

May 18, 2012

Ms. Ruth Jaure, CDFI Program Manager  
U.S. Department of the Treasury  
Community Development Financial Institutions Fund  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

RE: Title: CDFI Program Application.  
OMB Number: 1559-0021.

Dear Ms. Jaure,

Community Housing Capital appreciates the opportunity to respond as part of the Regular Review of the CDFI Fund application process.

In response to question one (*Is targeting CDFI Program award funds into highly distressed communities an appropriate use of CDFI Program funds?*) Community Housing Capital (CHC) offers the following observations and suggestions:

- Targeting of resources to the most distressed areas can actually retard growth in some cases. Particularly for affordable housing providers, the issue seems to be where there is the greatest need for such housing. While it's somewhat counter-intuitive, the answer is frequently not in the most distressed areas - since they already have an overabundance of affordable units (albeit in varying stages of disinvestment and where additional investment is not economically viable). What is needed in those places is other resources, including a greater income mix of residents. However, the Fund may not be able to develop a nuanced and sophisticated enough process to account for the variations of need across different types of activities as part of the scoring process. Realistically, though, there is a greater need for affordable housing in many of the rapidly growing suburbs than there is in distressed inner-city markets such as Cleveland, Baltimore, and St. Louis.

In response to questions two and four (*Are there ways that the fillable PDF application form can be improved that would ease applicant paperwork burden? Does the application ask the appropriate questions to determine applicant's financial health and viability?*) CHC offers the following observations and suggestions:

- Community Housing Capital (CHC) is an affordable housing lender, as are organizations such as Boston Community Loan Fund, LISC, Enterprise Community Partners, and the Chicago Investment Corporation. The data fields associated with the category “Affordable Housing” tend to focus too much on those CDFIs that do direct mortgage lending to individuals and doesn't adequately account for the large number of CDFIs that lend to developers to build or rehabilitate affordable units (typically at more attractive terms and rates than private sector lenders). By grouping loans by who benefits (end purpose = affordable housing) vs the purpose of the loan itself, the Fund's classification structure penalizes entities similar to CHC. There should be an improved way for affordable housing lenders such as CHC to report their activities, and we should be compared to other CDFIs lending to developers.
- We would also like to note that many of the CDFIs that lend to developers of affordable housing are involved with the financing of projects that use LIHTCs. LIHTC regulations require that a certain proportion of units be set aside for households making 60% or less of AMI. Indeed, many (if not most) of the projects adhere to LIHTC guidelines, which define very low-income as <60% and extremely low-income at 30%. Many of the property owners / managers simply document whether a given household's income falls below the particular threshold; they do not necessarily report how far below that threshold the household falls. For the most part, the CDFI is dependent on the developer / project owner to provide the data. Therefore, it would be more helpful if the Fund recognized the LIHTC thresholds for CDFIs lending to affordable housing developers. Including a new field to capture loans that benefit those <60% would also allow the Fund to better report the impact of deployment of its funds for the benefit of lower income households.
- Greater focus by the Fund on the self-sufficiency of applicants' lending programs would have multiple benefits. There are plenty of organizations that are heavily grant dependent because of their range of non-lending activities; for all practical purposes, such activities have to be grant-funded. But good CDFIs should be making money - or at worst breaking even - from their lending operations, and that's never directly addressed in the application. Focusing more on that would also help alleviate the need for many organizations to talk about large variances in their net incomes that result from the receipt of multi-year grants.
- In the electronic application the Fund has pre-set the tables to include information only for the previous 3 years, without taking into account that some organizations have already completed their audit for the just completed fiscal year and would have the current year in the current column. CHC whose fiscal year ends September 30, was not able to align the fiscal year data with the headings and had

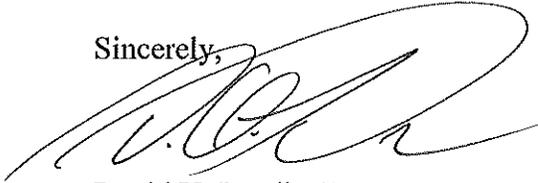
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to type in notes to Table M1 & N1 letting the reader know that the 2008 column matched the 2009 audit, this miss match continued across the table. Presumably, it would be relatively easy simply to ask the applicant to provide information for its 3 most recently completed fiscal years and then let the applicants populate the actual year. This would be time saving and provide readers with information that is easier to process.

- The application form should be improved to better recognize input from standard word processing programs without creating error messages.

Again, thank you for soliciting applicant's input, we greatly appreciate the CDFI Fund's assistance and resources as we collectively work to better America's communities. From the perspective of Community Housing Capital and the NeighborWorks network, the CDFI Fund's FA awards have been a critical component to lever private sector capital and help sustain our organizations over some very trying times.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Landis, II', with a large, sweeping flourish extending to the right.

David U. Landis, II  
SVP/COO

c: Debbie Campbell