before the end of 2011. However, because we expect that some minor modifications to the software might simplify administration of our SIF program we budgeted for additional software development work in the first year. In the second year we do not anticipate the need for additional software development and these funds (budgeted at $35,000 in the first year budget) will be available to fund an increased level of effort by UI.

In years 4 and 5 we would fund further increases in UI's projected costs by reducing our funding to Success Measures. Success Measures' work is focused on training subgrantees to collect quality data and put the data analysis results to work locally. We anticipate the need for this support declining in later years.

While we anticipate no difficulty accommodating the UI's budget projection for each year of the program from SIF and Ford foundation match funding, we will also actively pursue additional private funding which would enable us to expand the scope of the evaluation. The Annie E. Casey Foundation (Casey) has been actively involved in our project since its inception and has expressed interest in supporting our collaboration with UI to document the impact of SEH programs. Casey provided us with a small grant in 2011 to enable UI to participate in the design and development of our SPD software to ensure that it collects the data necessary for a rigorous impact evaluation. If we receive a SIF award, we

Narratives

feel that there is a high likelihood that Casey would provide additional funding for the evaluation.

Continuation Changes

NCBCI does not wish to submit Continuation Changes at this time.

Required Documents

Document Name	Status
Match Verification	Sent
Cash on Hand Certification	Sent
DUNS Number	Sent

2011 Social Innovation Fund
NCB Capital Impact
Section 2 – Budget

Stewardship Capacity Fund

NCB Capital Impact

Application ID: 11SI127429

Budget Dates:

		Total Amt	CNCS Share	Grantee Share
Section I. Program Costs				
A. Project Personnel Expenses		249,216	0	249,216
B. Personnel Fringe Benefits				
FICA		23,340	0	23,340
Health Insurance		22,510	0	22,510
Retirement		36,384	0	36,384
LIfe Insurance		0	0	0
	Total	$82,234	$0	$82,234
C. Travel		30,000	15,000	15,000
D. Equipment				
E. Supplies		3,541	0	3,541
F. Contractual and Consultant Services		315,000	85,000	230,000
H. Other Costs				
Subgrants		1,300,000	800,000	500,000
	Total	$1,300,000	$800,000	$500,000
Section I. Subtotal		**$1,979,991**	**$900,000**	**$1,079,991**
Section II. Indirect Costs				
J. Federally Approved Indirect Cost Rate				
Indirect Costs		220,000	100,000	120,000
	Total	$220,000	$100,000	$120,000
Section II. Subtotal		**$220,000**	**$100,000**	**$120,000**
Budget Totals		**$2,199,991**	**$1,000,000**	**$1,199,991**
Funding Percentages			**45.5%**	**54.5%**
Required Match			**n/a**	
# of years Receiving CNCS Funds			**n/a**	