

# 2007 Mid-America Competitiveness Conference

## The Development Finance Toolbox

Toby Rittner

December 3, 2007



[www.cdfa.net](http://www.cdfa.net)



# About CDFA

- National non-profit dedicated to the advancement of the development finance industry
- Founded in 1982 to represent the interests of the industrial development bond industry
- Over last 25 years, expanded our reach to include multiple areas of development finance
- 245 member organizations and growing
- Quality events and acclaimed research



[www.cdfa.net](http://www.cdfa.net)



# Tax Increment Finance Coalition (TIFC)

- National leader in TIF use, application and regulations
- New TIF Publication (November 1, 2007):  
*Tax Increment Financing Best Practices Reference Guide*
- Tax Increment Finance Course
  - July 17-18, 2008, Washington, DC
- TIF Resource Library: searchable clearinghouse of information on TIF



[www.cdfa.net](http://www.cdfa.net)



# Research & Resources

- Online Resource Database
  - Bond Resource Library
  - TIF Resource Library
  - Tax Credit Resource Library
  - Revolving Loan Fund Resource Library (coming soon)
- CDFFA Update monthly e-newsletter
- Development Finance Review: quarterly e-mail
- Industry-specific reports



[www.cdfa.net](http://www.cdfa.net)



# Development Finance Training Institute

- Industry Primer: Development Bond Finance Course (September 18-19)
- Advanced Bond Finance Course
- Tax Credit Finance Course (January 24-25)
- Tax Increment Finance Course (July 17-18)
- Revolving Loan Fund Essentials Course (Nov 20-21)
- Field Seminars and tailored training events



[www.cdfa.net](http://www.cdfa.net)



# The Annual Development Finance Summit

- 2008 Annual Summit: St. Louis (April 29-May 1)
- The premier gathering of leaders and innovators in the development finance industry
- In-depth coverage of wide-ranging development finance topics
- Respected and distinguished speakers from across the industry
- Update on legislative affairs



[www.cdfa.net](http://www.cdfa.net)





# Legislative Affairs

- The voice of the development finance industry on Capitol Hill
- Proven track record of passing effective and timely legislation
- May 2006: CDFFA succeeds in accelerating an increase in the capital expenditure limit on small issue Industrial Development Bonds (IDBs)
- Connected and respected throughout Washington, DC



[www.cdfa.net](http://www.cdfa.net)



# Membership

- Reduced rates for CDFA events and trainings
- Exclusive use of Flash E-mail Service
- Special rates on subscriptions to *The Bond Buyer* and *Site Selection* magazine
- Membership supports the ongoing development of the Online Resource Database
- Opportunities to interact with extensive network of skilled development finance professionals



[www.cdfa.net](http://www.cdfa.net)





# CDFA – Dynamic and Growing

- Over 110 new member organizations in the last two years
- Increased attendance at Annual Summit
- Training courses consistently sell-out
- TIFC continues to draw industry recognition
- Important legislation in Congress
- Revamped CDFA Update and Web site: [www.cdfa.net](http://www.cdfa.net)



[www.cdfa.net](http://www.cdfa.net)



# What is the Financing Toolbox?

- Change in approach – in the end, development comes down to financing
- Investment in programs and resources that harness the full spectrum of a community's financial resources
- Dedication to public/private partnerships
- Development niche programs that address industries of all sizes and impact
- Variety and depth of services & capacity to assist



[www.cdfa.net](http://www.cdfa.net)



# What is the Role of the Finance Agency?

- According to new CDFIA data:
  - 50% of finance agencies issue bonds
  - 41% act as conduit bond issuers
  - 50% provide direct loans
  - 27% provide loan guarantees (collateral support)
  - 39% provide grants
  - 62% provide technical assistance



[www.cdfa.net](http://www.cdfa.net)



# What is the Role of the Finance Agency?

- Despite all of this...

50% of all finance agencies allocate less than 20% of their actual budget to directly financing development?

- A new approach is warranted



[www.cdfa.net](http://www.cdfa.net)



# Why the Toolbox Approach?

- Wide variety of programs already exist to help with both general and targeted financing needs (yet we continue to seek new programs and struggle to gain access to scarce sources of funding)
- Different instruments for different users – debt, equity, short-term, long-term, low interest, tax-exempt, credits, etc.
- Sources: federal, state, local...but don't forget the private sector



[www.cdfa.net](http://www.cdfa.net)



# Why the Toolbox Approach?

- Dollars driving policy and policy driving dollars
- Financial capacity for supporting sustainable development, smart growth and resource use
- More parties can be involved – banks, thrifts, educational providers, investors, angels, developers, etc.
- Economic developers should employ a diverse financing toolbox to serve many different needs



[www.cdfa.net](http://www.cdfa.net)





# What is Inside the Toolbox?

- The Bedrock Tools – Tax-Exempt Bonds, Aggie Bonds, Mini-Bonds
- Targeted Tools – TIF (RAD, TAD, TIRZ), SID, BID, etc.
- Investment Tools – Tax Credits, Seed & Venture
- Attraction Tools – Incentives (tax abatements)
- Niche Tools – RLFs, Mezzanine & Risk
- Support Tools – Federal & State Funding (grants)



[www.cdfa.net](http://www.cdfa.net)



# The Bedrock Tools

- Industrial Development Bonds (IDBs, IDRBs, IRBs, etc.)
  - Only 29% of agencies frequently use with 50% rarely or never using
- 501(C)(3) Bonds
  - 55% of agencies do not use this tool
- Why are agencies ignoring these tools for addressing manufacturing & non-profit development?



[www.cdfa.net](http://www.cdfa.net)



# Targeted Tools

- Tax Increment Finance
  - Nearly 60% of finance agencies continue to not use TIF (49 states have TIF capabilities)
- SIDs & BIDs
  - 65% of agencies do not use these tools
- Why are economic developers ignoring these tools for addressing redevelopment, business district and revitalization?



[www.cdfa.net](http://www.cdfa.net)



# Investment Tools

- Tax Credits
  - Less than 5% of finance agencies frequently employ the use of state & federal tax credit programs
- Venture Capital & Alternative Equity
  - Only 9% of agencies are active in the venture capital finance industry (2% in alternative equity)
- Tax credits abound – NMTC, brownfields, historic, LIHTC, dozens of state program.
- Nearly 30 states have state sponsored venture funds?



[www.cdfa.net](http://www.cdfa.net)



# Attraction Tools

- Abatements
  - Nearly 50% of agencies are actively using tax abatements (this is a declining trend)
- Clawbacks and greater scrutiny is finally emerging
- The competitive “arms race” atmosphere is slowing down (but far from gone)



[www.cdfa.net](http://www.cdfa.net)



# Niche Tools

- Revolving Loan Funds
  - Over 43% of agencies use frequently
- RLFs represent the single most used finance concept nationally yet these tend to be largely overlooked and underutilized (and under appreciated)
- 26% of agencies have an RLF dedicated strictly to small business loans



[www.cdfa.net](http://www.cdfa.net)





# Support Tools

- Federal Funding
  - CDBG – 40% frequently use
  - EDA – 18% frequently use
- Reliance on federal funding remains strong yet this source is the most volatile and less reliable from year to year
- A note on grants – over 25% of agencies are actively providing grants to finance development



[www.cdfa.net](http://www.cdfa.net)



# Tools in Development

- Virtual, Human & Super TIFS
- Mirroring Tax Credits (state to federal)
- Clean Renewable Energy Bonds (CREBs)
- Green Bonds



[www.cdfa.net](http://www.cdfa.net)



# How to Build the Ideal Financing Toolbox

- Dedicate staff and resources to understanding these tools
- Settle for nothing less than a wide variety of programs (if you think you have them all, look again)
- Keep it simple (you may just need a small business RLF) nothing fancy
- Engage the private sector (they want to make money off of these transactions and will do a lot of the work)



[www.cdfa.net](http://www.cdfa.net)



# How to Build the Ideal Financing Toolbox

- Seek innovative strategies – think about industries not served by existing programs
- Market, market, market and let the business community know about the services
- Examples:
  - State – New Jersey Economic Development Authority
  - County – St. Louis County Economic Council
  - City – City of Minneapolis, Department of Community Planning & Economic Development



[www.cdfa.net](http://www.cdfa.net)



# NJEDA

- Fully employ the Toolbox strategy
- Wide variety of programs serving numerous users, including:
  - Low-cost bond financing for manufacturers, non-profits and cities
  - Loans & Guarantees – brownfields, small business, smart growth, high-tech, new markets, film production and energy
  - Incentive grants – tech centers and urban redevelopment
  - Tax credits – tech businesses
  - Technical assistance – real estate, small business, across the board



[www.cdfa.net](http://www.cdfa.net)







**GOVERNOR CORZINE UNVEILS ECONOMIC GROWTH STRATEGY FOR NEW JERSEY**

<a href="#">Home</a>	<a href="#">Who We Are</a>	<a href="#">Financing Assistance</a>	<a href="#">Entrepreneurial Services</a>	<a href="#">Real Estate Development</a>
----------------------	----------------------------	--------------------------------------	--	---

**Resources for:**

- [Small & Mid-Size Businesses](#)
- [High-Tech Businesses / Edison Innovation Fund](#)
- [Nonprofits](#)
- [Entrepreneurial Training](#)
- [Brownfields Redevelopment](#)
- [Smart Growth](#)
- [Portfields / Warehousing and Distribution](#)
- [Energy Financing](#)

Whether you are a business in need of financing to grow in New Jersey, a nonprofit organization seeking capital to expand community services, a municipality looking to attract a major corporation within your boundaries, or a developer requiring funds for a major redevelopment project, the **New Jersey Economic Development Authority (EDA)** is ready to put its resources to work for you. The EDA is a self-supporting, independent state agency whose mission is to stimulate business development, job creation and community revitalization throughout the State. From its large portfolio of varied programs and services, the EDA can assist you in three main ways:

**Financing:** We arrange low-interest loans, loan guarantees, tax incentives and creative financing packages to bridge financing gaps and increase access to capital for small and mid-size businesses and nonprofit borrowers.

**What's New**

- [EDA Board Meetings](#)
- [EDA Launches Online Application for Financial Assistance](#)
- [EDA Implements Investment Strategy Guidelines](#)
- [New Jersey Business Growth Fund Fact Sheet and Application](#)
- [Film Tax Credit Application Now Available](#)
- [UST Funding Available to Homeowners with Non-Leaking Oil Tanks](#)



# St. Louis County Economic Council

Toolbox is in full effect

- SBA 504 Loan Program
- IDBs Manufacturers
- Mini-bonds for Manufacturers
- 501(c)(3) Organizations bonds
- 501(c)(3) Organizations mini-bonds
- Bank Qualified Bonds
- Taxable Bond Program
- Venture Capital Loans
- Specialty Loans
- TIF
- Tax credits
- Technical assistance



[www.cdfa.net](http://www.cdfa.net)



121 S. Meramec, Suite 900 | St. Louis, MO 63105 | ph: 314.615.7663 | fax: 314.615.7666



Regional facts and Information

Return to Division Overview

Business Finance Division

Fixed Asset Loans

Venture Capital Loans

Specialty Loans

Staff

Resources

Contact Information

Apply for Business Financing

Selection Services for Starting Your Business in St. Louis County

[printer friendly version](#)

## SLCEC Business Finance Division

### Financial Products and Services for Business

*We Bring Big Business Financing Solutions to Your Small Business Opportunity!*

SLCEC Business Finance Division is a valuable resource center for businesses that need conventional, alternative or combined financing solutions. With fixed-asset loans to venture capital and specialty loans, our business finance professionals have the tools and talent to help you put together the funds and terms you need to grow your business.

### Upcoming Event:

10/18/07 [Seminar on Tax-Exempt Bond Financing!](#)  
Learn how to save tens of thousands of dollars in this two hour seminar.

#### Fixed-Asset Loans & Tax-Exempt Bonds

- [SBA 504 Loan Program](#)
- [Tax-Exempt Bond Programs for Manufacturers](#)
- [Mini-bonds for Manufacturers](#)
- [Tax-Exempt Bond Program for 501\(c\)\(3\) Organizations](#)
- [Mini-bonds for 501\(c\)\(3\) Organizations](#)
- [Bank Qualified Bonds](#)
- [Taxable Bond Program](#)

From the CEO  
Twenty Years of Success and a Clear Focus on the Future...  
[Read Letter](#)

In the News  
Coleman elected to IEDC committee...  
[Read Articles](#)

Press Releases  
International Economic Development Council elects Denny Coleman to serve as Committee Chair...  
[View Releases](#)

Events  
SLCEC Annual Meeting October 24, 2007  
Get the details...  
[View Events](#)

Clients In The News  
Innovative Idea, Business Knowledge Spawns Entrepreneurial Company...  
[View Articles](#)

**Quick Links**  
Go Directly to any SLCEC Division

[Real Estate & Community Development Division](#)  
[Business Development Division](#)

# Minneapolis, DCPE&D

- Leading city employing the toolbox
  - Business toolbox – loans, grants, technical assistance (all online)
  - Brownfield grant program
  - Empowerment zones
  - Tax credits
  - Business district programs
  - Tax increment
  - Wide variety of bond programs



[www.cdfa.net](http://www.cdfa.net)





- CPED [Link to Minneapolis Home Page](#)
- Economic Policy and Development** <<
- Minneapolis Development Projects
- Business Finance Programs
- Living Wage and Job Linkage Programs
- Business Association Assistance Program
- Business Association Directory (pdf)
- Starting a business in Minneapolis
- Minneapolis Business Toolbox
- Brownfields Program
- Empowerment Zone
- Employment and Training Program (METP)
- Business Development Services
- Great Streets -

# Minneapolis Community Planning and Economic Development Department

## Economic Policy & Development



Photo credit: Mill City Museum, Minnesota Historical Society

CPED's Economic Policy & Development Division focuses on business retention, expansion, creation, and attraction—both downtown and in Minneapolis' neighborhoods. CPED provides financing and tools for commercial, mixed-use and industrial development and expansion. CPED assists with building necessary physical infrastructure, community amenities and cultural resources. The division works to enhance the city's tax base, preserve and create living wage jobs, redevelop blighted and contaminated areas, provide commercial services to city residents, and promote Minneapolis as a world class business community.

# The Toolbox is Catching On

- Interest in the toolbox approach is catching on nationally:
  - EDA & Federal Reserve
  - ICSC, NAHB, NABL & Social Compact
  - State & Regional ED Associations
  - Communities – Detroit/Wayne County Port Authority



[www.cdfa.net](http://www.cdfa.net)



# Contact Information

- Don't be afraid to ask for assistance (you can always call me)

**Toby Rittner, EDFP**

**Executive Director**

Council of Development Finance Agencies

815 Superior Ave., Suite 1301

Cleveland, OH 44113

(216) 920-3072

[trittner@cdfa.net](mailto:trittner@cdfa.net)



[www.cdfa.net](http://www.cdfa.net)

