

# ORDINANCE NO. 1223-2019

## CHN HOUSING PARTNERS CHDO ADMINISTRATIVE FUNDING EXECUTIVE SUMMARY

**Purpose:** CHN Housing Partners is establishing a Community Development Financial Institution (CDFI), called CHN Housing Capital, to increase lending to low and moderate income residents of Cleveland. This request will help fund a portion of their existing Community Housing Development Organization (CHDO) to free up resources to invest in CHN Housing Capital.

**Background:** The CHN Housing Partners plans to establish a Community Development Financial Institution (CDFI) called CHN Housing Capital in 2019. A CDFI is a specialized financial institution that work in market that have not been adequately served by traditional financial institutions.

CHN Housing Capital plan to deploy up to \$16 million in loans by 2022 and originate over 700 loans. As a new venture CHN Housing Capital needs financial resources to capitalize the new CDFI and meet these goals.

Investing directly into the CDFI would put CDBG and HOME requirements on lending. We may want to establish pools of funds for the CDFI to use for lending when it is fully established but CDBG and HOME requirements may be a challenge during the CDFI startup phase.

Grants to fund public service programs and CDHO operations will freed up resources that would then be invested into CHN Housing Capital. CHN Housing Partners would report on how the public service programs and CDHO operations are meeting CDBG and HOME requirements and benefiting Cleveland residents and also report on status of establishing the CDFI and lending activity.

**Proposed Terms:** \$110,000 for HOME CHDO Administration funding to support direct costs associated with CHN's CHDO efforts with the specific goal of assisting 20 home buyers during the contract term.

**Ward:** Citywide

**Amount:** \$110,000

**Funding Source:** 2019 HOME Funding

