

Cambridge Redevelopment Authority

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Memorandum

RE: Community Fund

Date: February 11, 2014
To: Cambridge Redevelopment Authority Board
From: Chris Colley, CRA Intern

*The following document is intended to facilitate discussion regarding the scope, mission, and structure of the CRA's proposed community loan fund, **not** to serve as a concrete or finalized proposal.*

Goal:

The CRA's community fund supports physical improvement projects that better Cambridge's built environment through blight removal and the reactivation of underutilized or substandard spaces.

Each of the projects should correspond with the CRA's mission to implement creative initiatives that promote social equity and the creation of a more balanced economic ecosystem. Community fund awards should be leveraged with other public and private resources to insure maximum possible public benefit.

It is the primary goal of the fund to offer awards to a diverse assortment of nonprofit organizations, small businesses and other community groups whose proposals are both feasible and supportive of economic vitality, livability, sustainability, or open space in Cambridge.

Scope and Sequence of Funding Process:

The fund offers three types of awards: capacity grants, capital grants, and low-interest loans.

Capacity grants of up to \$2,500 will be offered for applicants who have a project in mind, but lack the capacity or resources to assess its feasibility or outline a plan to make it a reality.

Capital grants of up to \$20,000 will be offered for smaller scale projects physical improvement projects. Awardees will be required to use this grant money within one year of their selection. Awardees will be required to provide a documented 1:1 match of their award. This match can include in-kind services.

The final type of award will be low-interest loans of up to \$100,000. These awards are intended to support more ambitious projects that have already completed necessary pre-development efforts. These loans will be subject to more stringent monitoring than their seed grant counterparts, but can also be used over a longer period of time. Terms will be set based on prevailing market forces, and advertised in the notice of funding availability.

Depending on the applications received, a different mixture of awards will be offered in each year. While the exact allocation of awards is flexible, no more than 5% of funds awarded will be for

capacity building grants, no more than 20% of money awarded will be capital grants, and no more than 80% of money awarded will be for low-interest loans. The fund is not required to distribute all advertised money.

Awards will be issued on an annual basis beginning in 2014. While ten years of funding are anticipated, the fund will begin with a two-year pilot program to evaluate its scope, methodology, and efficacy.

Pilot Period

2014

January-May: Unrolling of project as component of strategic planning effort

June 1: Request for proposals/notice of funding availability released.

September 1: Deadline for project submission.

October CRA Board Meeting: Funding package presented for board approval.

November 15: 2014 awards provisionally granted.

2015

January-start of construction season: Pre-construction improvements and necessary permitting for 2014 awardees conducted by applicants. Final awards granted upon receipt of necessary permits.

Early Spring: Construction begins for 2014 awardees. Marketing for upcoming round.

June 1: Request for proposals for 2015 round released.

September 1: Deadline for proposal submission.

October CRA Board Meeting: Funding package presented for board approval.

November 15: 2015 awards provisionally granted.

December: Evaluation of 2014 awardees. Potential revision of the scope and logistics of the project depending on the relationship of project outcomes to the overall mission.

“Stabilized Period” (2016-2023)

April-May: Marketing and outreach.

June 1: Request for proposals for round released.

September 1: Deadline for proposal submission.

October CRA Board Meeting: Funding package presented for board approval.

November 1: Awards provisionally granted.

December: Evaluation of prior years awardees.

Proposed Funding Schedule (subject to change based on pilot performance and quality of applicant pool on a year-to-year basis)

Year	Amount
2014	\$300,000
2015	\$400,000
2016	\$400,000
2017	\$400,000
2018	\$400,000
2019	\$400,000
2020	\$400,000
2021	\$400,000
2022	\$400,000
2023	\$400,000
Total	\$3,900,000

Eligibility Requirements:

1. Project is located within Cambridge.
2. Award request does not exceed \$2,500 (capacity grant), \$20,000 (capital grant), or \$100,000 (low-interest loan).
3. Project is a one-time physical improvement that does not require ongoing funding.
4. Project complies with Cambridge permitting and zoning guidelines.
5. Project is eligible for funding under redevelopment law.
6. Project contributes to economic vitality, housing, or open space of Cambridge.
7. Project provides a benefit accessible to the public
8. Project sponsor is a nonprofit, community based organization, or small business located within Cambridge.

Selection Committee and Evaluation Process:

A five-member committee will evaluate proposals and provide a funding package for approval to the CRA board. This committee will have the following composition:

- Two CRA board members
- One CRA employee
- Two Cambridge City staff members, at least one of whom is from CDD

The selection committee will meet three times during the deliberation period, at the close of which they will present a selection of proposals to the CRA board. The first meeting will be an orientation introducing the proposals received, the second will provide a forum for discussion of different projects, and the third will result in a finalized list of preferred projects. Efforts will be made to distribute awards to a diverse mixture of applicant types. The practical process for selecting individual projects needs to be determined.

Applications will be evaluated on the following criteria:

1. Alignment with CRA mission to promote economic vitality, open space, livability and sustainability
2. Magnitude of impact
3. Demonstrated capacity of applicant to implement the proposed project
4. Demonstrated financial need of applicant
5. Potential for eliminating blight
6. Accessibility of the improvement to the general public
7. Financial feasibility
8. Relationship to existing planning and development efforts

Sample projects include:

1. Creating or improving a park, community garden, or other public open space
2. Rehabilitating an existing building
3. Supporting construction of a new building
4. Business improvement that contributes to the public realm
5. Spatial programming that contributes to the public realm

Links to Existing Funding Opportunities:

Where possible, applicants will be encouraged to investigate other funding to support their projects. These include, but are not limited to:

- Local programs (Cambridge Conservation Commission Community Garden Program, Cambridge CDD Façade Improvement Program, Affordable Housing Trust, Cambridge Arts Council, Community Preservation Act etc.)
- State programs (Historic Rehabilitation Tax Credit, Community Investment Tax Credit)

- Federal programs (Brownfields tax credits, LIHTC, etc.)
- Private funding

Award Distribution

Given the different nature of the three awards, they require different frameworks for distribution. Recipients of all three awards, however, will be required to provide detailed budgets with the applications, and then revised versions of these budgets when awards are finalized.

Grants will be distributed through reimbursement and invoice. Expenses under \$500 will be covered by award recipients and then reimbursed by community fund administrators upon receipt of documentation; expenditures exceeding \$500 will be invoiced directly to the community fund. Grant awardees will have one year from the time of finalization of their award to collect their funds.

Pending proper legal arrangement, loans will be distributed to the winning project applicants. This process requires logistical detail beyond the scope of this memo.

In certain cases, provisional awardees may be unable to obtain the necessary permitting in time to collect or utilize their award. Awardees will be permitted to petition for a deferral in this case.

Assessment of Award Efficacy

Annual evaluations will be undertaken to measure the success of the distributed awards. Evaluations will be used to modify the program's scope and structure, particularly during the pilot period.

Capacity grants will be measured in their efficacy by the successful completion of the program proposed in the application. Whether this leads to further action is irrelevant to the actual success of the capacity grant—what's important is that this funding is used to evaluate the feasibility of the proposal in a way that leads to a final determination of the course of the project.

Capital grants will be evaluated based on the ultimate completion and maintenance of the proposed physical improvement. Annual evaluations will be conducted for five years after project completion or the end of the fund (whichever comes first).

Loan efficacy will be evaluated through two primary criteria: repayment of the loan and completion of the project. Project maintenance will be evaluated in a similar fashion as that of capital grants.

Some Issues for Further Discussion

- Does the proposed three-tier structure of grants and loans make sense?
- What procedure do we use to appoint members of the selection committee?
- What marketing plan should be used to insure the highest quality of applications possible?
- How can we structure the criteria to encourage the distribution of awards to a wide variety of organizations (ie. Minimum percentage for non-profit, minimum percentage for small business, etc.)? Should a similar geographic distribution be enforced as well?