

Investment Connection Request for Proposal - St. Louis

Response ID:107 Data

3. Enter Your Submission's Details

1. Project/Program Name:

Gateway Neighborhood Mortgage (GNM)

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

Justine Petersen Housing and Reinvestment Corporation

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

4. Organization Contact Info:

	Info
Street Address 1	1023 North Grand Blvd.
Street Address 2	
City	St. Louis
State	MO
Zip	63106
Organization Phone Number	314-533-2411
Organization Website:	www.justinepetersen.org
Organization Email Address	karnold@justinepetersen.org

5. Executive and Primary Contact Info:

	Info
Executive Director or Top Executive:	Sheri Flanigan-Vazquez
Executive Phone Number:	314-533-2411 x117
Executive Email Address:	sflanigan@justinepetersen.org
Primary Contact for this proposal:	Katie Arnold
Primary Contact's Phone Number:	314-533-2411 x147
Primary Contact's Title:	Grants Manager
Primary Contact's Email Address:	karnold@justinepetersen.org

6. Are you a 501(c)3?

Yes

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

Justine PETERSEN's mission is to connect institutional resources with the needs of low- to moderate-income families and individuals so they may build long-term assets and create enduring change.

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

JP provides asset building solutions in disinvested neighborhoods. JP's story starts with the late Justine M. Petersen, a pioneering woman who helped hundreds of underserved families in St. Louis achieve homeownership. Since we began in 1997, JP has:

- Individually counseled nearly 33,000 families on credit building strategies;
- Assisted 4,800 to purchase homes, accessing \$415 MM in safe, affordable mortgage loans;
- Originated over \$46 MM in micro-loans to 5,427 micro-enterprises; and
- Opened 1,500 IDA accounts and facilitated 1,000 matched withdrawals for asset purchases.

Since its wholly-owned subsidiary, Great Rivers Community Capital, began CDFI lending in 2002, it has originated:

- \$5 MM in small dollar loans to 9,648 individuals for short-term emergencies, credit building, and payday loan alternative;
- \$3.4 MM in first and second mortgages to 524 borrowers
- \$55 MM to over 2,764 entrepreneurs

JP has been selected as the Gateway Neighborhood Mortgage Fund Administrator.

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):

Justine PETERSEN remains focused on supporting families in developing financial assets including through credit building, housing counseling, and access to capital for small business and life needs. In 2018, Justine PETERSEN achieved the following:

- o Counseled 1,600 individuals in credit building and provided group credit building education to 1,200 participants
- o Assisted 80 households with home purchase and 35 individuals with accessing foreclosure prevention services
- o Originated 717 microenterprise and small business loans

10. Organizational Annual Budget:

\$7,728,511

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 Gateway Neighborhood Mortgage (GNM) is a comprehensive, multi-sector collaborative working to increase equitable development through a new innovative home loan program and additional organizing to increase quality housing, healthy activities, and build community power in historically redlined St. Louis neighborhoods. Major activities include:

1. Gateway Neighborhood Mortgage Program: This is a specialized loan program to increase homeownership and expand access to credit in communities locked out of the mortgage market due to appraisal gap issues. Modeled after the successful Detroit Home Mortgage program, GNM will provide loans over the appraised value for the purchase/renovation. 5 participating banks will offer the loan product with consistent terms and rates. JP will provide credit/homebuyer counseling and project management of renovations.
2. Targeted Organizing/Outreach: To increase the impact of GNM, an EHOC community organizing initiative will accompany the mortgage program.

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

Financial access, capability and empowerment
Neighborhood revitalization and stabilization

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

New project

15. Type of request (check one):

Investment

16. Amount Requested:

\$2,000,000

17. Total Project Budget:

\$3,000,000

18. Funding Period Requested:

From date (mm/dd/year) : 11/01/2019

To date (mm/dd/year) : 10/31/2029

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

The Gateway Neighborhood Mortgage Product will initially be offered in the City of St. Louis with the possibility of creating additional funds for expansion into other counties. The product itself is geographically limited by its utility. While the product is open to all, the product is specifically intended for individuals facing a significant appraisal gap where the appraisal and true value of the house are significantly different creating a serious block to financing home purchase. In many majority-minority neighborhoods, the appraisal gap has nearly or entirely halted the process of originating mortgages. Because of this use limiting, geographies are expected to focus on north St. Louis City and southeast St. Louis City. Priority neighborhoods include West End, Dutchtown, Fountain Park/Lewis Place, North Pointe, and Hyde Park.

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

Justine PETERSEN has received operating funding from TheBank of Edwardsville (\$50K), US Bank CDC (\$50K), Carrolton Bank (\$10K), and Great Southern Bank (\$10K). and is currently working with the Missouri Foundation for Health, US Bank and a number of other partners to secure additional operating funds. St. Louis Development Corporation has committed \$100,000 for loan loss reserve. As Loan Fund Investments, Enterprise Bank has committed \$100,000 and Simmons Bank, \$500,000. The GNM program operates as a partnership between Justine PETERSEN, SLEHCRA, and the St. Louis CRA Coalition.

21. Describe how you verify low-moderate income (80% of Area Median Income (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):

Income is most commonly verified through Federal Income Taxes. In cases where clients have not completed federal income taxes, Justine PETERSEN uses a mix of pay stubs and benefits information. Justine PETERSEN also collects personal and business address information in order to determine if the assessment is in an investment area (census tract with either 20% poverty or a median income below 80% of the area median income.

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

Black families are affected by negative health outcomes resulting from segregation, vacancy, and concentrated poverty. Communities of color like North St. Louis City see higher rates of housing instability. Decades of disinvestment and discrimination have perpetuated these conditions.

Redlining continues to impact credit access for Black communities. Residential lending in north St. Louis City makes up only 4% of all home loans across the city, even though over a third of the city's population lives there. While other neighborhoods in St. Louis have recovered from the 2008 financial crisis and have an active mortgage market, neighborhoods in North City show little/no mortgage lending. Depressed housing values contribute to the creation of an all cash market where financing the purchase of a home is almost impossible. Without access to credit from banks, more homes in communities of color stay vacant and fall further into disrepair, while Black families lose out on becoming homeowners.

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):

Justine PETERSEN is working as a member of the St. Louis Equal Housing and Community Reinvestment Alliance alongside a number of bank and government partners to implement the Gateway Neighborhood Mortgage program

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):

The Gateway Neighborhood Mortgage program operates as both a pipeline and a specialized product focused on connecting families with accessible and safe mortgage products. In neighborhoods with an appraisal gap, it is easy to finance a home purchase through traditional means due to constraints on loan-to-value with "value" artificially constrained by a lack of comparable mortgages nearby. The Gateway Neighborhood Mortgage program allows families to achieve homeownership by offering a paired second mortgage over the appraised value for the purchase and renovation of homes. By creating comparable sales within areas where the mortgage market has stalled, appraisal values are expected to rise reducing the appraisal gap for future buyers.

The product also includes extensive outreach within the community focused on identifying and supporting individuals interested in homeownership or in need of technical assistance.

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

The Gateway Neighborhood Mortgage Program is an on-the-ground collaborative working to change systems to increase equitable development and investment in St. Louis neighborhoods. Goals include:

- Increase homeownership
- Expand access to credit in communities currently locked out of mortgage market because of appraisal gap issue
- Originate new home loans for homebuyers in historically redlined areas
- Provide credit-building and housing counseling to prospective homebuyers
- Implement additional community engagement/organizing that will focus on targeted neighborhoods
- Bring additional resources and investment focused on housing, health, and community power
- Connect residents to other homeownership opportunities such as eligible properties through the city's land bank
- Connect existing homeowners to home improvement grants/loans
- Mobilize tenants to hold landlords accountable to quality housing standards and advance fair housing

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

The three year pilot project will be administered during the period 11/1/2019-10/31/2022.

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):

Community: St. Louis Equal Housing and Community Reinvestment Alliance
Government: St. Louis Development Corporation and the St. Louis Mayor's Office
Academic: Health Equity Works; Washington University
Bank Partners: Carrolton Bank, Bank of Edwardsville/Busey Bank, Enterprise Bank, Simmons Bank, Great Southern Bank, Midwest BankCentre, Citizens National Bank, and Central Bank

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):

Sheri Flanigan-Vazquez, COO, will be the primary contact for developing relationships and connections. Katie Arnold, Grants Manager, will be the primary employee responsible for documentation and reporting.

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

- Provide credit-building and homebuyer counseling to community residents
- Support the origination of 60 home purchases not possible through traditional mortgage lending
- Increase homeownership rate in target areas from 39% in 2017 to 41% in 2020 as measured by census and HMDA data
- Develop a strong pipeline for assisting residents of historically redlined areas in accessing housing counseling and accessible mortgage products

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):

JP tracks outreach information on the number of people at presentations and connected via social media. Demographic data, current address, referral source, baseline credit score, and credit action plan are gathered at intake. This data collection is evolving with the creation of a pipeline for GNM clients.

Formative Evaluation- We will evaluate the demographic range of applicants in the GNM pipeline to ensure that outreach/marketing are correctly targeted. The process will also be evaluated against desired outputs around loan origination numbers.

Outcome Evaluation – Outcomes will be evaluated using programmatic data (mortgage performance, client satisfaction, and client credit/asset building) and neighborhood-level indicators such as total mortgage applications and originations, homeownership rate, and average sale price.

The Gateway Neighborhood Mortgage Program intends to work closely with the Brown School Evaluation Center in order to implement and target its evaluation plan.