



April 30, 2012

Delivered via email to cdfihelp@cdfi.treas.gov
Ruth Jaure, CDFI Program Manager
Community Development Financial Institutions Fund
U.S. Department of the Treasury
601 13th Street NW., Suite 200 South
Washington, DC 20005

RE: Comments on CDFI Fund Application

Dear Ms. Jaure:

Thank you for the opportunity to comment on the CDFI Fund application process. The San Luis Obispo County Housing Trust Fund is a certified CDFI that has applied to the CDFI Fund seven times. We were certified on our second try and have received three SECA awards to date.

Overall, we found your application process to be quite grueling. However, the process was also appropriate given both the amount of funds that you provide and the flexibility that you allow awardees. Our responses to your specific questions follow.

(1) Is targeting CDFI Program award funds into highly distressed communities an appropriate use of CDFI Program funds?

Targeting highly distressed communities is appropriate under two conditions: 1) that the CDFI funds actually benefit lower income households in those communities and 2) that CDFIs that use funds to benefit lower income households in other areas of the country are still able to receive funds. Based on our experience, both of these conditions are being met. Please continue allocating funds generally as you have in the past.

To illustrate my second point, the poverty level is the same throughout the nation regardless of whether the local rents are \$500 per month or \$1,000 or even \$2,000. And, with a few exceptions, the minimum wage does not vary much from area to area, nor does the SSI benefit for seniors and the disabled. As a result, the need for CDFI Fund awards to help create and preserve affordable housing for lower income households is even greater in high housing cost areas than in highly distressed communities.

(2) Are there ways that the fillable PDF application form can be improved that would ease applicant paperwork burden?

The quick answer is NO. The fillable PDF application form is beyond hope. Please scrap the PDF form and return to the Word and Excel templates that were previously used. The PDF form posed an unreasonable burden on applicants, takes longer to complete and has no redeeming characteristics to applicants.

For example, regardless of the application's format, we prepare our financial projections in Excel. Last year, we could directly copy large sections of our financial projections into your Excel template. This year, we had to manually copy each cell of information onto to PDF form. This was both time consuming and prone to errors.

The PDF form also has severe limitations compared to the previous Word template. For example, tables, lists and footnotes can be included in the Word template, but not the PDF form. Last year, we included a table that showed our pipeline and its characteristics far more clearly than we could this year on the PDF form. We also used a table that more clearly showed our current and projected loan earnings, cost of funds and spread. Photographs and graphs can also be included in the Word template, but not the PDF form.

When considering our false start with the original PDF form, which limited many values to \$999,999, this year's application took us twice as long to complete as last year's. I ask you again to please scrap the PDF form.

Whether or not you use the PDF form or return to the Word and Excel templates in the future, I suggest that you divide some of your broader questions into multiple questions with shorter responses. I think this is particularly important if you continue with the PDF form. If you continue to only allow applications for TA or FA, and not both TA and FA, you should also consider having separate applications for the two types of requests.

(3) Should detailed Matching Funds documentation be collected later in the application review process and, if so, what would be a reasonable amount of time to expect an applicant to provide such documentation?

Requiring the Matching Funds documentation as part of the application process seems to be totally appropriate. When Matching Funds are required for funding, they should be confirmed during the application process and before awards are made. If an applicant doesn't document that they have the required Matching Funds, their application shouldn't even be considered.

(4) Does the application ask the appropriate questions to determine applicant's financial health and viability?

The financial health and viability questions seem to be appropriate, however, projecting financials for five years is very speculative and may be of limited value. Given the size of the CDFI Fund awards it is important that awards go to organizations that are financially sound and capable of using them appropriately and within the allowed period. While the scoring might be different for SECA and TA applicants, than for Core applicants, all applicants should be asked to provide similar financial information.

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As a SECA, we found the process of compiling, analyzing and presenting the information on our financial health and viability to be very helpful. The MPSs gave us clear and relevant goals to strive for in our early years.

Thank you again for this opportunity to comment.

Sincerely,



Gerald L. Rioux
Executive Director