

Unlocking the Development Finance Toolbox

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About CDFA

- 32 year old non-profit association of development finance agencies and private sector partners
- Education – 15 training courses on the development finance toolbox
- 17 State Roundtables
- Resources – 7,000 online resource
- Technical Assistance – Contract service to help communities build financing programs and expertise
- CDFA U.S. EPA Brownfield Financing Technical Assistance Program and Project Marketplace Program
- CDFA U.S. Dept. of Agriculture Project Marketplace Program
- Headquartered in Columbus, Oh – 15 FTE, 7 PTE



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What is Development Finance?

- Development finance is the efforts of local communities to support, encourage and catalyze expansion through public/private investment in physical development/redevelopment and/or business/industry.
- It is the act of contributing to a project/deal that causes that project/deal to materialize in a manner that benefits the long term health of the community.
- Development finance requires programs and solutions to challenges that the local environment creates.



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What Does DF Include?

- Debt, equity, credits, liabilities, remediation, guarantees, collateral, credit enhancement, venture/seed capital, early stage, workforce, technical assistance, planning, short-term, long-term, incentives, gap, etc.
- Proactive approaches that leverage public resources to solve the needs of business, industry, developers and investors.



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Why is DF Important?

- Businesses need working capital and the ability to invest in themselves
- Developers need assistance to achieve an acceptable ROI
- Communities need infrastructure and amenities
- Citizens need opportunities for advancement – jobs, small business, education, etc.
- Regions need economic prosperity



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Who is Development Finance?

- Development finance agencies (generally speaking)
- Community development corporations
- Industrial development authorities
- Authorities (general) – ports, joint powers, airport, transit, stadium, housing, health
- Educational entities – colleges, universities, etc.
- Economic development corporation
- Community development financial institutions
- Dozens of other examples – air, power, water, energy, etc.



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What is the Market?

- 55,000 bond issuers in the US
- \$3.2 trillion municipal bond market
- 2nd most secure market (behind US Treasuries) in the world
- Over 100 years of formal bond financing expertise
- 15,000 – 20,000 revolving loan funds in the US
- 700 regional EB-5 centers
- 600 CDFIs
- 35,000+ public/private economic development entities (not all financing)



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Introducing the Toolbox Approach

- The Toolbox Approach is a full scale effort to building local and regional financing capacity to serve and impact a variety of business and industry needs.
- This is an investment in programs and resources that harness the full spectrum of a community's financial resources and is a dedication to public/private partnerships.
- One size does not fit all and there are different instruments for different users



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Landscape of Tools – 100s of Them

Tax-Exempt
Bonds

Microlending
New Markets
Tax Credits

Tax Increment
Finance

504 Loans

Linked Deposit
Programs

Grants

LIHTC

Impact
Investing

CRA
Requirements

Collateral
Support

Revolving
Loan Funds

EB-5

Industrial
Development
Bonds

PACE

Seed &
Venture
Capital

Special
Assessment

501(c)3 Bonds

BIDs/SIDs

Historic Tax
Credits

Tax
Abatement

Credit
Enhancement

Mezzanine
Funds



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Over 100 Tools in Toolbox

- **Bonds** – redevelopment, manufacturers, airports, docks, mass transit, brownfields, energy, waste treatment and...501(c)3s
 - Museums, cultural centers, YMCAs, hospitals, community centers, arts space, etc.
- **Targeted Tools** – Using future generated tax increment to support current redevelopment costs.



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Over 100 Tools in Toolbox

- **Special Assessment** – Using additional direct taxes to raise capital for improvements. Widely used to generate small amount of money to leverage larger private investments.
- **Tax Abatement** – Process where taxes on property are abated for owner in turn for investment into the redevelopment, job creation, etc.



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Over 100 Tools in Toolbox

- **Tax Credits** – housing, redevelopment, mixed-use, non-profit, historic rehab, low-income communities, energy efficiency, manufacturing, job creation
- ***Four Main Federal Programs*** – New Markets, Historic Rehab, Low-Income Housing, Energy Investment tax credits



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Over 100 Tools in Toolbox

- **EB-5** – Direct investment by wealthy foreign individuals into projects that create at least 10 jobs. Fastest growing area of development finance.
- **Revolving Loan Funds, Mezzanine Funds, Linked Deposit Programs, State Small Business Credit Initiative** – just a few of the dozens of capital sources for small businesses
- **Seed & Venture Capital, Angel Investments** – millions available for entrepreneurs, technology development, etc.



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Over 100 Tools in Toolbox

- **Institutions** – CDFIs, Foundations, Lender CDCs, etc.
- **Federal** – Over 170 federal financing programs for everything you can imagine – small business, redevelopment, environmental remediation, transportation, water, rural development, urban infill, underserved markets, capital improvements, energy, minority owned businesses, etc.
- **State** – Dozens of state programs including grants, loans, tax credits, subsidies, tax incentives, bonds, etc.



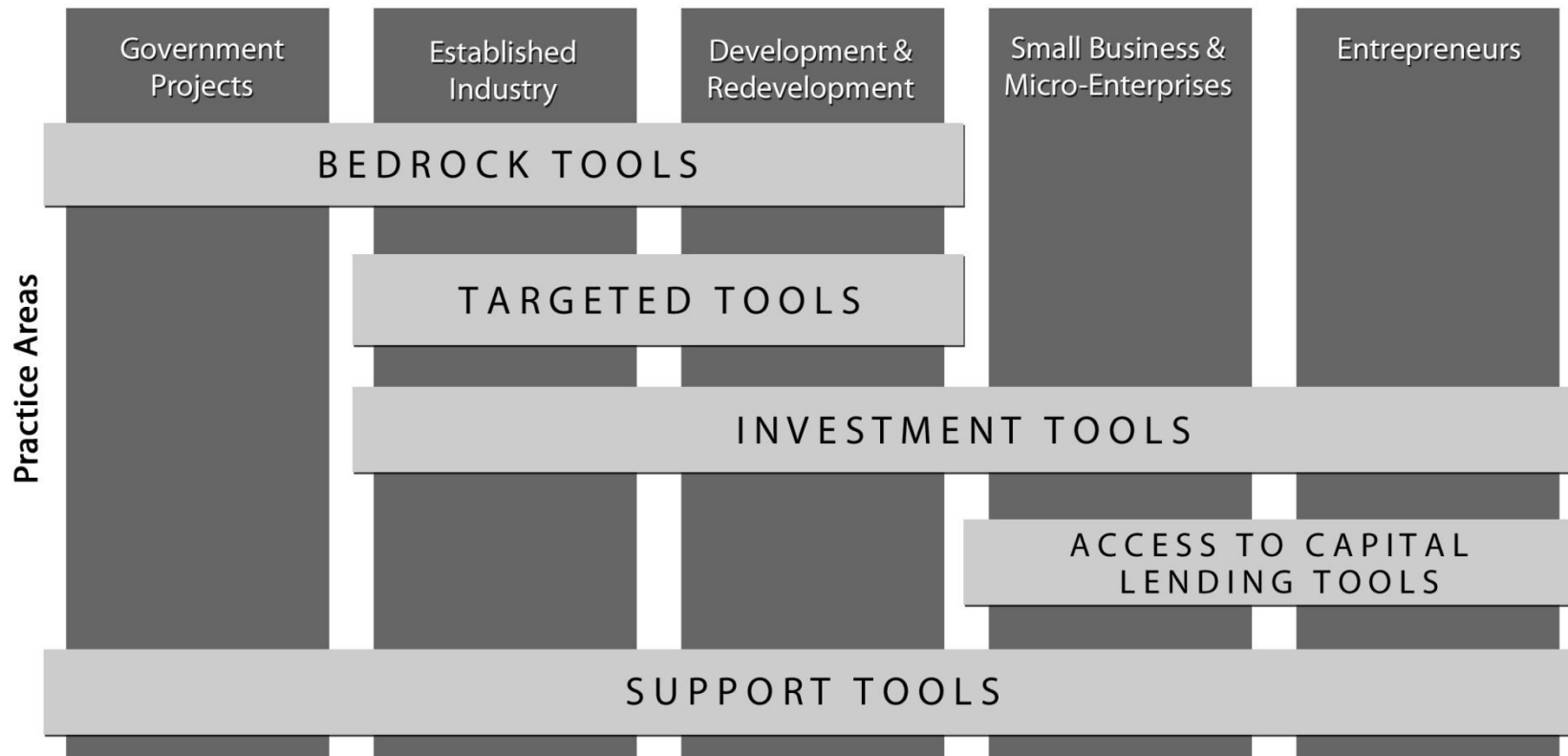
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Development Finance Spectrum



Development Finance SPECTRUM

Types of Financings



From the *Practitioner's Guide to Economic Development Finance*

In the End...

- All economic development comes down to the access to financial resources for completing a given project or deal.
- Nearly all projects/deals hinge on the ability to leverage inexpensive sources of financing.
- As they say, cash is king, money makes the world go around and show me the money!



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Economy, Environment & Equity

- Many roadblocks to supporting sustainable development including
 - **Credit quality** – borrowers, project, community
 - **Disinvestment** – crumbling infrastructure, stressed workforce
 - **Environmental challenges** – blight, contamination
 - **Costs** – sustainability is expensive
 - **Resistance** – equitable development is threatening to many
 - **Rebounding economy** – easier paths to success (short lived as they may be)



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Economy, Environment & Equity

- How do we address these roadblocks?
 - **Analytics** – What is the cost of doing development in the old manner and how can we monetize the savings to be sustainable?
 - **Scope** – What problem are we trying to solve and can that problem be solved with a wider scope? One-offs hurt progress.
 - **Local Initiative, Wide Support** – How do we engage the local community to not only support equitable development but to also invest in it? And, how do we get larger players (private entities) to foot the bill?
 - **Leverage** – Using small public dollars to leverage large private investment



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The 5 Keys to Finance

- **Defined Projects** – A project is not a project until it is on one (maybe two) pages and clearly defined. That is what will attract investment.
- **Sources & Uses** – Find revenues (sources), find expenses (uses) and keep it simple
- **Preference** – Rural financing is a highly preferred investment class right now by the development community
- **Leverage** – Find small amounts of funding and financing to leverage bigger amounts. Look where you might not think to look.
- **Complex** – Financing today is complex, expect multiple sources of funding/financing to be part of your deal



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Brownfields Financing Technical Assistance Program

CDFA program funded by the U.S. EPA to provide:

- E-Newsletter & Resource Center
- Best Practices Publication & Webinar Series
- In-Person & Virtual Project Marketplace
- On-Site Project Response Teams

Contact CDFA to find out how to receive Brownfields Finance Technical Assistance!



Program Highlights



Advancing Development Finance Knowledge, Networks & Innovation

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Program Overview

The CDFA Brownfields Technical Assistance Program is funded by a grant from the U.S. EPA to provide assistance to communities throughout the country that are looking to finance the redevelopment of brownfield sites. CDFA will provide education, resources, research and networking on revolving loan funds, tax incentives, tax increment finance and other tools available for redevelopment finance. >>> [Program Fact Sheet](#)

Specific program activities fall into the following categories:

- [Brownfields Financing Update](#)
- [Brownfields Financing Resource Center](#)
- [Brownfields Financing Toolkit](#)
- [Brownfields Financing Webinar Series](#)
- [Brownfields Project Marketplace](#)
- [Brownfields Project Response Teams](#)

Program Highlights

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

The screenshot displays the CDFA website's navigation menu and main content area. The left sidebar contains a vertical list of menu items: About CDFA, Membership, Training Institute, Legislative Affairs, National Summit, Resources & Research, Advisory Services, Webcasts, Bookstore, Perspectives Magazine, Newsletters, Sponsor CDFA, State Roundtables, Join CDFA, Renew Your Membership, FOLLOW US ON twitter, Partners, and CDFA Upcoming Events. The main content area features a header for the 'Brownfields Financing Resource Center' with the CDFA logo. Below the header are three main sections: 'Brownfields Finance Resources' with a list of links (Understanding Brownfields, Brownfields Financing, State Brownfield Programs, Local Brownfield Programs, Brownfield Financing Case Studies) and an 'ADVANCED SEARCH' link; 'Brownfields Finance Tools' with a list of links (Revolving Loan Funds (RLFs), Tax Increment Financing, Brownfields Tax Credits, Bond Financing, EB-5 Visa) and an 'ADVANCED SEARCH' link; and 'Brownfields Case Studies' with a link to 'Economic and Fiscal Impact of Wisconsin's Brownfields Investments'. A 'Subscribe to receive Brownfields News!' box is also present, along with a 'CDFA BROWNFIELDS TECHNICAL ASSISTANCE PROGRAM PROJECT MARKETPLACE' banner featuring a building image.

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Brownfields Financing Resource Center

Brownfields Finance Resources

- >>> Understanding Brownfields
- >>> Brownfields Financing
- >>> State Brownfield Programs
- >>> Local Brownfield Programs
- >>> Brownfield Financing Case Studies

>>> ADVANCED SEARCH

Brownfields Finance Tools

- >>> Revolving Loan Funds (RLFs)
- >>> Tax Increment Financing
- >>> Brownfields Tax Credits
- >>> Bond Financing
- >>> EB-5 Visa

>>> ADVANCED SEARCH

Brownfields Case Studies

Economic and Fiscal Impact of Wisconsin's Brownfields Investments

This report from the University of Wisconsin-Whitewater examines the economic and fiscal impact of...

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CDFA BROWNFIELDS TECHNICAL ASSISTANCE PROGRAM

PROJECT MARKETPLACE



Brownfields Project Marketplace

- February 2-4, 2016
- Virtual – Online, sign up to present today
- On-site Technical Assistance (free)
- Texarkana Roadmap to Redevelopment
http://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open&id=2015078_GrimHotelRoadmap
- Tulsa Roadmap to Redevelopment
http://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open&id=201509_EvansfintubeRoadmap.html



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