Investment Connection Request for Proposal - Louisville

Response ID:51 Data

3. Enter Your Submission's Details

1. Project/Program Name:

Small Developer Loans for South and West Louisville

2. Organization's Legal Name (as shown on IRS Letter of Determination):

The Louisville Housing Opportunities and Micro Enterprise Community Development Loan Fund, INC

3. Doing Business As (DBA - if name differs from legal name):

LHOME

4. Organization Contact Info:

	Info
Street Address 1	PO Box 211028
Street Address 2	
City	Louisville
State	KY
Zip	40221
Organization Phone Number	5028828091
Organization Website	www.lhomeky.org
Organization Email Address	info@lhomeky.org

5. Executive and Primary Contact Info:

	Info
Executive Director or Top Executive:	Amy Shir
Executive Phone Number:	502-882-8091
Executive Email Address:	ashir@lhomeky.org
Primary Contact for this proposal:	Zoe Gerstle
Primary Contact's Phone Number:	502-882-8091
Primary Contact's Title:	Chief Financial Officer, Chief Information Officer
Primary Contact's Email Address:	zgerstle@lhomeky.org

6. Are you a 501(c)3?

Yes

7. Organization Mission Statement (Please limit response to 1,000 characters):

LHOME is a mission-driven nonprofit lending institution investing in micro enterprises, underserved housing markets, small businesses, and immigrants to contribute to local economic development and to create thriving communities. Focused on lending to residents of, and business owners in, the low-to-moderate census tracts in Jefferson County, Kentucky.

8. Briefly summarize your organization's history (Please limit response to 1,000 characters):

LHOME was formed by two nonprofit organizations in 2011 to fill a financial service gap in historically underserved areas of Louisville, KY. In December of 2011, LHOME was incorporated as a 501c3 and was provided critical loan funds to start micro-lending operations. After a few years, the founding agencies restructured the Governing Board to bring in leadership with significant affordable housing experience, as well as achieved certification by Treasury as a CDFI. Amy Shir was hired as LHOME's Executive Director in June 2017, and staff increased to include 2 loan officers, head of operations, head of finance and information, and an administrator. Since 2016, LHOME's loan portfolio has grown from 3 loans to 60, and has now deployed $609,907 in loan funds to clients in their investment areas. LHOME has also become a certified CDE and has started the first coalition of CDFIs in the state of Kentucky.

9. Briefly describe the organization's current programs and activities - Include examples of recent accomplishments, i.e., number of people served annual, housing units built, loans made, etc. (Please limit response to 1,000 characters):

LHOME currently has 6 products for clients: Property Tax Assistance program, Small Business Loan, Working Capital Loan, Small Developer Loan, Home Repair Loan, and Immigrant Recertification Loan known as JobUp. As of October 1, 2019 LHOME has doubled it's loan size from 30 to 60 in just 10 months, and has deployed $609,907, up from $188,542 at year end 2018. Our clientele is predominately minorities, comprising of 47% Black male, 25% Black female, 9% Hispanic male, 11% Elderly, and 6% Disabled. LHOME's Property Tax Loan has helped 11 elderly residents save their homes from foreclosure. The Small Business Loan has helped 4 restaurants and several transportation companies purchase equipment to support their business. LHOME has served 26 refugees and immigrants, including a lawyer and a medical technician get recertified in their home country professions. LHOME is committed to keep this positive trend growing of supporting and uplifting our community.

10. Organizational Annual Budget:

513100

11. Organization Fiscal Year:

From date (mm/dd/year) : 01/01/2019
To date (mm/dd/year) : 12/31/2019

12. Proposal Summary (Please limit response to 1,000 characters):

The Small Developer Loan is a product that LHOME has just started to offer to provide local, small developers funds to complete projects in West and South Louisville. Currently, many local and small developers are pushed out by larger developers and risk displacing current residents. This product has a 12-month term to afford small developers enough time to complete their projects. Included with this loan is financial coaching and education, as well as community and neighborhood resources as needed. This project would help not only promote owner-occupied homes in these neighborhoods, but also create jobs, develop community, and fight displacement. LHOME is currently requesting $280,000 in funds from Investment Connection $100,000 in grants for financial and small business consulting, and $180,000 in loan funds to deploy 6-$30,000 small developer loans.

13. Type of CRA eligibility for your proposed project (check all that apply):

Affordable housing
Community development finance
Economic/workforce development
Financial access, capability and empowerment
Neighborhood revitalization and stabilization
Small business development/technical assistance

14. Is your project/program (check one):

Expansion of existing project

15. Type of request (select all that apply):

Please provide a short explanation for type of funding request(s).: $100,000 in grant for financial coaching, $180,000 in loan funds for 6-$30,0000 small developer loans

16. Amount Requested:

280,000

17. Total Project Budget:

845,000

18. Funding Period Requested:

From date (mm/dd/year) : 01/01/2020
To date (mm/dd/year) : 12/31/2023

19. Geographical Area(s) Served - Include specific counties MSAs, city(ies), neighborhood(s). (Please limit response to 1,000 characters):

LHOME's Investment Area comprises LMI 90 census tracts in Jefferson County, Kentucky. This has been determined by the CDFI Fund to be areas of West and South Louisville with less that 80% average median income (AMI). These census tracts are in historically underserved and underdeveloped areas of Louisville, predominately along the Ohio River where Industrial Parks and factories used to thrive. Louisville's most severely underserved neighborhood, Russell, is one of the neighborhoods that LHOME serves.

20. Please list other funding secured or potential sources of funding for this project. (Please limit response to 1,000 characters):

Other funding currently secured for housing development is from Republic Bank, Woodforest Bank, and Park Community Credit Union, totaling $275,000. LHOME is also hoping to secure funds from the CDFI FA grant for housing development in West and South Louisville in the amount of $350,000.

21. Describe how you verify low- to moderate-income (80% of Area Median Income, or "AMI", status of program participants or geographies, i.e., percent/number receiving reduced or free school lunch, census tract data or other method). Please be specific! Listing low-income zip codes does not provide sufficient information. You must describe how you verify the income of individual program participants or in the case of geography, census-tract level data. (Please limit response to 1,000 characters):

For every loan application, a client is required to submit the three most recent months bank statements, tax returns, income statements, and a credit report for review by our loan officers and underwriting team. This is to determine debt to income ratios, loan to value, and credit risk standing for the client. Based on this criterion, LHOME determines if a client falls into the 80% AMI and thus LHOME can service this client. To date, LHOME has only 2% of clients in moderate level income, and 7% of clients in very low-income levels, leaving 91% of its clients in the low income range, based on analysis of their bank statements, income statements, and tax returns.

22. What community development needs or barriers will this project/program address? (Please limit response to 1,000 characters):

The community development needs and barriers that this project will address are 1. Building capacity of neighborhood residents 2. Building wealth for resident's families so they have the opportunity for further achievements and 3. Preventing displacement. West and South Louisville has historically been underserved and underrepresented, preventing residents and their families from achieving financial independence and success. The residents have also faced housing displacement as out of town developers have bought housing establishments to refurbish, forcing the original occupants out of their homes and neighborhoods.

23. Is this project part of a larger initiative, i.e., special government designation or a larger collaborative community effort? If yes, please explain. (Please limit response to 1,000 characters):

Yes, LHOME is a huge proponent of community collaboration for the success of low to moderate income residents of South

and West Louisville. Currently, LHOME works closely with New Directions Housing Corporation and The Housing Partnership, INC, the Louisville Urban League, One West, Louisville Forward, and Russell: A Place of Promise to combat housing issues in West and South Louisville. LHOME also partners with various banking institutions, including Park Community Credit Union, to uplift low to moderate income residents by supporting small business and development ventures. As of June 2019, LHOME also launched a Kentucky Statewide CDFI coalition, bringing together CDFIs from all over the state to support the same mission of community development for Kentucky residents.

24. Describe who will be served through this proposed project/program including the percentage of clients currently served or the predicted percentage served who are either LMI or the percentage of small businesses with revenues of $1 million or less. (Please limit response to 1,000 characters):

All LHOME clients will be supported by the small developer project. The small developers are residents that wish to improve their neighborhoods. The loans provided will allow these developers to pursue work, increasing job creation, as well as supporting owner-occupied residences in South and West Louisville. Improvements to these percentages will increase owner occupied rates for African Americans and minorities, create equity for the homeowners, and improve the quality of life in each neighborhood. All of the clients will be LMI, as well as the small businesses are those of $1 million or less in revenue.

25. What are the goals of this project? (Please limit response to 1,000 characters):

The goals of this project are 1. Building capacity of small developers in their neighborhoods 2. Creating quality, affordable housing for current residents 3. Job creation 4. Combating blight and 5. Preventing outside investors from gentrifying the neighborhoods.

26. What is the timeline for implementing this project? (Please limit response to 1,000 characters):

As of October 2019, LHOME has made 2 small developer loans at $15,000 each. Moving forward into 2020 and beyond, LHOME predicts that annually, 25 loans at $15,000 to $30,000 each will be made as an effort to develop current homes in West and South Louisville. These loans are made with a 12 month maturity, with the intent that the development will be completed within 3 months and the home either sold, or occupied by an already established owner. In 2020, LHOME plans to make at least 6 of these loans to small developers in West and South Louisville.

27. Significant Partnerships:

Does this project/program involve any external partners that may add capacity, programmatic experience and/or funding? (Please limit response to 1,000 characters):

Yes, LHOME has external partnerships with New Directions Housing Corporation, The Housing Partnership, INC, and Park Community Credit Union that are invested in improving development in the West End. New Directions and The Housing Partnership, INC both provide programmatic experience regarding small developers, as well as provides leads to LHOME for development projects they cannot provide services for. All three partnerships have provided funding to LHOME, in the forms of grants, loans, and legal services.

28. Who will be responsible for developing, documenting and reporting relationships with connections made through the Investment Connection? (Please limit response to 1,000 characters):

LHOME's CIO and CFO, Zoe Gerstle, will be responsible for developing, documenting, and reporting relationships with connections made through the Investment Connections. Zoe Gerstle oversees reporting and analysis, as well as other areas, for LHOME. With each relationship, including those with significant partners, Zoe will assess the amount of jobs created, funds utilized, rate at which funds are deployed, and the success of the program. She will provide annual reports on the program for future investors, as well as to the significant partnerships so they might measure the success of this sort of program as well.

29. What are the anticipated measurable outcomes of this project? (Please limit response to 1,000 characters):

The anticipated measurable outcomes are jobs created, homes refurbished, homeowner occupancy rates, the amount of neighborhood blocks restored, and the level of infrastructure. With each loan, a small developer is provided capital for a working project, which allows them to pay staff as well as purchase materials from local stores. This creates jobs for multiple people, which provides economic stability for these individuals. Each developed home then provides a new or existing resident the opportunity to become a homeowner. In an assessment of neighborhoods with vacant or abandoned properties,

a developed home that becomes owner-occupied then creates a full block of occupied residences, decreasing the amount of vacant and abandoned properties in each neighborhood. From here, the level of infrastructure increases in these neighborhoods as each home is developed and occupied.

30. How do/will you evaluate this project? Describe the measurement tool(s). (i.e., participation checklists, pre/post surveys, intake sheet, etc.) (Please limit response to 1,000 characters):

For each application, clients will be required to fill out the details behind their development project, including any materials they might need, work that will be done, whether the home has an owner or will be put on the market, a projected project timeline, and any employees that might be helping them. When the project is completed, the client will submit an exit survey detailing equipment/supplies purchased, amount of workers needed, and whether the home will be put on the market or already is occupied/sold, as well as the timeframe for both project completion and occupancy of the home. LHOME will also map where the developed homes are in the West End, and the completion of neighborhood blocks due to a home now being occupied. Based on these data points, LHOME can assess how successful each client and home development project are.