



KRESGE COMMUNITY FINANCE

SOCIAL INVESTMENT PRACTICE

RFP Frequently Asked Questions

Eligibility

1. Are bank and credit union CDFIs eligible?

Yes, as long as the bank or credit union is a certified CDFI.

2. Are for-profit organizations eligible?

Yes, as long as the for-profit is a certified CDFI or quasi-public or private DFA.

3. Would a credit union that applies be eligible for the grant portion?

Generally, only nonprofit applicants will be offered the companion grant, equivalent to 5 percent of the amount of the loan commitment; however, low-income designated credit unions that are certified CDFIs also are eligible for the grant.

4. Are rural-focused organizations eligible?

Kresge's focus is on expanding opportunity in America's cities. It would be unlikely that a Kresge Community Finance (KCF) loan would be approved for a use that primarily impacts rural areas.

5. How do you define rural vs. urban?

At a minimum, 50 percent of the proceeds of any individual KCF loan shall be invested within MSAs; however, it is likely that Kresge staff will look for a stronger tie to a specific program focus area(s) when considering requests that benefit less populated areas, or those that will invest less than 75 percent of the proceeds within MSAs.

6. Can churches or other non-eligible organizations be included through a collaboration?

Yes. Collaborations are welcome, but each loan awarded through a Kresge Community Finance request can have only one borrower, a certified CDFI or a quasi-public or private DFA.

Application Process and General Information

1. Is this RFP the only way that Kresge intends to identify PRIs this year?

No. All other PRIs funded outside the RFP process are by invitation only.

2. Will this be an annual competitive RFP opportunity?

We're excited to see what the results of this pilot cohort are and would consider holding open RFPs for PRI financing in the future, but we have no plans for that at this time.

3. Were the KCF webinars recorded?

Yes. The CDFI focused webinar recording can be accessed here:

<https://www.youtube.com/watch?v=UZldvWr9mOc>

The DFA focused webinar can be accessed here:

<http://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open&id=RFPWebinar01.html>

4. I saved an application on a previous session. Where would I go to find it?

On the left-hand side of the screen, select "To-Submit" under the "PRI-Requests" section and in process application(s) will be displayed. We have another document, "KCF RFP LOI Portal Guidance," that shares more tips on navigating through FLUXX. It can be found here:

<http://kresge.org/library/kresge-community-finance-rfp-portal-guidelines>

5. Must an applicant choose only one program area to address with the PRI, or can it select more than one program area?

Applicants can select up to three program focus areas.

6. Can an organization submit multiple letters of inquiry for different projects?

Yes.

7. Can you clarify the timeline requirements for committing and disbursing loans?

Letters of inquiry are due on April 29th. After review, Kresge will invite back selected applicants to submit a full proposal about four weeks later (sometime in late May). Full proposals will be due about four weeks after invitations go out, near the end of June. Selected applicants will receive commitment letters no later than the end of July 2016. Loan agreements must close within eight months of the date of the commitment letter, and fully draw within six months of loan closing. Borrowers may be able to take up to an additional 18 months to deploy funds.

8. What are you looking for when you ask what other funds are committed or pledged? Can existing capital or capital commitments count?

Through this question, we are looking to understand the entire scope of the activities being proposed and the source and scope of other capital sources. We expect that in some cases this will include existing capital or existing capital commitments.

Use of Kresge Community Finance Loan Proceeds

1. Does this funding need to be senior debt or could it be used as sub debt?

Kresge Community Finance (KCF) loans will be general recourse, non-subordinated obligations of the borrower.

2. Can an eligible applicant pass KCF loan proceeds on to an affiliate?

Potentially, yes. Key considerations will include the strength of the tie to Kresge program interests and the overall strength of the applicant.

3. How should we determine how much to ask for?

The answer should be informed by the financing need; however, the program tie would have to be particularly compelling for a KCF loan to be greater than 10 to 15 percent of the borrower's total assets.

4. Can an eligible applicant use funds for programmatically-aligned projects already in their pipeline?

Yes, however, readiness and the immediacy of the financing need are among the criteria Kresge will consider.

5. How flexible can the application be regarding projects the funds will be used for? For instance, could you submit an application with intent to use for one of a set of projects, without naming the exact one?

Kresge is interested in helping to meet financing needs that benefit low-income people in cities and that have some alignment with one or more of our program areas of interest. With that in mind, the foundation can have some flexibility regarding the use of funds for programmatically-aligned proposals.

6. Can KCF financing be used in tax credit financing structures? What about for housing?

There are no restrictions to using loan proceeds in projects with tax credit financing or in support of housing work. In all cases, the programmatic tie is an important consideration, so a successful applicant will have briefly articulated how the proposed use is aligned with/or advances the selected program focus area(s).