

REQUEST FOR PROPOSAL (RFP)

Performance Evaluation of Household Benefits Delivered by Shared Equity Homeownership

Issued by: NCB Capital Impact

Responses Due: **3:00 PM EDT, March 27, 2009**

NCB Capital Impact seeks a researcher or researchers to conduct and compare six – eight case studies of resale-restricted, owner-occupied housing, focusing on the benefits realized by individual households when acquiring, occupying, and reselling their shared equity homes.

1.0 Purpose and Scope

It is the purpose of this project to evaluate the performance of three models of shared equity homeownership: the community land trust (CLT), the limited equity housing cooperative (LEC), and the resale-restricted, owner-occupied house or condominium encumbered by an affordability covenant lasting thirty years or longer. These unconventional models of tenure are claimed by their proponents to provide a host of economic and social benefits for the individuals who own and occupy these homes, for the communities that surround them, for the private lenders that mortgage them, and for the public funders that subsidize them. Only the first set of benefits will be studied here, evaluating whether shared equity homeownership delivers on its promises of affordability, security, prosperity, and mobility for the low-income and moderate-income households who buy these resale-restricted homes.

This research project will consist of six – eight data-based case studies of publicly-supported homeownership programs that have each built a sizable portfolio of resale-restricted, owner-occupied homes. Two or three of these cases will be homeownership programs that utilize a CLT ground lease to regulate the use and resale of affordable housing; two or three will be homeownership programs that utilize a deed covenant; and two will be limited equity housing cooperatives, one of which will be a resident-owned cooperative in a manufactured housing community.

The project will attempt to quantify the benefits reaped by individual households when acquiring, occupying, and reselling their homes. The research design and final report will address four questions:

- **HOUSING AFFORDABILITY.** Is the program effective in creating and preserving affordability for the low-income and/or moderate-income homebuyers prioritized by each program, households who would otherwise be excluded from the homeownership market?
- **SECURITY OF TENURE.** Is the program effective in reducing the loss of owner-occupancy in hot markets and cold markets – e.g., by preventing predatory lending, supporting homeowners during occupancy, intervening in mortgage default, and preventing foreclosures?
- **PERSONAL WEALTH.** Is the program effective in building wealth for individual households, providing opportunities for financial gains that are unavailable to renters?
- **PERSONAL MOBILITY.** Is the program effective in enabling households to sell their shared equity homes and move into other housing and neighborhoods of their choice?

RFP for Case Studies of Shared Equity Homeownership

Each program's "effectiveness" in delivering these household benefits will be evaluated within the context of the local real estate market in which each program operates. The benefits derived by the owners of shared equity homes will be assessed in relation to household incomes, mortgage interest rates, and average sales prices for market-rate homes in the same area, economic information that is readily available.

The project will examine one additional question, for which household-level data is *not* likely to be available. Every shared equity homeownership program has policies and procedures for promoting sound maintenance and for rewarding – or discouraging – post-purchase capital improvements. Any assessment of how well each program has actually performed in maintaining and improving the quality of its shared equity homes is outside the scope of the present project, but the project will describe and compare these organizational policies and procedures for the homeownership programs at all six-eight research sites and make a recommendation for how this question of housing quality might be addressed in future research.

This project is part of a comprehensive initiative led by NCB Capital Impact to take Shared Equity Homeownership to scale. Principal funding has been provided by the Ford Foundation and the Annie E. Casey Foundation. Additional information about NCB Capital Impact's Shared Equity Homeownership initiative can be found at: www.ncbcapitalimpact.org.

2.0 Design and Deliverables

Six – eight research sites will be selected by the researcher in consultation with a "Research Working Group," created by NCB Capital Impact. Members of this Working Group include academics and practitioners with experience in conducting housing research and organizational evaluations. They will provide guidance for the project, helping to ensure that the methodology of the proposed research and the interpretation of its findings generate a report that is reliable and relevant. (See Exhibit A for the names and affiliations of persons who have agreed to serve on this Research Working Group.)

John E. Davis, PhD. will play the lead role in convening the Research Work Group and will play a support role in assisting the researcher, as needed. Davis is co-author of a 2003 performance evaluation of the resale-restricted housing managed by the Burlington Community Land Trust (now the Champlain Housing Trust), a data-based study that addressed all four of the research questions posed above. (A copy can be found at <http://www.burlingtonassociates.com/resources/>, listed under "Performance Evaluations of CLTs.") Davis may be asked to assist in adapting the methodology from his evaluation of a single CLT to the present study of three models of shared equity homeownership in six – eight communities. He will also help to secure the participation of organizational sponsors of shared equity homeownership and will offer editorial assistance in critiquing working drafts of the final report.

The organizational sponsors of shared equity homeownership programs that are currently among the most likely candidates for inclusion in the proposed research include the following:

RFP for Case Studies of Shared Equity Homeownership

Resale-restricted homes under a community land trust:

- Northern Communities CLT (Duluth, MN)
- Thistle Community Housing (Boulder, CO)
- Champlain Housing Trust (Burlington, VT)

Resale-restricted homes under a deed covenant:

- San Francisco's Below Market Rate (BMR) homeownership program (San Francisco, CA)
- Homes for Good in Massachusetts (Springfield, MA)
- Lawrence Township inclusionary housing (Mercer County, NJ)

Resale-restricted homes in a limited equity cooperative:

- Scattered-site LECs of Dudley Neighbors Inc. (Boston, MA)
- A multi-unit LEC in New York City, Washington, DC, or Atlanta
- A resident-owned cooperative in a manufactured housing community developed under the auspices of the New Hampshire Community Loan Fund

Conversations with several of these organizations have already begun. Final selection of the research sites and final arrangements for each organization's participation in this project will not be completed until the researcher is selected and consulted.

At each study site, the researcher will draw on household data contained in client files of a sponsoring organization, data that is an organization's intellectual property. These files are an untapped treasure trove of information that can be used to gauge the performance of shared equity homeownership, including: the *prices* of homes at the time of initial purchase and at the time of resale; the *incomes* of the households who are buying these homes; any *gains* in wealth that are realized by these households when reselling their shared equity homes; and any *defaults* or *foreclosures* that may have afflicted these homeowners. There may be information to be gleaned, as well, either from client files, from interviews with program staff, and/or from a survey of former owners of shared equity homes that would allow the researcher to determine the *reasons* behind the resale of these homes and the *destinations* of these households after resale.

Whereas most of this information is readily available, data for individual clients are typically scattered across hundreds of files. Rarely has such data been compiled and tabulated for the sponsoring organization as a whole. In many cases, moreover, it is likely that the sponsoring organization has done a better job of collecting information when clients first purchase a shared equity home than they have done in tracking why their clients resell – and where they go. Data on mobility, in other words, may be lacking. At the six – eight sites that are chosen for the present study, sponsoring organizations will be awarded a small grant in exchange for using their own staff to extract and compile client information, using a template provided by the researcher. Where data is missing and can only be obtained by surveying the former owners of shared equity homes, the sponsoring organization may be asked to distribute and to tabulate the results of a survey instrument designed by the researcher. ***Organizational staff, NOT the researcher, will have primary responsibility for mining data from client files and, if neces-***

RFP for Case Studies of Shared Equity Homeownership

sary, collecting information from clients who have left the program.

Data delivered to the researcher, whether extracted from the organization's client files or collected from former homeowners, will remain the property of the sponsoring organization. Data will be transferred to the researcher in a form designed to protect client confidentiality. The researcher will have no direct contact with the organization's clients nor have access to individual client files.

The researcher will have specific responsibility for completing the following tasks and for delivering the following work products:

- (1) **Research design.** Adapting the methodology that was used in the 2003 performance evaluation at the Burlington Community Land Trust (and refined in the 2009 update currently underway), the researcher will determine which data should be collected for the present project, how it should be analyzed, and how it should be presented. Deliverable: research methodology.
- (2) **Data collection.** At each of the project's six – eight research sites, the researcher will oversee the collection and tabulation of data contained in an organization's client files for households who have bought and resold shared equity homes. The researcher will provide each organization with a template for compiling this data. Where missing data can only be obtained by surveying the former owners of shared equity homes, the researcher will develop a survey instrument for the sponsoring organization to administer in collecting this data. Deliverables: data template; survey instrument; and general direction of data collection by organizational staff.
- (3) **Data analysis.** Applying simple statistical tests to the data collected at each of the six – eight sites, the researcher will gauge the extent to which shared equity homeownership has delivered on its promises of affordability, security, prosperity, and mobility for the low-income and moderate-income households who are deemed to be the principal beneficiaries of shared equity housing. Deliverable: analysis and interpretation of data provided by sponsoring organizations.
- (4) **Policy comparison.** Collecting policies and procedures from each of the six – eight sites, the researcher will describe and compare how each program has endeavored to promote sound maintenance and to reward – or discourage – post-purchase capital improvements in its portfolio of shared equity homes. Deliverables: case-by-case description of maintenance and improvements policy; comparative overview, noting differences; and recommendation for future research that might evaluate the performance of these policies and procedures.
- (5) **Final report.** The final report will consist of case studies of shared equity homeownership programs, using tables, figures, and narrative to address the four research questions posed above and to describe how each organization is handling the issue of maintenance and improvements. The report will also contain a *comparative* overview of these case studies, describing the relative effectiveness of the models of shared equity homeownership examined in this research. The researcher will provide both an electronic copy and three printed copies of the final report to NCB Capital Impact. Deliverables: case studies and comparative overview.

3.0 Ownership of Work Product

NCB Capital Impact shall own all documents, information, software, deliverables and/or any intellectual property rights created by the researcher(s) as part of this research project. The researcher may be granted the right to create derivative works based upon this Work Product, however, with the prior written consent of NCB Capital Impact. The sponsoring organizations that participate in this study will retain ownership of the raw data extracted from their clients' files.

4.0 Contractor Status

In carrying out the duties and responsibilities described above, the researcher's relationship to NCB Capital Impact shall be that of an independent contractor, not an employee of NCB Capital Impact.

5.0 Insurance Coverage

At all times during the term of this project, the researcher will be required to maintain insurance coverage that collectively insures against risks of the kinds customarily insured against (and in amounts customarily carried) by entities owning and operating a similar business.

6.0 Proposal Submission and Project Timeline

Deadline for submission of proposal:	Friday, March 27, 2009, 3:00 PM EDT
Date for notification of researcher:	April 10, 2009
Selection of study sites	April 1 - 30, 2009
Start of project research:	May 1, 2009
Deadline for drafts of first 3-4 case studies:	October 1, 2009
Deadline for drafts of second 3-4 case studies:	December 31, 2009
Deadline for draft of comparative overview:	February 12, 2009
Deadline for final report:	May 31, 2009

7.0 Proposal format

In order to be considered, all proposals from a single researcher or from a research team must be received by NCB Capital Impact no later than 3:00pm EST on March 27, 2009. Submissions must be in the form of a digital file, written in Word, and must be submitted to NCB Capital Impact as an email attachment at: jgray@ncbcapitalimpact.org

Proposals must include, at a minimum, the following information:

- 7.1 A description of the proposed approach to be used to accomplish the tasks and to produce the deliverables specified in Section 2.0 of this RFP.
- 7.2 A timeline for the engagement, including the appropriate starting and ending dates of specific activities;
- 7.3 A description of the experience and qualifications of all personnel that will contribute to the research design, data analysis, and final report.

RFP for Case Studies of Shared Equity Homeownership

- 7.4 A writing sample or published report that demonstrates the researcher's ability to analyze and present household data clearly and concisely.
- 7.5 A per diem rate for all personnel contributing to the project, an estimate of hours for completing each of the tasks specified in Section 2.0, and an estimated allocation of payments among all personnel. ***Proposers should assume a total budget for professional services not to exceed \$50,000 for the completion of six case studies and \$70,000 for the completion of eight case studies.*** This total shall be inclusive of any indirect or administrative costs, but shall exclude any expenses incurred by the researcher(s) for travel, phone, or copying incidental to completing the tasks and producing the deliverables specified in Section 2.0. These expenses will be reimbursed separately.
- 7.6 The names of three references drawn from past clients or associates, including a description of each reference's relationship to the researcher and each reference's email address and telephone number.
- 7.7 Assurance of the researcher's ability to maintain the insurance coverage described in Section 5.0 of this RFP.

NCB Capital Impact is open to receiving proposals that suggest modifications to the scope of work, the deliverables, and/or the budget for the project described in this RFP. The proposal should include a rationale for these modifications.

NCB Capital Impact will not be responsible for expenses incurred in preparing proposals in response to this RFP. Such costs should not be included.

8.0 Evaluation of Proposals

NCB Capital Impact, in consultation with John E. Davis and the "Research Working Group" will evaluate proposals on the basis of the following criteria:

- Proposer's understanding of the work to be performed;
- Proposer's prior experience with and demonstrated knowledge of shared equity homeownership models and programs;
- Proposer's prior experience with and knowledge of evaluation techniques and reporting;
- Proposer's demonstrated ability to prepare clear, concise, and complete reports;
- Proposer's approach to completing the case studies and the final report; and
- Proposer's ability to complete the project by the project deadline and with the project budget described in the present RFP.

The highest evaluated proposer(s) may be invited to discuss their proposal(s) and qualifications with NCB Capital Impact prior to awarding the contract. NCB Capital Impact will make the final consultant selection and reserves the right to reject any and all proposals and to negotiate with more than one proposer at the same time.

All questions related to this Request for Proposals should be directed to Jim Gray at NCB Capital Impact: 703-647-2346; jgray@ncbcapitalimpact.org

RFP for Case Studies of Shared Equity Homeownership

Exhibit A

Shared Equity Homeownership Research Work Group

John E. Davis, Chair

Burlington Associates

Eric Belsky

Joint Center for Housing Studies, Harvard University

Roz Greenstein

Lincoln Institute of Land Policy

Rick Jacobus

Burlington Associates

Alan Mallach

Center for Metropolitan Studies, Brookings Institution

Susan Saegert

Vanderbilt University

Chris Walker

Local Initiatives Support Corporation

Jeff Yegian

City of Boulder, Colorado