

2024 REQUEST FOR PROPOSALS

Research Theme

The CDFI Research Consortium (the Consortium), based at the Center for Impact Finance, Carsey School of Public Policy at the University of New Hampshire, invites proposals for research related to the Community Development Financial Institution field including research related to measuring outcomes from CDFI investments, how best to channel capital to low-income and historically disadvantaged communities, and major obstacles faced by borrowers and lenders to those communities, and potential solutions.

Background

Community Development Financial Institutions (CDFIs) provide credit and other financial services to disadvantaged and underserved borrowers and communities. CDFIs are formally certified by the U.S. Department of the Treasury's CDFI Fund. CDFIs consist of a range of entity types, including nonprofit loan funds, regulated banks and credit unions, and venture capital funds. The CDFI sector has grown rapidly since the mid-1990s. As of December 2022, there were 1,390 certified CDFIs in the United States. The CDFI industry manages more than \$452 billion nationwide.¹

CDFIs provide financial services to communities that have historically had limited access to credit and financial services. To be certified as a CDFI, an entity must direct at least 60 percent of its financial products and services (on both a dollar and number basis) to qualifying end-users such as low-income or minority households, businesses operating in low-income communities, or nonprofits such as health centers, schools, or affordable housing developers serving low-income clientele. CDFIs must also be governed and managed in a way that is accountable to the underserved communities they assist. In addition to maintaining certification requirements and other reporting requirements for Community Development Banks and Credit Unions, many CDFIs elect to independent financial and impact analysis and ratings, to which investors can subscribe for the results.

¹ Scott, Recto, Kivell. Sizing the CDFI Market: Understanding Industry Growth. Federal Reserve Bank of New York, 2023.

CDFI Impact Spotlight: Opportunity Finance Network Membership

- OFN members leverage private sector investment to public funding on an 8:1 basis.
- OFN Members have financed more than
 - 14,000 Community Facilities
 - 850,000 Businesses / Microenterprises
 - 2.4 million Housing Units
 - 3 million Jobs Created or Maintained
- OFN Member borrowers are
 - 85% Low-Income
 - 66% People of Color
 - 48% Women
 - 27% Rural

www.ofn.org/cdfi-impact/

Evaluations of CDFI operations, including the Center for Impact Finance’s industry analysis, have generally painted a positive picture of the sector.² However, there is not a substantial body of research to provide sufficient evidence for these positive results, nor sufficient actionable guidance for practitioners.³ The CDFI Research Consortium is supporting research on impact and performance of various CDFI types’ and how to expand access to capital and credit for housing, small business, and economic/community development in LMI, Black, and Brown communities that have long struggled to build wealth and resilience.

Measuring impact or performance is a complicated endeavor because communities are complex systems. They consist of many interrelated structures and activities that, along with external factors, influence the very conditions any community or economic development program, including CDFIs, seek to affect. It is also the case that most CDFI investments are small relative to both the size and need of the neighborhoods or communities they target. As a result, it is often unrealistic to expect to measure investment or project impacts, let alone broader impacts such as effects on poverty levels or property values. Thus, identifying proper outcome measurements, determining whether benefits flow to those with greater needs, sorting out causes and effects both short- and long-term), and ensuring sufficient time horizons are difficult tasks.⁴

Program-specific evaluation challenges exist as well. For example, the fact that the CDFI Fund provides funds to CDFIs that serve specific communities as well as low-income individuals, whether they live in a poor community, means that evaluations must measure the benefit to people as well as places. In addition, individual CDFIs make investment decisions so evaluators must consider as legitimate multiple conceptions of need and impact, as articulated by different CDFIs. Finally, the fact that CDFIs finance a wide array of projects— from businesses to housing to consumer finance to rooftop and community solar— means that no single outcome metric applies to all projects and/or CDFIs.

Additionally, many CDFIs use their internally collected data to recognize patterns of impact without the use of randomized trials and other external evaluations. Using comparative data over time, they are often able to identify key differences in their activities that correlate with better long-term outcomes, providing useful but informal lessons on how to improve their lending activities and increase their effectiveness.

² Swack, Northrup and Hangen. CDFI Industry Analysis: Summary Report. Carsey Institute, 2012

³ McCall, Vivanco, Smith. Five research priorities for community development institutions: Advancing financial inclusion through evidence-based practice. Deloitte, 2023.

⁴ For a detailed discussion of research design issues related to measuring outcomes for CDFIs see Immergluck, Dan. What Might We Know? Research Design Issues for Measuring CDFI Subsector Impacts. Georgia Institute of Technology, 2006.

Research Priorities

The Consortium is interested in a wide range of research on CDFI impact, performance, strategies, partnerships, barriers, and opportunities. The Consortium is seeking proposals through a General Track and Climate Track. Applicants are welcome to submit more than one proposal, in either track. The Consortium will assess proposals using the process and criteria described below.

General Track

Projects might include but are not limited to research on:

- the impact of CDFIs on borrowers' lives, trajectories, capacities, and connections with other individuals and financial institutions;
- impact measurement and program evaluation frameworks and leading practices;
- CDFI programmatic, operational, and financial trends and tensions and long-term sustainability;
- CDFIs and other financial institutions, their collaborations, and flows of resources to disadvantaged communities;
- CDFIs' relationships with communities, their social connectivity, information flows, local community-based organizations, local public agencies, and capacities to support small business and home ownership;
- the role of CDFIs in removing institutional barriers and addressing social inequities;
- impacts on CDFIs from government policies and programs (state, local, and federal), regulation, markets, and technology;
- the history and trajectory of the community development finance field, and implications for current operations.

Climate Track

The Consortium is also interested in research related to climate change mitigation, adaptation, and resilience, as climate change disproportionately impacts disadvantaged and historically marginalized communities and climate risks are only increasing. Additionally, the \$27 billion Greenhouse Gas Reduction Fund administered by the EPA is expected to mobilize financing and private capital to address the climate crisis with benefits in low-income and disadvantaged communities. CDFIs are particularly well-positioned to finance climate-related projects and foster the implementation ecosystem in these communities. Projects might include but are not limited to research on:

- pathways and strategies for decarbonization/climate change mitigation, adaptation, resilience, and environmental justice for various market segments, such as single and multifamily housing, small business, and commercial real estate finance;
- methodologies and strategies for sizing and developing the market for climate-related investments in various market segments, such as single and multifamily

- housing, small business, and commercial real estate finance;
- evaluation of financing platforms and products, intermediation strategies, technical assistance, and other development services;
- impact measurement and management frameworks and methodologies for decarbonization/climate change mitigation, adaptation, resilience, and environmental justice, particularly that that include assessment and attribution of a wide range of co-benefits related to cost savings, health and safety, economic development, etc. as well as direct energy and climate benefits;
- evaluation of models for collaboration between lenders, technical assistance providers, industry and workforce development groups, and other ecosystem players.

Please include any data needs in your proposal and the Research Consortium will help facilitate requests to the appropriate stakeholders. **Data may be made available to researchers** by CDFIs, CDFI-membership organizations, and other entities on an individual basis.

Deliverables

Final project deliverables may include literature reviews, case studies, or research papers:

- Research papers should have a clearly defined research question, a theoretical framework to be tested, a strong methodology, and (if necessary) a strategy for data collection. Researchers may employ a variety of methods (quantitative, qualitative, mixed, ethnographic, etc.), as long as they are appropriately aligned with the research question(s) at hand.
- Case studies might describe CDFI impacts on borrowers, CDFI collaborations, CDFI comparisons, policy/advocacy efforts, new lending practices, products, and technology. For example: cases studies might describe or compare places that successfully implemented major housing reforms and what enabled their success, and/or places that developed good housing plans but failed to implement them and what prevented successful implementation.
- Literature reviews should summarize what is known and unknown, theory-building, identify places that have adopted or are considering significant policy changes, and could also draw upon interviews with experts and practitioners.

Deliverables also include an **interim progress report** that includes a project schedule status update, budget status update, significant achievements and challenges, and any updates to your workplan. A template progress report will be provided. Formal research may also be adapted to other forms of communication, such as blog posts, videos, and podcasts. The Research Consortium will work with researchers to identify the appropriate audiences and strategies for disseminating their research and developing additional deliverables.

Proposal Evaluation

The Consortium Advisory Board – comprised of community development finance researchers and practitioners – will designate a Review Committee to evaluate proposals. The Review Committee will include Advisory Board Members and additional, third-party researchers or practitioners with any relevant experience needed to evaluate proposals. The Review Committee will evaluate proposals based on four equally weighted criteria:

- Relevance of the project to the RFP
- Quality of the proposed approach and sources of data
- Capacity and expertise of the team and relevant analytical and substantive experience
- Potential impact of the project to the CDFI field

Award Amount

Awards for selected research projects will generally be:

- Research papers – \$5,000 to \$50,000
- Case studies – \$3,000 to \$5,000
- Lit reviews – \$1,000 to \$2,000

Eligible uses of award funds include but are not limited to research expenses, hiring research assistance, and travel for research or relevant meetings/conferences. Matching funds are not required, though the Consortium may ask for information on leveraged funds/resources for selected projects.

Studies produced from the funded proposals, whether working papers or published works, will be posted on the CIF website. Individuals selected through the RFP process may also be invited to present completed projects through webinars, conferences, and other events.

Funding for the Research Consortium and awards comes from Citi Foundation's Community Finance Innovation Fund, which selected 12 organization to collectively receive \$50 million to advance the field of community finance and create positive impact for low-income communities and communities of color. Learn more about the Fund, here:

<https://www.citigroup.com/global/news/press-release/2022/citi-foundation-announces-recipients-of-50-million-community-finance-innovation-fund>

Schedule

RFP publication: March 1, 2024

Submission deadline: May 31, 2024, 11:59 pm ET

Notification of accepted proposals: tentatively, July 15, 2024

Grant agreement start: tentatively, September 1, 2024

Interim report due: tentatively, March 31, 2025

Final deliverables due: tentatively, August 31, 2025*

*2-year projects are allowable and the reporting/delivery schedule will vary accordingly

Submission Guidelines

This RFP is open to any individual or agency, practitioner or academic, interested in helping the Consortium to expand its knowledge on this topic.

Proposals should include:

- 1) **Cover Page:** The cover page must include the title of the project and the contact information of applicant(s), including address, phone number, email, and links to any relevant website/LinkedIn/etc.
- 2) **Project Abstract:** The abstract must convey the core topic and proposed contribution of the research. It should clearly convey the context, purpose, relevance, and methods of the proposed research topic (300 words maximum).
- 3) **Project Description:** Describe the research objective(s), research question(s), purpose, relevance, and methods of the proposed research topic. It should describe how the proposed work will build off existing research and identify any new contributions (2,000 words maximum).
- 4) **Workplan:** Briefly define the specific tasks or activities required to accomplish the project, with a projected schedule for completing each phase of the project.
- 5) **Biography:** Please include a brief biography and resume/CV for the primary researcher and any other key team members (3 pages maximum).
- 6) **Budget:** Provide an estimate of funding needed to complete the project.

RFP Submissions

The proposal must be written in English, using Microsoft Word software, and submitted by email. Format the application for printing on 8.5 x 11-inch (letter-size) paper. The application may be single- or double- spaced, but each section must not exceed the maximum word count, as described above under the Submission Guidelines.

Email the entire application as a single-document attachment by **May 31, 2024, 11:59 pm ET** to Hannah Vargason (Finance Research Fellow, UNH Carsey School Center for Impact Finance) at hannah.vargason@unh.edu.

Questions about this RFP

For questions regarding this request for proposals, please send an email to hannah.vargason@unh.edu.

About the Center for Impact Finance

The Carsey School of Public Policy's Center for Impact Finance (CIF) at the University of New Hampshire addresses the role that access to capital plays in turning the tide on widening income inequality. CIF engages in both the practical aspects of developing financing tools, products, and institutions and the public policy connected to promoting the ability of individuals, businesses, and communities to gain full access to the financing that is critical to economic opportunity.

With a successful track record of working within communities and as respected thought leaders in the field, CIF conducts original applied research, develops initiatives, designs programs, and implements financing products, projects, and policies that address societal challenges. CIF's mission of advancing impact finance is to:

- Develop, design, and implement policies and practices to help ensure that low-income, low-wealth, and other disadvantaged people and communities have access to affordable, responsible financial products and services.
- Equip community development finance practitioners with practical, high-level skills as well as access to the tools and networks they need to succeed in a rapidly changing ecosystem.
- Convene a wide range of stakeholders to promote discussion and action that connect capital with institutions and initiatives that address economic and social inequality, minimize the opportunity gap, and strengthen economic, ecological, and family resilience.

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