



Fannie Mae

Sustainable Communities
Innovation Challenge



Call for Ideas

Advancing Racial Equity in Housing

Overview

[Fannie Mae](#) is pleased to launch its Sustainable Communities Innovation Challenge 2022 (“IC22”), a \$5 million competition to identify innovative projects promoting racial equity in the U.S. housing market.

IC22 is looking for comprehensive solutions, innovative pilots, mature ideas, or proven, scalable models that address barriers that many Black renters, homebuyers, and homeowners face, specifically related to the insufficient supply of quality affordable housing options; insufficient funds for security deposits, down payments, closing costs and reserves; and low credit score or credit invisibility.

Fannie Mae is committed to fair housing and ensuring that Americans are eligible for housing without regard to race, ethnicity, or any prohibited basis. As part of a broad approach that involves a variety of activities intended to promote fair housing, Fannie Mae submits this Call for Ideas.

IC22 seeks innovative solutions that respond to one or more of the following statements:

1. How will you address the insufficient supply of quality affordable housing options by creating, preserving, or increasing the availability of affordable homes to purchase or rent in sustainable communities for very low-, low-, and moderate-income borrowers and renters?
2. How will you address insufficient funds for security deposits, down payments, closing costs, and reserves for unexpected costs related to renting or purchasing a home?
3. How will you address the obstacle faced by many households, including Black households, of lower credit scores and credit invisibility?

“Homeownership denied in previous generations is wealth denied today's generations.”

Jeffery Hayward,
Chief Administrative
Officer, Fannie Mae

[Facing Black History
with Courage](#)

The Sustainable Communities Innovation Challenge 2022

For more than 80 years, Fannie Mae has been at the forefront of developing and implementing programs and products to help underrepresented populations find affordable, stable places to call home. Fannie Mae is furthering its efforts with The Sustainable Communities Innovation Challenge 2022 (“IC22”), a \$5 million commitment to spur innovation, incubate new ideas, forge new partnerships, and generate solutions that will advance racial equity in the U.S. housing market.

Advancing greater equity in housing is rooted in Fannie Mae’s [mission](#) and integral to our [environmental, social, and governance strategy](#).

For IC22, Fannie Mae chose to focus, specifically, on the unmet needs of Black renters and homeowners. We see IC22 as one way to promote innovations that could meaningfully address inequities in the housing system caused by past racist or discriminatory housing practices, particularly in communities where these inequities are most profound.

Call for Ideas & Eligibility

IC22 will award deliverable-based, fee-for-service contracts to organizations that are implementing or scaling projects that address three barriers that disproportionately affect Black people on their housing journey:

- **Supply:** insufficient supply of quality affordable housing options for Black renters and aspiring homebuyers who have been historically underserved by the housing finance system
- **Funding:** insufficient funds for security deposits, down payments, closing costs, and reserves for unexpected costs
- **Credit:** lower credit scores and credit invisibility

Respondents, in submitting their ideas, should consider the following questions:

1. How will you address the insufficient supply of quality affordable housing options by creating, preserving, or increasing the availability of affordable homes to purchase or rent in sustainable communities for very low-, low-, and moderate-income borrowers and renters? Potential solutions may include but are not limited to:
 - Execute innovative and/or cost-effective construction methods such as manufactured housing, modular housing, and 3D printed housing
 - Implement programs that incentivize affordable rental or home purchase
 - Reimagine or repurpose current buildings/lots to create new affordable supply
2. How will you address insufficient funds for security deposits, down payments, closing costs, and reserves for unexpected costs related to renting or purchasing a home? Potential solutions may include but are not limited to:
 - Implement and measure the impact of matched-savings program and other models to build reserves for pre-and post-purchase costs
 - Create/develop cross-sector partnerships that accelerate wealth building for very low-, low-, and moderate-income families
 - Design and test new models to reduce costs to close, application fees, move-in fees, security deposits, etc.
 - Implement education programs, tools or partnerships that provide access to capital
3. How will you address the obstacle faced by many households, including Black households, of lower credit scores and credit invisibility? Potential solutions may include but are not limited to:
 - Leverage credit evaluation that include non-traditional trade lines such as rent and utility payment reporting
 - Use innovative approaches to credit counseling services that address an individual's low credit score and credit invisibility
 - Implement innovative underwriting practices to increase accessibility for prospective Black homebuyers
 - Develop or enhance platforms to allow landlords, property management or real estate investment companies to streamline positive rental reporting

*Fannie Mae defines **sustainable communities** as stable, thriving, vibrant neighborhoods that offer residents integrated access to quality affordable housing, and opportunities for employment, education, and health and wellness, among other things so that residents are resilient to shocks and stresses.*

IC22 embraces a broad definition of innovation. Innovative ideas submitted should create or accelerate current solutions to better serve Black communities. To do this, ideas should identify unexpected resources, create or question existing assumptions, or challenge the status quo.

IC22 will fund two types of projects – Idea Development and Scaling. **Selected projects will execute contracts with Fannie Mae to support their proposal; IC22 does not offer grants or other forms of investment.**

Idea Development projects include refinement of concepts, technologies, policies, practices, and/or programs that are ready for testing and/or initial implementation. These contracts will support further development of ideas that have:

- 1) completed research and design work that indicates the idea has promise and value; or
- 2) shown some early promise or impact but have yet to fully pilot.

Applicant submissions for Idea Development will be asked to provide initial proof of concept. [Click here](#) for an Idea Development project example from the previous Challenge. Note: The maximum contract duration with Fannie Mae is 24 months.

Scaling is for mature ideas and projects that have proven to be successful in at least one context or site/location, and that have shown strong promise for scale and sustainability. Applicants submitting ideas for Scaling will be asked to provide proof that the idea has been successful. Scaling projects are based on completed pilot testing or initial implementation and expand on the success of those efforts to scale the idea. Scaling projects that are selected for contracts will also be eligible to receive non-financial support to assist in the implementation of their innovation. The specific nature and parameters of such support will be determined in conjunction with final contract awardees. [Click here](#) for a Scaling project example from the previous Challenge. Note: The maximum contract duration with Fannie Mae is 24 months.

Contract award amounts will be based on the problem statement addressed. Ideas that address the insufficient supply of affordable housing will be eligible for contracts up to \$1,500,000. Ideas that address insufficient funds or lower credit/credit invisibility will be eligible for contracts up to \$1,000,000.

Eligible individuals and organizations include public, private, and nonprofit organizations, as well as individuals and teams from across the U.S. Submissions will need to be linked to or partner with an established business entity. Note: Fannie Mae lender partners and suppliers are eligible to apply. Ineligible entities include current Fannie Mae employees and individual contractors and consultants (on-boarded as such); members of the IC22 Expert Advisory Panel and organizations for which they are on staff or serve on boards; and offices of federal, state, or local elected officials. Only domestic (U.S.) projects are eligible for contracts.

To be eligible, all applicants must:

- Complete the idea submission form via the online application portal
- Consent to Submission Terms and Conditions

- If selected to advance, execute a mutual non-disclosure agreement (NDA), participate in a virtual interview, submit a full proposal, and participate in Pitch Day
- If selected as a finalist, participate in Fannie Mae’s risk review and contracting process

Eligible Use of Funds

IC22 will select projects that test, pilot, and/or scale innovative strategies to advance racial equity in housing. Each project must include one or more deliverables to Fannie Mae, such as a summary of the results of testing. Funds awarded by contract may be used solely for:

- Testing of new or improved technologies, policies, practices, programs
- Pilot implementation of new or improved technologies, policies, practices, programs
- Plans for scaling or replicating technologies, policies, practices, and/or programs with new populations, at new sites or in new contexts
- The percentage of resources and time, including staff salaries, dedicated to the research and design of associated deliverables
- Direct expenses associated with deliverables

Challenge funds cannot be:

- Used to subsidize ongoing operational costs (e.g., costs incurred to run the day-to-day operations of a business or program, such as rent/leases, utilities, phone, internet, salaries, benefits, maintenance, or travel, other than the portion directly associated with the development of ideas and deliverables for IC22)
- Associated with electoral or legislative lobbying (Note: Activities related to public education are eligible.)
- Used for the purchase of real estate, assets, or capital improvements
- Used for equity or debt investments

Selection Criteria

Projects submitted will be reviewed and assessed based on:

- Idea alignment and innovation
- Organization or team is minority-led and serves a predominantly Black community, as measured by majority minority census tracts
- Demonstrated short- and/or long-term results and a clear plan to measure success

- Demonstrated relevant experience or knowledge and capacity among the team
- Evidence of a clear and realistic project plan and budget

Final selection decisions will be made by Fannie Mae. Applicants and contract awardees will retain all intellectual property created before and during IC22 and will provide Fannie Mae with a limited license to that intellectual property for purposes of research, learning, implementation, and media amplification as appropriate.

The **Call for Ideas** will be open from May 16 to June 17, 2022. Applicants will complete the idea submission form via IC22’s online application portal. The selection process consists of the following:



For more information about IC22 and to apply, please visit www.fanniemaecom/thechallenge. Interested applicants must complete all required sections of the online application to apply. The questions are listed below for reference.

Fannie Mae will provide informational and logistical support to applicants while the Call for Ideas is open. This support will include responding to questions emailed to fanniemaecoinnovation@arabellaadvisors.com until June 10, 2022 and hosting two informational webinars for potential applicants on May 24, 2022 and June 2, 2022. You can register for the webinars by visiting www.fanniemaecom/thechallenge.

Idea Submission Instructions

Applicants will prepare and submit their ideas through the [IC22 online application portal](#). **All idea submissions are due by June 17, 2022 at 5:00 p.m. Pacific Time.** A complete idea submission will include responses to the questions below:

Application Questions

1. Applicant Information

- Name of the primary applicant organization or project lead (if applicant is an individual)
- Sector of primary applicant (educational institution, individual, nonprofit/philanthropic, nonprofit/private partnership, private, public, public/private partnership)
- Name, title, and contact information (headquarters address, email, and phone) of the project lead
- If applicable, indicate the organization titles, names, and titles of other team members, including subcontractors or partners
- Type of application team (A representative of a multi-entity team comprised of multiple organizations and/or companies and/or individuals; A representative of a single entity organization or company; An individual person)
- Indicate if any team members or their organizations have current or preexisting personal or professional relationships with Fannie Mae and/or the Expert Advisory Panel. If so, please explain. (Note: Having a previous relationship with Fannie Mae is not disqualifying but must be disclosed.)

2. Problem Statement: Which of the following problem statements does your innovation address? *Ideas that address the insufficient supply of affordable housing will be eligible for contracts up to \$1,500,000. Ideas that address insufficient funds or lower credit/credit invisibility will be eligible for contracts up to \$1,000,000* (Select all that apply – multiselect box)

1. How will you address the insufficient supply of quality affordable housing options by creating, preserving, or increasing the availability of affordable homes to purchase or rent in sustainable communities for very low-, low-, and moderate-income borrowers and renters? Potential solutions may include but are not limited to:
 - Execute innovative and/or cost-effective construction methods such as manufactured housing, modular housing, and 3D printed housing
 - Implement programs that incentivize affordable rental or home purchase
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2. How will you address insufficient funds for security deposits, down payments, closing costs, and reserves for unexpected costs related to renting or purchasing a home? Potential solutions may include but are not limited to:
 - Implement and measure the impact of matched-savings program and other models to build reserves for pre-and post-purchase costs
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 - Design and test new models to reduce costs to close, application fees, move-in fees, security deposits, etc.
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3. How will you address the obstacle faced by many households, including Black households, of lower credit scores and credit invisibility? Potential solutions may include but are not limited to:
 - Leverage credit evaluation that include non-traditional trade lines such as rent and utility payment reporting
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 - Implement innovative underwriting practices to increase accessibility for prospective Black homebuyers
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3. Executive Summary: Describe your project idea. Your response must include answers to all the following (free-form text field; 3,000-character limit including spaces):

- Project name
- Describe your project
- Explain how your project addresses the selected problem statement(s)

4. Idea Overview

- Select your project type (drop-down menu):
 - Idea Implementation
 - Scaling
- How is your idea innovative? (IC22 embraces a broad definition of innovation. Innovative ideas should accelerate current practices to better help underserved communities. To do this, ideas should identify unexpected resources, question existing assumptions, or challenge the status quo.) (1,500-character limit including spaces)
 - Are you aware of any other efforts that are similar to your proposed project? If so, how would your proposed project advance or go beyond existing efforts? (1,500-character limit including spaces)

5. Implementation

- What are your proposed deliverables to Fannie Mae? (1,500-character limit including spaces)
- Where will you implement your idea? (free-form text field and drop-down menu: city, national, neighborhood, region or metropolitan area, state)
- What is the total length of your project (Idea Implementation or Scaling activities), and how long do you propose to partner with Fannie Mae for this contract? (Note: IC22 allows for up to 24 months for Idea Development and Scaling projects.)
- What is the total estimated budget for your project? What is the estimated amount requested from IC22? What other investment/funding and/or investors/funders are confirmed to date?
- If applicable, please share any partnerships (other than subcontractors and investors/funders listed above) that will help advance your project idea. You do not need to have signed agreements at this stage.
- Describe the efforts you or others have undertaken to demonstrate proof of concept. Efforts can include feasibility studies, development of a beta product, applied research, other research and design work, and/or results of previous pilots. Include a description of results from these initial efforts. (3,000-character limit including spaces)

Certifications. Applicants must confirm that they agree to their Executive Summary being made public; are eligible to submit an idea; have reviewed and agree with the Terms and Conditions; and have disclosed all pre-existing personal and professional relationships with Fannie Mae and the Expert Advisory Panel.

Appendix: Submission Terms and Conditions

Terms of Use

By submitting your application to IC22, you agree, on behalf of your organization and/or team (“You” or “Your” as the context dictates) to the following terms and conditions (“Terms and Conditions”).

1. Fannie Mae and the entities retained by Fannie Mae to administer IC22, including members of the Expert Advisory Panel retained to evaluate applications, (collectively “Fannie Mae” for purposes of these Terms and Conditions) may evaluate, reject, or select Your application in their sole discretion. In furtherance of such evaluation, Fannie Mae may also share Your application with select third parties for additional feedback. You will provide timely assistance and responses to Fannie Mae should clarifications on your application be required.
2. You bear all costs and expenses associated with the development and submission of Your application. You have no recourse against Fannie Mae in case of rejection.
3. You represent that Your application and proposal comply with all applicable fair housing and other anti-discrimination laws. You agree to cooperate with Fannie Mae as deemed appropriate by Fannie Mae to take steps with respect to compliance with all applicable fair housing and other anti-discrimination laws.
4. Submission of Your application to IC22 hereunder shall not create any legal relationship of any sort with You and You will make no public or private statement implying or stating that any partnership or other legal relationship exists between You and Fannie Mae. You may advertise that You submitted Your innovation as part of IC22 provided, however, that You shall under no circumstances advertise any association with Fannie Mae nor imply any endorsement of Your products and services by Fannie Mae. Further external communications about Your participation in IC22, should You be selected for the contract, shall be addressed in a separate Research and Development Agreement (contract executed between Fannie Mae and selected awardees) between You and Fannie Mae governing the development and implementation of Your innovation, as applicable.
5. You represent and warrant that You have all necessary rights in the contents of Your application, any innovation therein, and any elements necessary to its implementation, including but not limited to third party data, either as proprietary rights or licensed, for Fannie Mae to consider Your innovation and application as part of IC22 and future implementation thereafter, as the case may be. You represent and warrant that Your innovation does not infringe the intellectual property rights of any third party. You shall retain any and all intellectual property rights You may have in Your innovation and the contents of Your application and hereby grant Fannie Mae a limited license to reproduce and share the same

internally and with select third parties for purposes of evaluation. You will disclose to Fannie Mae whether any innovation incorporated in Your application is protected by patent or whether You intend to file a patent application for it. Fannie Mae shall implement commercially reasonable efforts to keep Your application in confidence unless selected for a contract. Notwithstanding the foregoing, You agree that Your participation in IC22 and the receipt of Your application by Fannie Mae shall not limit Fannie Mae's independent development and marketing of products or systems involving technology or ideas similar to those disclosed nor prevent Fannie Mae from undertaking similar efforts or discussions with third parties, including competitors of Yours.

6. Submission of Your application is managed through a reputable third-party platform; Fannie Mae shall, however, have no responsibility and no liability and makes no representations with respect to such platform.
7. If selected by Fannie Mae for a contract, You may not assign, or otherwise transfer, Your rights to such contract award and contract to a third party without Fannie Mae's prior written permission. Even after selection for a contract, Fannie Mae may withdraw the contract in its sole discretion until a Research and Development Agreement is fully executed by all parties.
8. IC22 requires that all applicants disclose any prior or existing personal or professional relationships with Fannie Mae and its employees. Such relationships are not necessarily disqualifying; however, they do require disclosure. Fannie Mae lender partners and suppliers are eligible to apply. Organizations are ineligible to apply if a current staff or board member is serving on the Expert Advisory Panel.
9. Any breach by You of the representations, warranties, or obligations set forth in these Terms and Conditions shall be cause for removal of Your application from consideration or for voiding any contract, as applicable.
10. These Terms and Conditions are governed by the laws of the District of Columbia, exclusive of its conflict of laws principles.
11. Fannie Mae reserves the right to amend these Terms and Conditions, including the Research and Development Agreement, in its sole discretion; the amended Terms and Conditions shall be effective upon posting by Fannie Mae on IC22 platform used by Fannie Mae in connection with IC22.