

The Commonwealth Capital for Communities Fund

2024 PROGRAM GUIDELINES



Program Guidelines and Instruction Manual FY 2024

Application Deadline: January 30, 2024 5:00PM EST

Virginia Department of Housing and Community Development

600 East Main Street, Suite 300

Richmond, VA 23219

(804) 371-7000



The Commonwealth's Capital for Communities Fund (CCCF)

Community Development Financial Institutions* (CDFIs) are mission-driven financial institutions dedicated to creating greater economic opportunity to low-income, low-wealth, and other disadvantaged people, businesses, and communities by providing equitable access to capital.

The Commonwealth's Capital for Communities Fund (CCCF) was created to provide grants to community development financial institutions and other similar entities for the purpose of providing financing to small businesses, housing development and rehabilitation projects, and community revitalization real estate projects in the Commonwealth. Underbanked communities and businesses generally do not receive the funding they need to flourish as traditional banks are either unwilling or unable to tolerate the risk associated with smaller loans and more patient capital. The CCCF provides capital to CDFIs that will allow them to de-risk small and micro-lending and create other innovative tools that address critical gaps in the financing landscape. The CCCF program will support CDFIs to:

- Expand the CDFI ecosystem in Virginia by supporting institutions in achieving CDFI certification status through the U.S. Department of Treasury; increasing service area coverage of un- or underserved communities; and by building organizational capacity through outreach, research and development, support staffing, and administrative expenses.
- Expand or create new financial products and services to meet identified market needs, specifically those that support capital access, small businesses, new and rehabilitated housing units, and community development real estate projects.
- Create or implement technical assistance to borrowers.

*Unless otherwise specified, CDFI refers to the class of financial institutions that are certified by the United States Department of Treasury's CDFI Fund. CDFIs include credit unions, banks, loan funds, and venture capital funds.

ELIGIBLE APPLICANTS

To be eligible for the CCCF, entities must be either:

1. An organization or entity seeking CDFI certification; or
2. A CDFI (as defined and certified by the United States Department of Treasury).

Applicants must be able to document each of the following:

1. That the organization is certified by the United States Department of the Treasury as a CDFI as of the date of application to the CCCF, OR that it is working towards this certification
2. An established history of commercial lending
3. An established history of lending in Virginia

AVAILABLE FUNDS

CCCF has \$1.35 million available to make awards for fiscal year 2024, with two tiers of funding.

- **Entities seeking federal CDFI certification** may receive a maximum of \$150,000, with a 25% match requirement (10% cash, 15% in-kind).
- **CDFIs** may receive a maximum of \$300,000. Match for CDFIs is dependent on the organization's asset size. See chart below.

Asset Size	Match Requirement
\$50,000 - \$5M	25% (10% cash minimum, 15% in-kind)
\$5,000,001 - \$15,000,000M	50% (15% cash minimum, 35% in-kind)
\$15,000,001M +	100% (35% cash minimum, 65% in-kind)

PROGRAM and FUNDING PRIORITIES

To further the stated goals of the CCCF, successful applications must address the following program priorities, how each priority will be furthered by the proposed program design, and how CCCF will be deployed or leveraged for maximum impact.

1. **Expansion or creation of products and/or services into un- or underserved geographies, demographics, and business sectors with a focus on historically underbanked populations**

Funded applications must show that proposed activities and lending products represent an expansion of services to a population that is not currently being served by the applicant organization. Specifically, expanding programs, products, and services should address populations that are underbanked by traditional banks and financial institutions, such as small, women, minority, or immigrant owned businesses or provide coverage in a new geography that is un- or underserved by CDFIs in Virginia.

2. **Timely deployment of dollars or resources.**



Funds are intended, in part, to build capacity and provide security and leverage for the recipient financial institution. Competitive applications will be able to clearly describe how the grant is directly responsible for increasing the capacity for them to get more capital into their community. However, the goal for grant funds is to provide timely support to historically underserved businesses and entrepreneurs, new and rehabilitated housing units, and community real estate development projects. Programs, products, and services must ultimately provide direct support to the target population and target markets, leading to positive outcomes in the sector.

3. Expansion of technical assistance and services.

Funded applications must show that proposed activities and microfinance/small business products represent an expansion of services to the target populations and target markets. Specifically, how it would allow the financial institution to provide a wider range of products and services to better serve the unique needs of small businesses.

4. Capacity building within the Virginia CDFI ecosystem.

CDFIs play an important role in generating economic growth and opportunity in the most distressed communities. It benefits the overall health of Virginia's economy to have a healthy and thriving mission-driven, microfinance/small business sector. Through the CCCF, DHCD hopes to grow the number of federally certified CDFIs in the Commonwealth, as well as provide critical support to existing CDFIs who aim to grow their impact and coverage.

ELIGIBLE ACTIVITIES

DHCD seeks to create a program that is both flexible and targeted, allowing the Financial Institutions that receive grants to develop programs and products that are responsive to the unique needs of the communities they serve. Tailoring programs that meet needs of small businesses and housing development and rehabilitation projects, while addressing the CCCF goals and priorities can be accomplished through a combination of activities. Entities applying for CCCF are eligible for specific amounts and activities, based on current CDFI designation.

Entities seeking Federal CDFI certification:

Funding received by entities seeking federal CDFI certification through the CCCF are eligible for a maximum award of \$150,000. There is a 25% match requirement. Match may include a combination of cash and in-kind, with a minimum cash match of 10%. Grant activities are delineated into four categories, and eligible activities for each category are outlined below.

Certification Technical Assistance and Planning

- Organizations that are pursuing U. S. Treasury Certification as a Community Development Financial Institution can apply for funding to defray expenses associated with the Certification process, including hiring a consultant to navigate the process, write the application, etc.



- **Anticipated grant outcome:** A documented plan to apply to the U. S. Treasury Certification as a Community Development Financial Institution, or demonstrated steps completed towards certification.

Capacity Building

- Organizations may apply for funding to support the outreach, research, and development necessary to determine appropriate target markets, target populations, and financial products and services to meet the program priorities.
- Capacity Building grants can use funding to support staffing, in addition to administrative and operational expenses. Funding used in this category must be program related. A maximum of 10% of the fund request may be used for non-program or indirect program expenses. [See Appendix for definitions of non-program or indirect program expense]
- **Anticipated grant outcomes:** Well-researched and effective planning documents that fully describe local or regional business development strategies that can be implemented to increase small business, capital access, new and rehabilitated housing units, and community development real estate in distressed communities or populations. Ability to demonstrate an increase in lending, technical assistance, business/job creation, housing units developed/rehabilitated, private investment, change in real estate assessment, etc., as a result of grant funding towards staffing, administrative, or operational expenses.

Financial Products

- Products to support small businesses, housing development, and community real estate investments including, but not limited to microfinancing/small business loan or grant programs; loan loss reserve funds; credit enhancements; interest-rate buydowns, capital reserves, etc.
- **Anticipated grant outcomes:** Dollars deployed to the community; small business start-up or expansion and job creation, etc. Use Appendix B for Outcome Reporting

Support Activities

- Technical assistance to borrowers and/or housing and community real estate developers
- **Anticipated grant outcomes:** Dollars deployed to the community; small business start-up or expansion and job creation, etc. Use Appendix B for Outcome Reporting

Existing CDFIs

Funding received by CDFIs through the CCCF are eligible for a maximum award of \$300,000. There is a 50% match requirement. Match may include a combination of cash and in-kind, with a minimum cash match of 30%. Grant activities are delineated into four categories, and eligible activities for each category are outlined below.

Planning



- Organizations may use funding to complete market studies that will assist in expanding current, or accessing new, target markets.
- Organizations may use funding to support outreach to markets identified in completed market study
- **Anticipated outcome:** A completed market study/assessment by an outside consultant.

Capacity Building

- Organizations may use funding to support staffing, administrative, and operational expenses (no more than 50% of total request). Funding used in this category must be program related. A maximum of 10% of the fund request may be used for non-program or indirect program expenses. [See Appendix for definitions of non-program or indirect program expense]
- **Anticipated outcomes:** Ability to demonstrate an increase in lending, technical assistance, business/job creation, housing units developed/rehabilitated, private investment, change in real estate assessment, etc., as a result of grant funding towards staffing, administrative, or operational expenses.

Financial Products

- Products to support small businesses, housing development, and community real estate investments including, but not limited to microfinancing/small business loan or grant programs; loan loss reserve funds; credit enhancements; interest-rate buydowns, capital reserves, etc.
- **Anticipated outcomes:** Dollars deployed to the community; small business start-up or expansion and job creation, etc. Use Appendix B for Outcome Reporting

Support Activities

- Technical assistance to borrowers and/or affordable housing developers
- **Anticipated outcomes:** Dollars deployed to the community; small business start-up or expansion and job creation, etc. Use Appendix B for Outcome Reporting

GRANT SELECTION

Grant applicants are scored on a 0-100 point scale. Grant funds are limited and only those proposals exceeding the minimum 80-point threshold will be considered for funding. Those applications with the highest scores will be awarded first, until all funding is exhausted.

The project scoring methodology is as follows:

Scoring Criteria	Points
Program Design	30
Efficient Use of Resources	20
Capacity	20



Alignment with Program and Funding Priorities	30
Total	100

Grant Payments (Remittances)

Grant funds may only be used for eligible expenses incurred after the signing of the MOU. Funds will be disbursed as outlined in the MOU. Financial support documentation for all project related expenses and leverage must be uploaded to CAMS as part of quarterly reports as outlined in the MOU. DHCD reserves the right to end funding at any point should the project prove nonviable. This includes, but is not limited to, lack of progress in conformance with the approved MOU or if the grantee uses funding for any activity not outlined in the contract and/or application without notification and authorization from DHCD. All applicants must apply for direct deposit of funds by registering for Electronic Data Interchange with the Virginia Department of Accounts. Forms must be mailed via post mail and can be downloaded here: <https://www.doa.virginia.gov/forms.shtml#edi>

GRANT FUND TIMELINE

DHCD will offer a virtual How-to-Apply Workshop on **November 14, 2023 at 11:15 a.m.**, which will be recorded, saved, and published. Prospective applicants are also encouraged to reach out to DHCD staff as soon as possible to discuss proposal development.

Register your Organization in CAMS (**see below)	ASAP
Application Submittal Deadline	January 30, 2024
Application Review	February 15, 2024
Anticipated Award Announcement	Spring 2024
Successful Projects Under Contract	Spring/Early Summer 2024

Use of funds must be completed in a timely manner:

- Entities pursuing federal certification must draw down all awarded funds in 18 months and all activities must be completed within 24 months of the signed contract.
- CDFIs must draw down all funds in 24 months and all activities must be completed within 36 months of the signed contract. Quarterly reporting in CAMS on activities and outcomes will be required throughout the program period.

CAMS Reporting

Reporting through CAMS is required for all projects. This includes, but is not limited to, initial set-up reports, quarterly reports, monitoring and compliance reports, and annual reports post project completion. Documentation supporting awarded activities may be requested at any time. Grantees using funding for financial products will be required to complete annual reporting on loans made with grant funding, as well as any project income and reinvestment.



Reporting data includes:

- Total # of borrowers (LMI, BIPOC, SWAM, women and veteran-owned, <2 years old)
- Total # of businesses (created, expanded, retained)
- Total # of jobs (created, retained)
- # of loans to rural, very small, and SEDI businesses
- Average wage of jobs created/filled
- Total number of loans
- Total value of loans/microloans/alternative financing deals
- # loans defaulted/60+ delinquent
- Average loan amount
- Average interest rate
- Loan loss reserves deployed
- # units development/rehabilitated
- # affordable units
- # workforce units
- # individuals served
- Total amount of investment
- Amount of private investment
- # jobs created/retained
- Change in assessment

SUBMISSION REQUIREMENTS

Applications for funding must be submitted through DHCD's Centralized Application Management System (CAMS). You can access CAMS using the following link:

<https://dmz1.dhcd.virginia.gov/camsportal/Login.aspx>

All grant applications and supporting documentation must be submitted in CAMS by 11:59 p.m. on **January 30, 2024**. Applications not submitted accordingly may be disqualified.

Technical support with CAMS is available weekdays Monday-Friday between 8:30 a.m. and 4:30 p.m. Applicants must submit completed responses to all appropriate questions and include all required attachments.

Google Chrome is the recommended browser for CAMS. Remember to SAVE often.

In order to access CAMS and complete an application for funding, the applicant must establish a CAMS profile. A profile request can be made by going to the CAMS site and selecting the **“Registration”** option. In order to register your organization, you will need your organization's DUNS number and FEIN number. Please allow up to five business days for DHCD to process and approve your registration request.

Once your organization has been registered, you may log in with your username and password and select the **“Applications and Programs”** option. From this page, select the **“Apply”** option and select the program from the dropdown menu. A description of the program will appear. Click the **“Apply”** button next to the pencil icon to begin an application.



As you complete the application, be sure to save each page. You have the option to close out of CAMS and return to the application at any time until the application is submitted, or the deadline has passed.

If you need assistance with the registration or completion of the application in CAMS, please send an email request to the CAMS help team through the “**contact us**” link at the bottom of every page in CAMS. Someone will contact you as soon as possible to provide needed assistance.

AUDIT REQUIREMENTS

DHCD has instituted an agency-wide audit policy. All applicants must upload a copy of the organization’s [COV W-9](#) and most recent audit or financial statements, as applicable, to DHCD’s Centralized Application Management System (CAMS) by the grant’s application deadline. All grantees that receive funding during a specific program year are required to submit financial documents or audits in accordance with the agency policy.

The threshold requirements outlined below are the *minimum* standards required by DHCD. We strongly encourage all organizations receiving funds from DHCD to undertake the highest level of financial management review to ensure practices and procedures are fully examined and evaluated.

Threshold Requirement	Document
Total annual expenditures \leq \$100,000 (Regardless of source)	Financial Statement(s) prepared by organization**
Total annual expenditure between \$100,001 and \$300,000 (Regardless of source)	Reviewed Financial Statement(s) prepared by an Independent Certified Public Accountant (CPA)
Total annual expenditures $>$ \$300,000 (Regardless of source)	Financial Statement(s) that have been audited by an Independent CPA
Federal expenditures \geq \$750,000	2 CFR 200 Subpart F Audit – Audited by an Independent CPA

**Does not require preparation by a CPA



The full DHCD Audit Policy, including an explanation of the specific document requirements, can be found online at: <https://www.dhcd.virginia.gov/sites/default/files/Docx/auditpolicy/dhcd-audit-policy.pdf>

APPLICATION SUBMISSION

The application in CAMS will require the organization to complete each tab:

1. Applicant Information (narrative of not more than 1000 words):

- a. Primary point of contact and program team.
- b. A summary of your organization's Business/Strategic Plan. Include organizational mission, markets served, competition, targeted regions and clients, organization infrastructure, and resources to support ongoing activities, management team, and strategic plans.
- c. Attachments
 - a. Business/Strategic Plan
 - b. Existing CDFIs need to provide proof of current federal CDFI Certification and/or recertification.
 - c. Entities seeking CDFI certification need to provide a narrative on where the organization is in its certification process.

2. Program Information (narrative of not more than 1000 words):

- a. Identify any proposed new target markets and target populations that will be served by requested grant funds.
- b. Identify any proposed new financial activities and/or services that will be undertaken with the requested grant funds.
- c. Describe the level of distress of the impacted community or new market that will be served. Below are some examples of indicators that may help quantify the level of distress that underserved entrepreneur's experience.
 - a. Geography
 - b. Unemployment Rate
 - c. Poverty Rate
 - d. Industries impacted
 - e. Number of business licenses issued
 - f. Fiscal stress
- d. How does the proposed target markets, target populations, and financial products/services differ from past target markets, target populations, and financial products/services? Does this represent an expansion for your organization?
- e. How will this project or program support the organization's bottom line?
- f. Will these funds be recycled for continued use? If so, how?
- g. How will the funds be leveraged with existing Federal and local government resources, and/or private sector financial services?



- h. Describe how you reach your target market/population through marketing and outreach.
- i. Provide a timeline for implementation.

3. Budget Information (narrative of not more than 1000 words):

- a. Provide detail on how the budget was derived. A Sample Budget template has been provided in the program design for items that can be listed on the submitted Budget.
- b. Describe the activities, lending, or technical assistance that will be funded with requested CCCF dollars.
- c. Provide detail on existing funds, products, or services that will be leveraged or securitized as a part of the proposal.
- d. Describe how project income from loans made with CCCF monies would be used.
- e. If applicable, provide a plan to keep funding for continuous implementation after the CCCF funds are exhausted.

4. Additional Information:

- a. Is your project committed to including SWAM certified contractors/sub-contractors for this project?
- b. How will your organization diversify its funding streams that will enable programs to continue past this grant cycle?
- c. Describe how you are leveraging other sources of funding and/or revenue. Does this proposal include one or more communities that have special districts and are those resources being leveraged? (Special districts include designated Main Street districts; local, state, or federal historic districts; redevelopment or blight removal districts; technology zones; tourism zones; opportunity zones; enterprise zones, etc.

5. Attachments: Please complete and upload documentation for attachment fields below.

- a. Program Summary
- b. Outcomes. Use the template to itemize anticipated outputs and outcomes through proposed financial products and services.
- c. Sample Work Plan
- d. Sample Budget

DEFINITIONS

For the purposes of this application for funding the following words or terms shall be defined as follows:

A. Small Businesses

A small business shall be deemed to be one which is resident in Virginia, independently owned and operated, not dominant in its field, and has 250 or fewer employees, or average annual gross receipts of \$10 million or less averaged over the previous three years. Entrepreneurs that are starting a business are also eligible. Grant funds that are



being deployed directly to entrepreneurs can be used for working capital.

B. SWaM

The Small, Women-owned, and Minority-owned Business (SWaM) certification program is a state program of the Commonwealth of Virginia. The purpose is to enhance procurement opportunities for SWaM businesses participating in state-funded projects.

C. Underbanked

The term underbanked refers to entities, individuals or families who have a bank account but often rely on alternative financial services such as money orders, check-cashing services, and payday loans rather than on traditional loans and credit cards to manage their finances and fund purchases. This may be because they lack access to convenient, affordable banking services or because they need or prefer to use alternative to traditional financial services.

D. Ecosystem

The essence of an entrepreneurial ecosystem is its people and the culture of trust and collaboration that allows them to interact successfully. An ecosystem that allows for the fast flow of talent, information, and resources helps entrepreneurs quickly find what they need at each stage of growth. As a result, the whole is greater than the sum of its separate parts

E. Technical Assistance

Business technical assistance is provided to an entrepreneur, bank challenged and otherwise underserved individuals to address ongoing or specific challenges or needs, such as financial literacy, financial counseling, the development of a business plan or the resolution of a production or marketing problem. When a business is in formation, monitoring will help define specific and/or ongoing needs early. This assistance often is on a one-to-one basis in a consulting format.

Technical assistance may also be provided to assist clients in obtaining SWaM and DBE Certification.

F. Capacity Building

Capacity building is defined as the provision of technical or material assistance designed to strengthen one or more elements of organizational effectiveness. The elements of organizational effectiveness include governance, management capacity, human resources, financial resources, service delivery, external relations and sustainability. Examples include the purchase of software, training of staff, conducting research studies for expansion or growth and marketing.

G. Non-Program Expenses/Indirect Expense

Non-Program Expenses and/or indirect expenses represent expenses related to doing business that are not relevant to the particular project or activity being funded by the grant, but are necessary for general operation of the organization, more commonly referred to as “overhead”.



ADDITIONAL RESOURCES

1. Small Area Income and Poverty Estimates (SAIPE) Program:
<https://www.census.gov/programs-surveys/saipe.html>
2. Report on Local Vulnerability Analysis:
<https://www.dhcd.virginia.gov/sites/default/files/Docx/clg/fiscal-stress/local-vulnerability-report.pdf>
3. Virginia Employment Commission: <https://www.vec.virginia.gov/>