

NLC 2014 – Washington, DC

***Unlocking the Development
Finance Toolbox***

Toby Rittner, President & CEO



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Today's Objectives & Outline

- About CDFA
- About Toby Rittner
- Parameters for today's training – limited time, need to go much more in-depth
- Questions – ask them often, interrupt speaker
- Always engage proper legal counsel
- Housekeeping – cell phones, breaks, electronic slides, etc.



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Council of
Development
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Agencies

**CDFA connects the
public and private
development finance
sectors.**



CDFA's Five Focus Areas:

- *Education*
- *Advocacy*
- *Research*
- *Resources*
- *Networking*

CDFA Vitals:

- 32 years old, created in 1982
- 32 member Board of Directors
- Headquarters: Columbus, OH
- 10 full-time staff
- 7 part-time staff
- Network: 24,500+
- 100+ sponsors
- Dozen formal partnerships
- 365+ members
- 11 state roundtables
- 4,800 online resources
- 15 newsletters
- Funded by memberships, registrations, sponsors, grants, partnerships, sales and contract income



**CDFA provides
high-quality education
no matter your location.**





CDFA Training Institute

13 Training Offerings

- Fundamentals of Economic Development Finance Course
- Intro Bond Finance Course & Advanced Bond Finance Course
- Intro Tax Increment Finance Course & Advanced Tax Increment Finance Course
- Intro Tax Credit Finance Course
- Intro Revolving Loan Fund Course
- Intro Energy Finance Course
- Intro Public-Private Partnership (P3) Finance Course
- Intro EB-5 Finance Course
- Intro Food Systems Finance Course
- Seed & Venture Capital Course
- Intro Brownfield Finance Course (August 2014)





Legislative **FRONT**

CDFA is the Voice of Development Finance on Capitol Hill

Actively Advocating for Development Finance

- Preserving & Protecting Tax-Exempt Bonds
- Reforming & Modernizing Manufacturing Bond Tax Code
- Increasing Access to Capital for Energy Finance
- Advocating for State Small Business Credit Initiative (SSBCI)
- Advising Federal Agencies & Administration on Federal Development Finance Policy
- Advising Congressional Offices on Federal Financing Policy





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Development Finance Review

This Week's Headlines

- Feds to Mayors: Work with Industry on Workforce Development**
Governing | Jan. 24 | [Economic Development](#) | [Local Finance Program](#)
- Gov. Brown Takes Step Toward California TIF Revival**
The Bond Buyer | Jan. 24 | [Economic Development](#) | [Infrastructure Finance](#) | [Tax Increment Finance \(TIF\)](#)
- US Venture Capital Dollars and Deals by State: 2008-2013**
SS7I | Jan. 24 | [Access to Capital](#) | [Innovation Finance](#)
- How Wall Street Can Solve the Climate Crisis**
Climate Desk | Jan. 24 | [Bond Finance](#) | [Energy Finance](#) | [Green Finance](#)
- Are City Fiscal Woes Widespread? Are Pensions the Cause?**
Center for Retirement Research | Jan. 24 | [Bond Finance](#) | [Local Finance Program](#)
- Weekly Capital Markets Update**
Wye River Group | Jan. 24 | [Bond Finance](#)
- EB-5 Structure in FL Mitigates Risk, Attracts Investors for Hotel**

State Roundtables

California Ohio
Georgia Oregon
Illinois Pennsylvania
Michigan Texas
NY/NJ

Development Finance Perspectives

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Bond Finance



Original Research *FOCUS*

CDFA is the Source for Development Finance Research

Advisory Services & Research

- Conduct numerous studies and compile data on development finance tool usage including:
 - TIF State-by-State Statute Review
 - Revolving Loan Fund Program Database
 - National Bond Volume Cap Report & Map
 - Federal Financing Clearinghouse (179 Federal Programs)
 - State Financing Program Clearinghouse (coming in 2014)
- Provide Advisory Services & Research for Clients including:
 - Development Authorities
 - Universities
 - World Bank
 - Federal Agencies



**CDFA is the “go to”
resource for
development finance.**





CDFA Online Resource Database

The CDFA Online Resource Database (ORD) is the nation's only electronic resource collection dedicated exclusively to development finance.

#1 in Development Finance Resources

- CDFA Online Resource Database – 4,800 tagged and categorized resources
- Federal Financing Clearinghouse – 179 federal program overviews
- Resource Centers – Bond, TIF, RLF
- Development Finance Review Weekly – e-newsletter with 18,500 subscribers
- 5 Targeted Newsletters – Tax Increment Finance Update, Bond Finance Update, Clean Energy + Bond Finance Initiative, Legislative Front Update, State Small Business Credit Initiative Update (Revolving Loan Fund Update coming in mid-2014)
- 10 Targeted State Financing Roundtable Newsletters – CA, GA, FL, IL, NY/NJ, MI, OH, TX, OR, PA (Arizona coming in mid-March)
- Daily Headlines – Over 20,000 daily development finance headlines available at CDFA.net



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Keywords & Phrases

State:

Sort Results By:

Categories & Subcategories

- Access to Capital [+] (select all)
- Bond Finance [+] (select all)
- Brownfield Financing [+] (select all)
- Community Development [+] (select all)
- EB-5 Visa [+] (select all)
- Economic Development [+] (select all)
- Energy Finance [+] (select all)
- Export Import Bank of the United States (Ex-Im Bank) [+] (select all)
- Foundations
- Green Finance [+] (select all)
- Infrastructure Finance [+] (select all)
- Innovation Finance [+] (select all)
- Internal Revenue Service (IRS) [+] (select all)
- International
- National Science Foundation (NSF) [+] (select all)
- NIST Manufacturing Extension Partnership (MEP) [+] (select all)

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Georgia vs. Texas: TAD vs. TIRZ: Which Model for Redevelopment is Better? Free webcast March 5, 2014



CDFA Federal Financing Clearinghouse

An online searchable clearinghouse of federal economic development finance programs.

CDFA's **Federal Financing Clearinghouse** is the only online resource cataloging the development finance programs offered by the federal government. The Clearinghouse includes program overviews of over 100 federal financing programs available to both public and private sector users.

This is an exclusive CDFA member benefit. Users must log-in with their unique CDFA username and password to search the Clearinghouse.

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Bond Finance Resource Center

Bond Finance Resources

- >>> Understanding Bonds
- >>> Bond Volume Cap
- >>> Bond Deal Structuring
- >>> Bond Credit Enhancement
- >>> Investing Bond Proceeds
- >>> Bond Rating Agencies
- >>> Bond Swaps & Derivatives
- >>> Advance Refundings
- >>> Auction Rate Securities
- >>> Bond Arbitrage & Rebate
- >>> Bond Insurance
- >>> Bond Program Marketing Examples
- >>> Bond Banks
- >>> Federal Home Loan Bank Letter of Credit (LOC)
- >>> MSRB's EMMA Muni Disclosures & Market Data

Want more bond finance?



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The Bond Market

Interest Rate Risk Management Weekly Update
 KeyBank | Feb. 25

Municipal Issuer Brief: Issuance
 Municipal Market Advisors | Feb. 25

Piper Jaffray Debt Capital Markets

Types of Bonds

>>> Industrial Development Bonds (IDB)

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Revolving Loan Fund Resource Center

RLF Resources

- >>> Understanding Revolving Loan Funds
 - >>> RLF Lending Policies, Criteria & Conditions
 - >>> RLF Marketing Examples
 - >>> RLF Sample Applications
 - >>> RLF Case Studies
- >>> [ADVANCED SEARCH](#)

Federal RLF Resources

- >>> EDA RLF Grant Program
 - >>> EPA RLF Grants
 - >>> CDFA Federal Financing Clearinghouse
- >>> [ADVANCED SEARCH](#)

RLF Program Profiles

Featured Program

Want more RLF?



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CDFA Original Research

How the Tool Works: Revolving Loan Funds
 This CDFA "How the Tool Works" profile addresses revolving loan funds (RLFs), which use interest and...

DF Perspectives 3: Tips for Managing Your RLF Program
 This article providing fund capitalization, RLF committee, program marketing, and loan servicing tips for...

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Tax Increment Finance Resource Center

TIF Resources

- >>> Understanding TIF
 - >>> TIF Policies & Procedures
 - >>> TIF Bond Process
 - >>> Building Community Support & Buy-in
 - >>> TIF Reports & Analysis
 - >>> State Resource
- >>> [ADVANCED SEARCH](#)

TIF Special Districts

- >>> TIF Special Assessment
 - >>> Special District Finance
- >>> [ADVANCED SEARCH](#)

Want more TIF?



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TIF Case Studies

Redevelopment Financing - St. Joseph, Missouri
 PGAV Planners produced this brief case study to demonstrate how tax increment financing was utilized to...

Tax Increment Financing and the City of Milwaukee Members only [Login](#)
 Dave Misky with the Redevelopment Authority of the City of Milwaukee demonstrates how Milwaukee has...

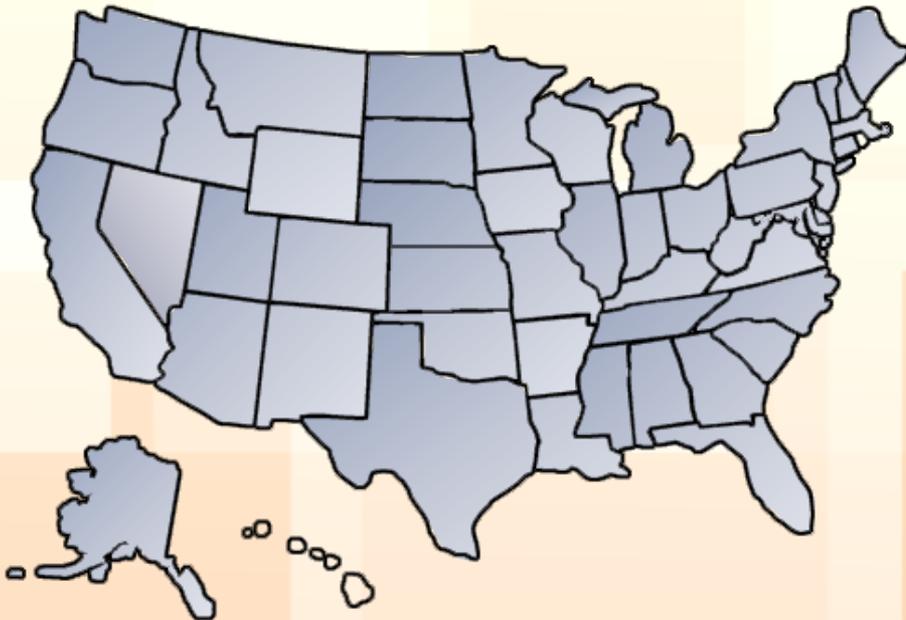
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By-State Map & Report

State



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8 dedicated CDFA State Financing Roundtables
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 52 Development Finance Review Weekly newsletters
 1 National Development Finance Summit
 70+ development finance tools explained in CDFA's *Practitioner's Guide*

4,100+ webcast attendees in 2012
 440+ training course attendees in 2012
 32 CDFA Board Members
 23 National Sponsors
 16,000+ headlines
 331 members
 4,000+ resources

11 full-time and part-time staff

GET ENGAGED TODAY



Network Opportunities

- Over 60 individual CDFA events a year – training, conferences, roundtables, webcasts, seminars
- 24 Free Webcasts – BNY Mellon Development Finance Webcast Series, Stifel Small Town Webcast Series, State Roundtable Webcast Series – over 10,000 attendees a year
- 24,500+ networked connections
- Over 100 unique sponsors (including 24 National Sponsors)
- 10 State Financing Roundtables (AZ, SC, MO coming online in 2014)
- 15 different newsletter options
- CDFA Development Finance App (powered by Stern Brothers & Co.) coming in September
- Dozen strategic partners including:
 - Clean Energy Group, IIUSA, CALED, TEDC, NYSEDC, InformAnalytics, Portfol, Governing, University of Tennessee, ADFIAP, Novogradac & Company, Municipal Bonds for America Coalition, Clean Energy + Bond Finance Initiative



CDFA's Team

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- *Katie Kramer, Vice President*
- *Lori Griffin, CFO*
- *Erin Tehan, Director of Advancement*
- *Catherine Feerick, Director of Advisory Services & Research*
- *Eric Silva, Legislative Representative (Washington, DC)*
- *Kimberly Deardurff, Manger, Development*
- *Samantha Lynch, Manger, State Programs Outreach*
- *Kevin White, Legislative & Federal Affairs Coordinator*
- *Kurt Dieringer, State Programs Coordinator*
- *Logan Dawson, Resources Coordinator*
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- *Kara Knight, Training Coordinator*
- *Sam DeNies, Network Administrator*
- *Catherine Myers, Sue Smith – Accounting*
- *Charles DeNies, IT Assistant*
- *Pete Mathews, Intern*





Opportunities for Collaborations

- Training – customized and targeted
- Newsletter sharing – send us your news
- Advocacy and public participation
- Engagement at CDFA state roundtables
- Attend conferences
- Resource sharing
- Join CDFA Today!





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- Free Job and RFP Postings
- And much more! Join today at www.cdfa.net

Audience

- Tell us about yourself – Who are you? Where are you from? Shout it out!
- What do you want to learn about today? Shout it out!
- What development finance tools have you heard about? Shout it out!
- Which development finance tools do you want to learn about the most? Shout it out!



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Understanding Development Finance



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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.



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What is Development Finance?

- Development finance requires programs and solutions to challenges that the local environment creates.
- Economic developers are the bridge between government and business and often direct the vision of a sound financing toolbox.
- Regional advantages can enhance development finance efforts through partnership, cooperation and mutually advantageous programming.



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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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What DF *Does Not* Include

- Free handouts and unabashed subsidies
- Duplicative assistance
- Poor due diligence and transparency
- Poor oversight and performance measures
- Irrational responses to immediate challenges



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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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Trends in DF Tool Use

- 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



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Despite these Trends

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

Tool Use Trends – Bonds, etc.

- Industrial Development Bonds (IDBs)
 - Only 27% of agencies frequently use with 50% rarely or never using
- 501(c)(3) Bonds
 - 40% of agencies do not use this tool



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Tool Use Trends – TIF, etc.

- Tax Increment Finance
 - Nearly 40% of finance agencies do not use TIF (48 states have TIF capabilities)
- SIDs & BIDs (special districts)
 - 65% of agencies do not use these tools



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Tool Use Trends – Tax Credits

- Less than 5% of finance agencies frequently employ the use of state & federal tax credit programs
- Only 9% of agencies are active in the venture capital finance industry (5% of agencies use alternative equity)



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Tool Use Trends – Abatements

- Nearly 50% of agencies are actively using tax abatements
- This trend is increasing with the rebound of the economy.
- Smart incentives, however, are becoming more accepted through clawbacks and greater scrutiny
- The competitive “arms race” atmosphere of economic development is increasing once again.



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Tool Use Trends – RLFs, etc.

- 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



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Tool Use Trends – Federal

- 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



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So What is Happening Here?

- Why are agencies ignoring tried and true tax-exempt bond financing tools for addressing manufacturing & non-profit development?
- Why are economic developers ignoring targeting financing tools such as TIF for addressing redevelopment, business district and revitalization?



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So What is Happening Here?

- Why are tax credits programs underutilized? Tax credits abound – NMTC, brownfields, historic, LIHTC, hundreds of replicable state programs.
- Nearly 30 states have state sponsored venture funds?
- Why the reliance on federal funding?



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A Few Answers

- Complexity of financing programs
- Nature of locally controlled, political economic development efforts
- Lack of focus on financing strengths within community
- Little dedication to education and capacity building



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Public or Public/Private

- Public – 81% of public agencies allocated less than 20% of their budget directly towards financing development
- Public/Private – 33% of public/private agencies allocate over 50% of their budget directly towards financing development
- Consider your structure closely



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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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Building the Development Finance Toolbox



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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.



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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)
- One size does not fit all and there are different instruments for different users



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Why the Toolbox Approach?

- More parties can be involved with a comprehensive approach – banks, thrifts, educational providers, investors, angels, developers, planning authorities, etc.
- Diversity is very important in development finance efforts.

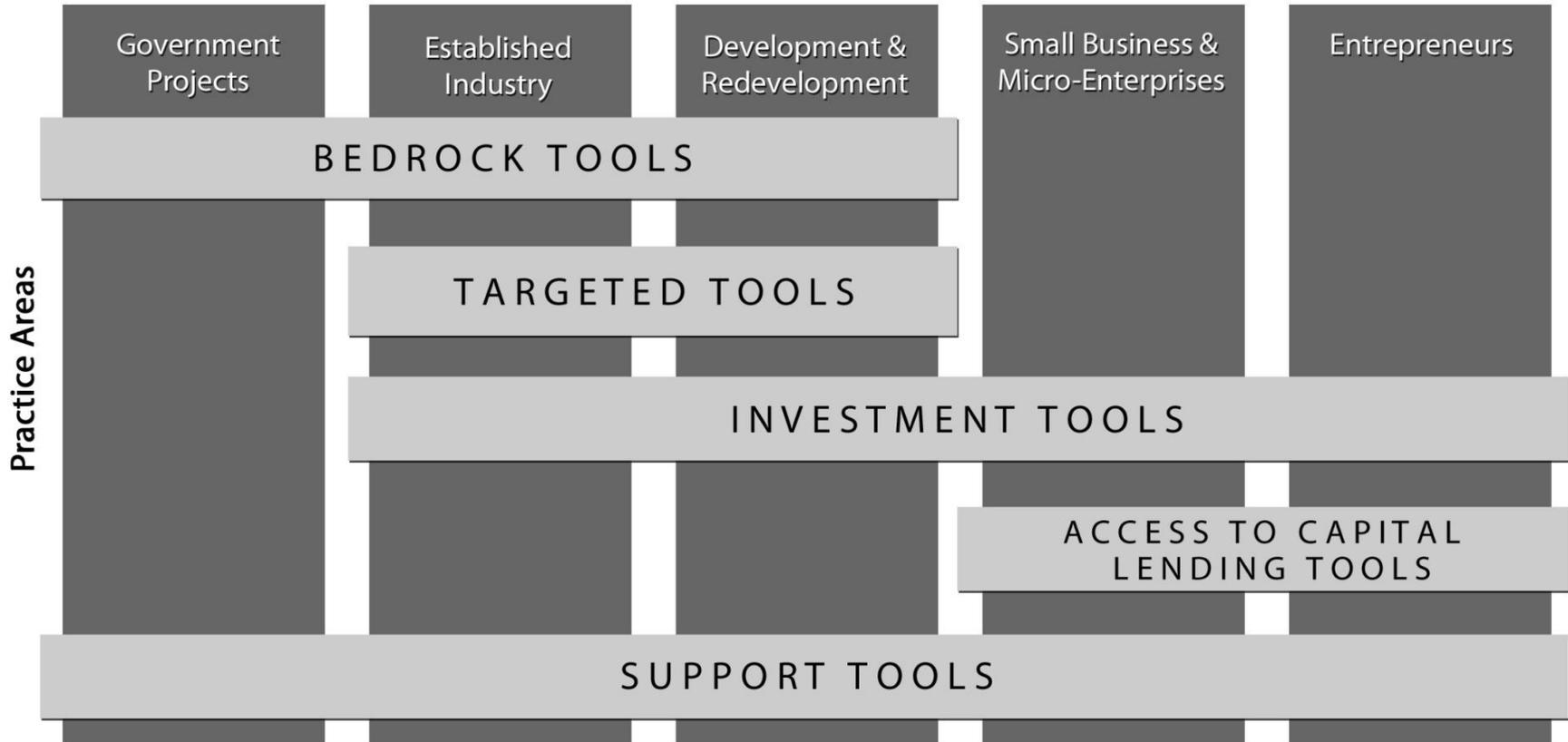


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Development Finance SPECTRUM

Types of Financings



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

The Toolbox and Financing Spectrum

5 Practice Areas

Practice Area 1: Bedrock Tools

- Bonds and the Basics of Public Finance

Practice Area 2: Targeted Tools

- Tax Increment Finance, Special Assessment Districts, Government Districts and Project Specific District Financing



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The Toolbox and Financing Spectrum

Practice Area 3: Investment Tools

- Tax Credits, Seed & Venture Capital and Angel Funds

Practice Area 4: Access to Capital Lending Tools

- Revolving Loan Funds, Mezzanine Funds, Loan Guarantees and Microenterprise Finance

Practice Area 5: Support Tools

- Federal Funding and Abatements



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Public Policy Goals

- Financing can be the driver of economic development policy and can in turn drive future dollars towards projects within a region.
- Communities already have the financial capacity for supporting sustainable development, smart growth and resource use.



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Practice Area 1:

Bedrock Tools



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What is a Bond?

- Bond use dates back over 100 years - a bond is a loan
- Instead of using a direct bank and borrower process, bonds are sold on the capital market to investors through an issuer
- Issuers include over 55,000 different entities – cities, counties, states, townships, boroughs, authorities, universities, hospitals, etc.
- The proceeds of the bond sale are then given to the borrower for their project



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What is a Bond?

- The borrower makes regular interest and principal payments until the debt is paid off
- The issuer can take one of two roles:
 - Direct (full faith and credit) – bond is backed by guarantee of the issuer or govt. for repayment (municipal debt)
 - Conduit – non-recourse issuance; issuer is not responsible for the payment of the bonds; borrower is liable

Bedrock Tools

- Generally two types of bonds
 1. Government Bonds (GOs)
 2. Private Activity Bonds (PABs)
- GOs are tax-exempt, used for public projects
- PABs can be tax-exempt, utilized for economic development



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Variety of PABs

- Exempt Facility Bonds – Can be used for airports, docks, wharves, mass-community facilities, etc.
- Qualified Redevelopment Bonds – Infrastructure projects that do not meet the requirements of GOs may qualify for tax-exemption if they meet several tests of "qualified redevelopment bonds;" e.g., proceeds used for redevelopment purposes in designated blighted areas, etc.



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Variety of PABs

- Qualified 501(c)(3) Bonds – Bonds used to finance projects owned and used by 501(c)(3) organizations. Two types - hospital bonds and nonhospital bonds
- Qualified Exempt Small Issues – IDBs for qualified manufacturing projects including purchase, construction, extension and improvement of warehouses, distribution facilities, industrial plants, buildings, fixtures and machinery.



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Variety of PABs

- Aggie Bonds - Support beginning farmers and ranchers with eligible purchases of farmland, equipment, buildings and livestock.
- Other Revenue Bonds – Allow revenue-generating entities to finance a project and then repay debt generated revenue. Toll roads and bridges, airports, seaports and other transportation hubs, power plants and electrical generation facilities, water and wastewater (sewer).



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Variety of PABs

- Enterprise Zone Bonds – Issued for projects in designated EZ communities. Bond proceeds may be used to finance projects for commercial facilities as well as manufacturing.
- Mini Bonds – Lower fees and streamlined program



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Why Communities Use PABs?

- Opportunity to invest in projects and businesses and the ability to influence ROI in development projects
- Easy to promote and monitor with performance measures
- Low cost and secure source of support to industry
- Can issue on conduit basis without backing (IDBs)



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Why Industry Uses PABs?

- Lower interest rates (conventional loans vs. tax-exempt)
- Tax-exempt status to buyers of bonds – attractive
- Lower cost to borrower
- Cheaper money (but not free)



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Notes on PABs

- Market forces at play – when traditional interest rates are low IDBs tail off, when traditional interest rates go up, IDBs go up
- Need good bond counsel on transactions – don't risk an issuance going taxable if it is not a qualified PAB
- Many rules and regulations – learn the programs before making any determinations



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Bond Potential

- What can we finance with bonds?
- Government buildings, schools, hospitals, non-profits, roads, bridges, sewers, water treatment, brownfield clean-up, manufacturers, universities, energy, solid waste, airports, ports, transit, redevelopment, industrial parks, housing, stadiums, community centers, nursing homes, amenities, parks, prisons, etc.



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Questions?

Bedrock Tools



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Practice Area 2:

Targeted Tools



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Targeted Tools

- Represent fastest growing area of development finance.
- Goal of targeted tools is to catalyze investment and transform the real estate values of a geographic area.
- Two general categories:
 - 1. Special assessment district financing**
 - 2. Tax increment financing**
- These two categories often overlap and work in conjunction with each other as a layered financing mechanism.



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Special Assessment District Financing

- Mechanism by which business, industry, commercial districts and governments generate funds by applying special tax assessments on geographic areas.
- Two general structures:
 1. Business and Neighborhood Districts
 - Self assessment
 - BID, SID, NID, etc.
 2. Government Districts
 - Sometimes self-assessed, often govt. created
 - SSD, SAD, CFD, CDD, TID

Special Assessment District Financing

- Business and Neighborhood Districts help to support a variety of services:
 - security and safety patrols
 - snow removal
 - promotions, marketing and events
 - graffiti removal
 - beautification and cleanliness programs
 - economic development



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Special Assessment District Financing

- Government Districts target very specific projects and services:
 - infrastructure such as roads, sewers, tolls
 - transit development
 - community amenities such as schools and public facilities
 - often used in conjunction with TIF



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Tax Increment Financing

- Second and most common targeted form of financing.
- First created in 1952 in California to act as a catalyst for redevelopment areas.
- Quickly spread across the country – 48 states and District of Columbia have enabling legislation.
- Referred to by a variety of names:
 - TIF - Tax increment financing (most states)
 - TAD - Tax allocation district financing (GA)
 - PDF - Project Development Financing (NC)
 - TIRZ - Tax increment reinvestment zones (TX)



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What is TIF?

- Special authority provided to a local governmental jurisdiction which allows them to allocate specific tax revenues towards the redevelopment, development or renovation of the built environment.
- A mechanism used to capture the future tax benefits of real estate improvements to pay the present cost of specific improvements.



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What is TIF?

- TIF is used to channel incremental taxes toward improvements in distressed or underdeveloped areas where development would not otherwise occur by using the increased property or sales taxes that new development generates to finance qualified costs related to development.
- Public infrastructure, land acquisition, relocation, demolition, utilities, debt service and planning costs.



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Who Controls TIF?

- States authorize enabling legislation.
- Local governmental jurisdictions (city or county) designate districts or project areas.
- Development agencies or other entities implement the program.
- Private developers, real estate and financial institutions partner with development agencies.



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Two Types of TIF

- Project Based – Single project on one or more pieces of land that uses TIF only for that project – usually backed by bond issuance or loan mechanisms.
- District Based – Large area of land is targeted and identified for redevelopment. Projects that develop within the district may be eligible to use TIF as source of financing or as property values increase, increment can be used for loan programs.



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Simple Project Based Example

Using Up-Front Method of Financing:

- Existing property generates \$1,000 a year in real estate taxes.
- Government designates the property as a “TIF” district.
- Tax base is frozen at \$1,000 level.



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Simple Project Based Example

- New project is proposed for the site and will in effect raise overall tax base generated to \$1,500 (and rising) a year once completed.
- Developer agrees to make significant investment and seeks TIF funds from govt. for eligible public improvements.



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Simple Project Based Example

- Government conducts “but for” test and agrees to TIF deal and issues tax-exempt bonds to finance proposed improvements.
- Bonds are sold generating cash for the project (several options on actual financing mechanism).
- Once project is complete, new assessment is completed on property (\$1,500 in taxes a year as indicated before).



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Simple Project Based Example

- Frozen base (\$1,000) continues to flow to pre-existing coffers (city, county, schools, state, etc.).
- Increment (additional \$500 plus) goes towards debt service on the bonds that were issued for the project.



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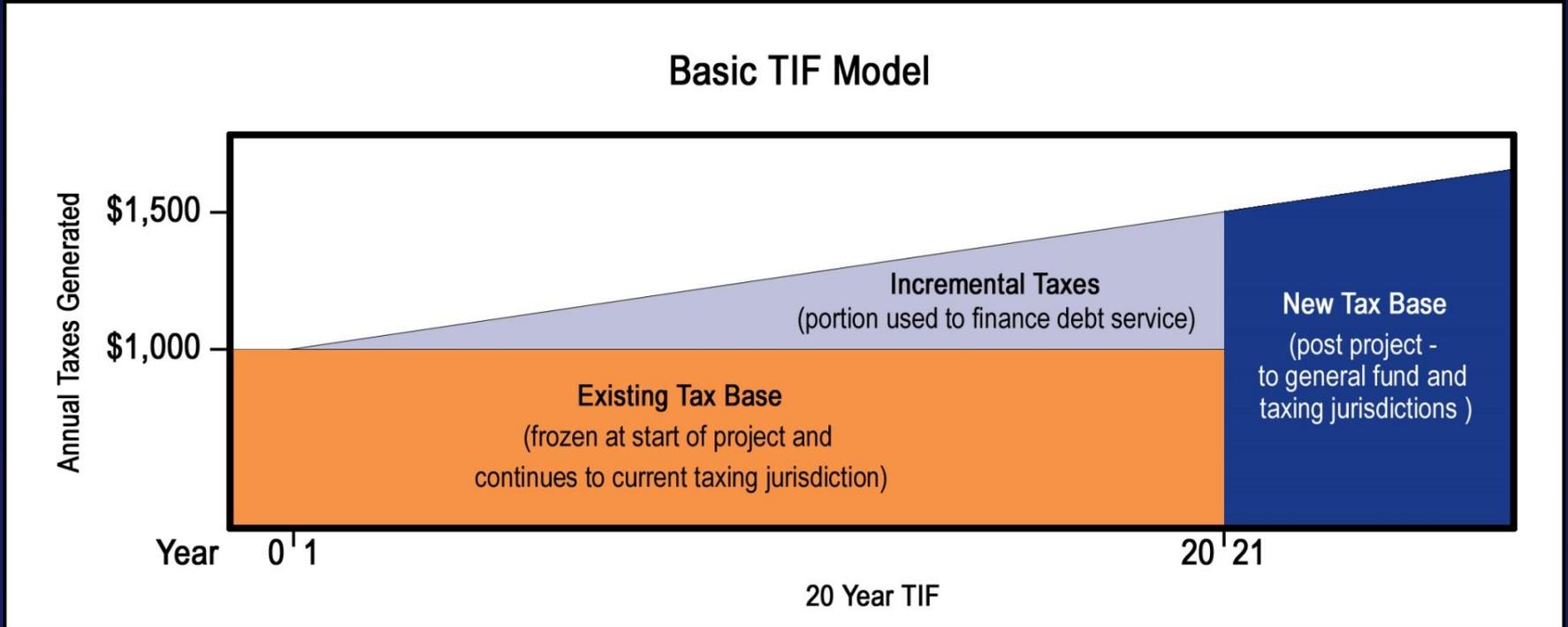
Simple Project Based Example

- Increment is used to pay back bonds over time, anywhere from 10-40 years.
- Once bonds are paid off, the property taxes are “unfrozen” and the full tax base generated goes to existing coffers (city, county, schools, state, etc.).
- **THE KEY** - No new taxes are requested and no existing taxes are used in the financing of the project.



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In Other Words



TIF Policy & Practices

- 3 Critical Elements
 - **Transparency** – open meetings, open records, all laws followed, sound boards, community events, web/newsletters, single point of contact, etc.
 - **Due Diligence** – go through all the step necessary, crunch all the numbers, request more data, do the math, be thorough
 - **Accountability** – be accountable to stakeholders, report success/failure, draft policies that meet goals/objectives



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Questions?

Targeted Tools



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Practice Area 3:

Investment Tools



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Investment Tools

- Investment tools, such as tax credits play a major role in local economic development efforts.
- States have created hundreds of programs with both targeted and broad-based functions
- Federal government has numerous programs which are proving to be very successful



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About Tax Credits

- Response to dwindling federal resources for financing development over the past 15 years
- Both federal and state govt. recognize power of credits – hundreds of programs
- Programs have emerged based on need for niche financing
- Can help capitalize new business ventures or solidify project financing for real estate projects



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Benefits of Tax Credits

- Fill a variety of roles in many types of marketplaces (urban, suburban, etc.) with targeted assistance (rehab, low-income)
- Increase ROI for investors
- State and local administration and control
- Bring many different players to the table beyond traditional sources



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Basics of Tax Credits

- Investors receive a state/federal credit on their tax liability for qualified cash investments in projects/deals
- Investors must demonstrate, with written proof, that the resource commitment has been made and in turn the distributor of the tax credit is only authorized to issue credit based on actual outlays of these resources



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Basics of Tax Credits

- Investor then takes the credit on govt. tax liability. Can be personal, business, corporate or other liability
- In some cases, the credit is transferable to others through sale creating a secondary financial market



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Distinctions

- Require considerable oversight and understanding for qualified investments
- Require high level of disclosure
- Performance based tool so must be proved by investor



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Challenges

- Easier financing such as loans, grants, bonds, etc., reduce the interest in credits
- Misconceptions – often cited as corporate welfare
- General lack of application and understanding across the board – little marketing, few concrete training options, projects hard to define, lack of federal oversight



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3 Main Federal Programs

- Historic Rehab Tax Credit
 - Rehabilitation tax credits were established to discourage unnecessary demolition of older buildings and to slow capital flight from older urban areas. This incentive offers a credit against total federal taxes owed, which is taken for the year in which the renovated building is put into service. The qualified rehabilitation credit is equal to 20% of renovation or construction costs, with pre-1936 buildings in non-residential income-producing use qualifying for a 10% credit.



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3 Main Federal Programs

- New Markets Tax Credits
 - Created to address the lack of capital available to business and economic development ventures in low-income communities. The NMTC provides the incentive of a federal tax credit to individuals or corporations that invest in Community Development Entities (CDEs) working in targeted low-income communities.



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3 Main Federal Programs

- Low-Income Housing Tax Credits
 - Created in 1986 to promote the construction and rehabilitation of housing for low-income persons.
 - States receive an annual inflation adjusted per person allocation for issuance of tax credits for qualified projects. Used to leverage private capital into new construction or acquisition and rehabilitation of affordable housing.



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State Programs

- Every single state and the District of Columbia have tax credit programs that address a number of different investment areas for machinery, low-income, historic rehab, venture capital, brownfields, industries, etc.



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Strategies for Tax Credit Success

- Invest in understanding all available credits at both federal and state level and prepare fact sheets on available credits
- Categorize available credits for real estate property for potential investors, developers – they often do not know if a site is historic, brownfield or eligible for NMTCS (or state credits)



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Strategies for Tax Credit Success

- Engage your financial community – many banks want deal flow and will buy and sell credits, get them active in available projects
- Consider mirroring credit programs that match state/federal programs



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Questions?

Investment Tools



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Practice Area 4:

Access to Capital Lending Tools



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Access to Capital Lending Tools

- Small businesses make up 99.7% of all firms, employ half of all private sector employees and account for 45% of the total U.S. payroll.
- Small businesses have also generated 60-80% of all new jobs annually over the past decade.
- Economic developers, however, have traditionally neglected small business development in pursuit of larger companies.



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Access to Capital Lending Tools

- Small businesses need access to affordable, reliable capital to get started, for day to day operations and for new investment.
- They need “working capital” to get through on a day to day basis.
- Communities that offer access to capital options are building relationships with their small business community as a partner and investor.



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Access to Capital Lending Tools

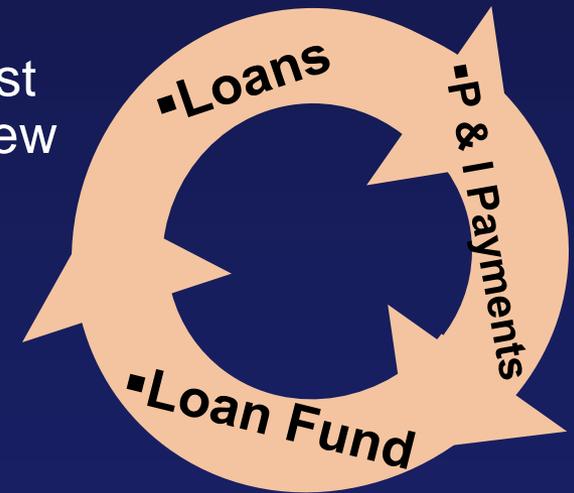
- Access tools cover a wide variety of programs that are tailored to address specific industry needs, for businesses in different stages of development, largely at the local level. They can include:
 - Revolving Loan Funds
 - Mezzanine Funds
 - Loan Guarantees
 - Linked Deposit Programs
 - Microenterprise Finance



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Revolving Loan Funds

- Gap financing measure primarily used for development and expansion of small businesses which are unable to obtain financing through traditional sources.
- Uses both public and private sector funds for capitalization (federal resources available).
- Self-replenishing pool of money, utilizing interest and principal payments on old loans to issue new ones.
- RLFs don't compete with convention funding sources, they complement them.



Access Tools – Mezzanine Funds

- Gap financing measure for growth-oriented small businesses that may not entirely qualify for loans or investments through traditional lending.
- Mid-level financing – Less risky than equity or venture capital but more risky than senior bank debt.
- Business usually has to cede some management or institutional control or give an ownership position to lender.



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Loan Guarantees

- Allows private sector to make loans and investments without carrying higher levels of risk.
- These programs shift risk from private sector to a third party – typically a governmental entity – by “guaranteeing” a portion of a loan or revenue source.
- Federal government operates several programs while states and cities are also now providing guarantees.
- Communities with strong balance sheet should consider building a program for projects that may need additional collateral support.



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Microenterprise Finance

- Microenterprises are the smallest of the small businesses. Typically defined as business with:
 - 5 or fewer employees
 - Capital needs of less than \$35,000
 - Average loans of \$7,000
- 24 million microenterprises in the U.S.
- Perceived by lenders as having a very high level of risk.



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Microenterprise Finance Programs

- SBA Microloan Program – Provides very small loans to start-up, newly established, or growing small businesses. SBA makes funds available to non-profit community based lenders (intermediaries) which, in turn, make loans to eligible borrowers in amounts up to \$35,000. The average loan size is about \$13,000. Applications are submitted to the local intermediary and all credit decisions are made on the local level.
- NSF SBIR/STTR – Provide competitive grants for small business development for high-tech and innovation industry business development.



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Federal Small Business Lending

- SBA 504 Loan Program
- Operated through Certified Development Companies which can work in a state, region or nationally.
- Approximately 275 CDCs nationwide.
- Provides loans to small businesses for fixed assets and M&E.



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Federal Small Business Lending

- Combination loan structure to mitigate risk of private lender by providing federal resources
 - 50% - Private lender
 - 40% - SBA loan
 - 10% - Borrower equity
- SBA portion is fully backed by SBA guarantee
- Many rules and regulations
- Intended for small businesses but definition and limitations can be stretched



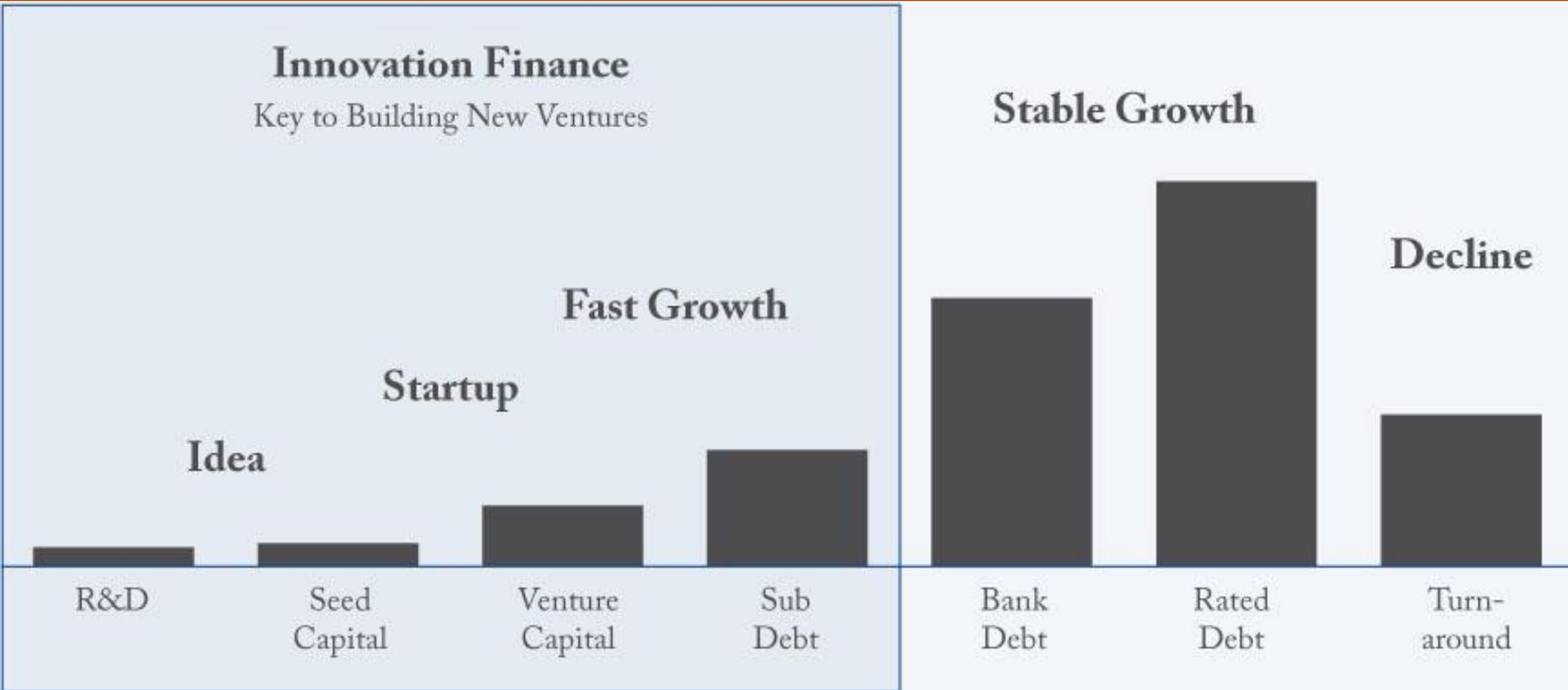
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Early Stage Capital Tools



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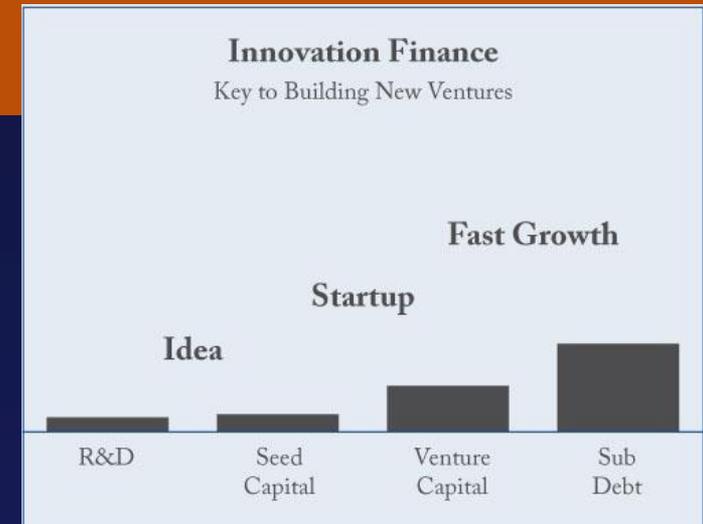
Capital Continuum



Source: *Innovation Finance Reference Guide*

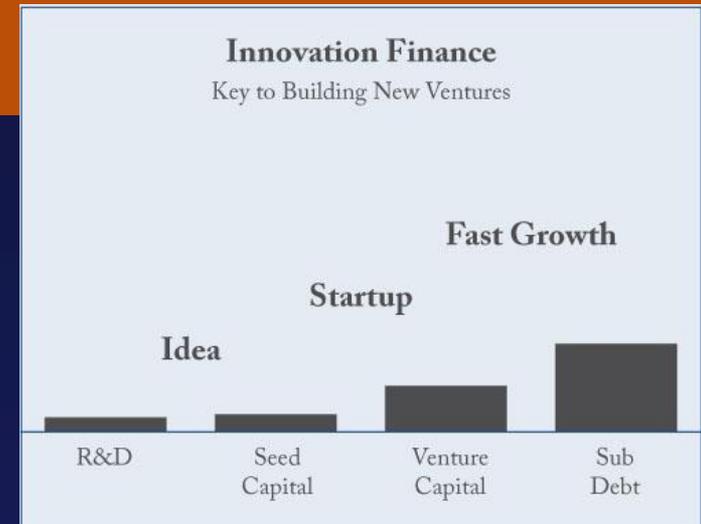
Research Capital

- Funds invested in support of basic research
- Funds could also be used for applied research
- Primary goal is to invest in the development of new products



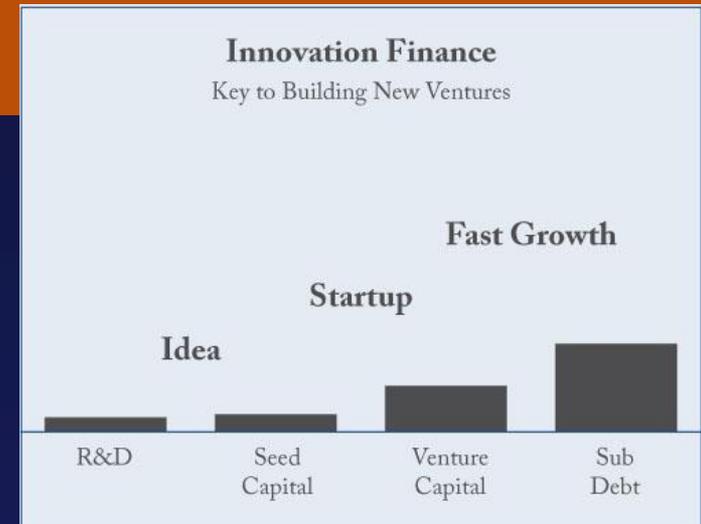
Seed Capital

- Funds invested in new or young companies which have not yet been fully commercialized
- Primary goal is to invest in launching new products
- Seed capital could also support continued research and product development



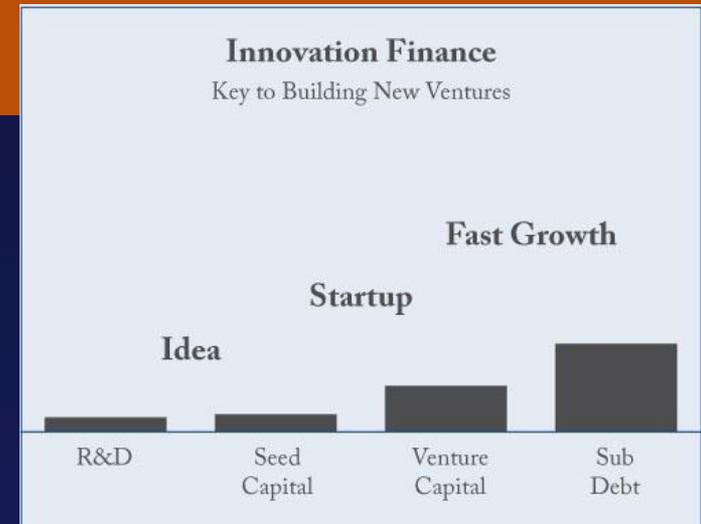
Venture Capital

- Long term equity capital invested in rapidly expanding enterprises
- Investments have a high expectation of capital gains
- Typical companies receiving investments have demonstrated sales, but are not yet profitable
- Primary goal is to invest in product roll-out



Sub-Debt Capital

- Capital invested as debt, generally subordinate to bank debt
- Typical companies receiving investments are established and profitable
- Primary goal is to invest in high growth companies



Providers of Seed & Venture Capital

- **Grantors** – federal or state grants, ex: SBIR
- **Angel Investors** – high net-worth individuals
- **Seed Funds** – professionally managed investment partnerships
- **Venture Funds** – firms investing in high growth businesses
- **Private Equity Funds** – private investors in established companies



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Public Agencies & Innovation Finance

- Many public agencies at the state and local levels have innovation finance programs in place as part of their development finance toolbox.
- These programs are typically driven by the private sector with support from the public sector.
- At the state level, programs are primarily established with either incentive or contingent tax credits.



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Incentive Tax Credits

- Typically provide credit against an investor's income tax liability
- Depending on the program, tax credits could be available to individuals or corporations
- Encourage investments in pre-qualified small businesses or targeted industries



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Incentive Tax Credits – Examples

- Connecticut – Angel Investor Tax Credit Program
- Kansas – Angel Investor Tax Credit Program
- Indiana – Venture Capital Investment Tax Credit
- Maine – Seed Capital Tax Credit Program
- Minnesota – SEED Capital Investment Program



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What We Do For Angel Investors

Angels are people who invest in startups in exchange for equity. Vital to the entrepreneurial scene, angels provide entrepreneurs with seed capital, which is notoriously difficult to raise. They're also often entrepreneurs themselves, or industry experts with a personal interest in helping the company succeed.



Eligibility Of An Angel Investor

You can participate in the Angel Investor Tax Credit Program if you meet the

Contingent Tax Credits

- Less common than incentive tax credit programs
- Only seven states operate this type of program: Arkansas, Iowa, Michigan, Ohio, Oklahoma, South Carolina, Utah
- State raises a fund with loans from banks, and uses a pool of contingent tax credits as collateral
- Contingent tax credits are only used to repay the loan if the portfolio does not produce a return



Building Iowa's Entrepreneurial Ecosystem

Venture Capital Industry News

Supreme Court OKs Public Domain Works Being Copyrighted

01/20/2012 | IP Watchdog

Michigan Film Industry Proves to Be Paper Tiger

01/20/2012 | Detroit News

Study Finds TN's Job-Creation Subsidies Lack Scrutiny

01/20/2012 | The Tennessean

Keystone XL Oil Pipeline Ensnared in Political Gamesmanship

01/20/2012 | Christian Science Monitor

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Resources

- [Iowa Department of Economic Development](#)
- [Iowa Entrepreneur Network](#)
- [John Pappajohn Centers](#)
- [Venture and Angel/Seed Funds Serving Iowa](#)

[more resources](#)

Iowa Fund of Funds

Fund of Funds | Portfolio

ICIC accomplishes the purposes expressed in its enabling legislation (Iowa Code §§ 15E.61) — to help emerging, expanding, and restructuring Iowa companies, including enterprises in the life sciences, advanced manufacturing, information technology, and value-added agriculture areas — via the organization and management of the Iowa Fund of Funds.

In 2005 ICIC engaged **Cimarron Capital Associates I, LLC** as the professional manager of the Iowa Fund of Funds program. The program, which raises private investment capital supported by contingent state tax credits, operates without State appropriations. No contingent tax credits have been used nor projected to be used to-date. As a result, there has been no cost to taxpayers to create and operate ICIC nor the IFOF.

The Iowa Fund of Funds brings venture equity capital and venture expertise to Iowa entrepreneurs by investing in carefully selected venture capital funds. Each fund works in the state of Iowa with Iowa entrepreneurs and in so doing brings expertise, networks, capital, and good investing practices to local firms.

Today, the Iowa Fund of Funds has committed capital to venture funds in life sciences, medical services, information technology, media, and later stage manufacturing, distribution and services. The first investment by an ICIC-supported venture fund in an Iowa company was made in 2007.

These investments are expected to create jobs for Iowans and help to diversify the state's economic base.

Additionally, **the Iowa Fund of Funds reduces the inherent risks of venture capital by diversifying:** investing over time in high quality venture funds with a variety of industry interests, investment stages, and geographical locations.

Innovation Finance

More Information about Innovation Finance:

- CDFA's Innovation Finance WebCourse in November
- Innovation Finance Reference Guide
- 380+ resources in the Online Resource Database



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Questions?

*Access to Capital
Lending Tools*



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Practice Area 5:

Support Tools

Abatements



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Support Tools – Abatements

- Abatements play a major support role in the financing toolbox.
- Tax abatements abound – nearly every state offers some form of abatement.
- Abatement basically means no taxes
- Tax abatements are considered the most convenient and easiest form of direct development assistance.



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Support Tools – Abatements

- Have proven to be ineffective and often inefficient when used without policy framework.
- Should be used sparingly and with considerable due diligence and oversight.
- Should be directed by policy and procedures, not politics.
- Should be “a source”, not “the source” for financial assistance.



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Support Tools – Abatements

- Recommended practices:
 - establish policies and procedures
 - create a tax abatement review council
 - require annual reports
 - visit companies that receive abatements
 - publish an annual report (send to media)
 - measure every metric (jobs, investment, development)
 - hold all meetings in open forum
 - establish single point of contact



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Practice Area 5:

Support Tools

Federal Financing



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Federal Financing

- Federal government plays a significant role in economic development financing and currently operates over 170 programs across 17 federal agencies.
- 39 federal programs offer assistance for energy related projects
- 25 federal programs provide some type of access to capital
- 12 programs help address brownfield financing
- 7 provide resources for starting up or accessing a revolving loan fund
- 25 address innovation finance opportunities
- 9 programs provide resources to U.S. based business trying to access global markets



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Federal Financing

- Understanding the depth and impact of these programs is critical to any good financing strategy and creates necessary linkages within your economic development efforts.
- Key – Federal funding is also not “the source” for financing but is “a source” for helping a project develop.
- Federal funding can often be used to help support project conceptualization such as planning, permitting and partnership development
- Resources exist for both urban and rural communities and should be explored thoroughly
- Strong federal offering for Tribal communities and targeted populations as well



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Support Tools – Unique Partners

- Some of the most interesting and perhaps beneficial programs within the federal government are located in non-traditional agencies.
- This presents both a challenge and an opportunity.
- Challenge – finding and identifying the programs, getting engaged, resources, etc.
- Opportunity – these very unique and often targeted programs present a readily available resource to address your needs.



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Support Tools – DOJ

- **Weed and Seed Initiative**

Weed and Seed, a community-based strategy sponsored by the Department of Justice (DOJ), is a comprehensive multiagency approach to law enforcement, crime prevention, and community revitalization....

- **Local Law Enforcement Block Grants**

The Local Law Enforcement Block Grants (LLEBG) Program, administered by the Department of Justice's (DOJ) Office of Justice Programs (OJP), provides funds to units of local government to underwrite...

- **Community Policing Development (CPD) Program**

The Department of Justice's (DOJ) Community Oriented Policing Services (COPS) Office works to advance the practice of community policing in America's state, local, and tribal law enforcement...

- **Office on Violence Against Women Grant Programs**

The Department of Justice's (DOJ) Office on Violence Against Women (OVW) administers financial and technical assistance to communities across the country that are developing programs, policies, and...



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Support Tools – DOC

- **Measurement Science and Engineering Research Grant Programs**

The Department of Commerce's (DOC) National Institute of Standards and Technology (NIST) promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards and...

- **Construction Grant Program**

The Department of Commerce's (DOC) National Institute of Standards and Technology (NIST) promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards, and...

- **Technology Innovation Program (TIP)**

The Department of Commerce's (DOC) National Institute of Standards and Technology (NIST) Technology Innovation Program (TIP) supports, promotes, and accelerates innovation in the United States...

- **Small Business Investment Research (SBIR) Program**

The Department of Commerce's (DOC) National Institute of Standards and Technology (NIST) Small Business Innovation Research (SBIR) program solicits from small businesses scientific and engineering...

- **Manufacturing Extension Partnership (MEP)**

The objective of the Department of Commerce's (DOC) National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP) Program is to increase productivity, enhance...



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Support Tools – Ex-Im Bank

- **Working Capital Guarantee**

The U.S. Export-Import Bank's (Ex-Im Bank) working capital financing enables U.S. exporters to obtain loans that facilitate the export of goods or services. These working capital loans, made by...

- **Medical Equipment Initiative**

The U.S. Export-Import Bank's (Ex-Im Bank) Medical Equipment Initiative (MEI) offers solutions to increase the export of medical equipment from U.S. companies to foreign borrowers that would not go...

- **Loan Guarantee**

The U.S. Export-Import Bank (Ex-Im Bank) Loan Guarantee Program assists exporters by guaranteeing term financing to creditworthy international buyers, both private and public sector, for purchases...



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Support Tools – Ex-Im Bank

- **Finance Lease Guarantees**

The U.S. Export-Import Bank (Ex-Im Bank) supports competitive, medium-term financing structured as finance leases in addition to financing structured as installment loans. Support of lease financing...

- **Export Credit Insurance**

The U.S. Export-Import Bank's (Ex-Im Bank) Export Credit Insurance allows U.S. businesses to increase export sales by limiting international risk, offering credit to international buyers, and...

- **Environmental Exports Program**

Financing by the U.S. Export-Import Bank (Ex-Im Bank) Environmental Exports Program helps to mitigate risk for U.S. environmental companies and offers competitive financing terms to international...

- **Direct Loans**

The U.S. Export-Import Bank (Ex-Im Bank) assists exporters by providing fixed-rate loans to creditworthy international buyers, both private and public sector, for purchases of U.S. goods and...



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Support Tools – A Few Programs

- HUD – CDBG, 108 Loan, BEDI
- EDA – Public Works, Economic Adjustment, Planning
- DOD – BRAC Adjustment Grants
- SBA – 504 & 7(a) programs, many others
- Treasury – New Markets, Bank Enterprise
- National Science Foundation – SBIR/STTR
- USDA – 24 rural development programs



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Support Tools – Federal Relations

- Understand the Opportunities – Over 170 programs exist, explore these options and understand their capacity to assist your projects.
- Consider Layering – Many federal programs can be used in combination with other federal resources. Layering resources is a critical component of using federal assistance.
- Relationships – Federal funding is relationship based. Engage your federal district or regional office early and often. Make these agencies a partner in your project and community.
- Persistence – The federal government is a bureaucracy. The first answer is usually “no” but persistence pays off. Work the agencies, push the project and keep them engaged.



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CDFA Federal Financing Clearinghouse

- CDFA's **Federal Financing Clearinghouse** is the only online resource cataloging the development finance programs offered by the federal government. The Clearinghouse includes program overviews of over 170 federal financing programs available to both public and private sector users.

This is an exclusive CDFA member benefit. Users must log-in with their unique CDFA username and password to search the Clearinghouse.



A screenshot of the CDFA website's homepage. At the top right is a 'CDFA Member Login' link. Below it is a banner with the CDFA logo and the tagline 'Advancing Development Finance Knowledge, Networks & Innovation'. To the right of the banner is a 'National Sponsors' section featuring the 'business oregon' logo. A navigation menu on the left lists categories like 'About CDFA', 'Membership', 'Training Institute', 'Legislative Affairs', 'National Summit', 'Resources & Research', 'Technical Assistance', 'TIF Coalition', 'Webcasts', and 'Bookstore'. A 'Join CDFA' button is also present. The main content area is divided into several sections: 'Intro Bond Finance Course' with a registration deadline of March 15-16, 2012; 'Development Finance Review' with 'This Week's Headlines' listing various news items; 'CDFA Online Resource Database' with a search bar; 'Development Finance Perspectives' magazine cover; 'Bond Finance Resource Center'; 'Tax Increment Finance Resource Center'; and 'CDFA Federal Financing Clearinghouse' at the bottom right, which is highlighted with a large orange arrow pointing to it from the text on the left. The bottom left of the screenshot shows 'Follow Us On' social media icons for Twitter and LinkedIn.

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July 12-14, 2011

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Washington, DC
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Daily: 1-5 pm (EDT)
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Agencies

<input type="checkbox"/>	Export Import Bank of the United States (Ex-Im Bank)
<input type="checkbox"/>	Internal Revenue Service (IRS)
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September 20-22, 2011

**Intro Tax Increment Finance
Course**
Washington, DC
November 3-4, 2011



CDFA's **Federal Financing Clearinghouse** is the only online resource cataloging the development finance programs offered by the federal government. The clearinghouse includes program overviews of over 100 federal financing programs available to both public and private sector users. To conduct a search of the Federal Financing Clearinghouse, click on the features below. After selecting your criteria, click the Search button, and results will populate below.

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Search By Program

Search By Financing Category

Categories

- Access to Capital
- Bond Finance
- Brownfield Financing
- Community Development
- Energy Finance
- Foreign Investment
- Green Finance
- Infrastructure Finance
- Innovation Finance
- Revolving Loan Funds (RLFs)
- Rural Development
- Tax Credits
- Urban Development

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HUD Disaster Recovery Assistance Program

U.S. Dept. of Housing & Urban Affairs (HUD)

[Access to Capital](#) | [Infrastructure Finance](#) | [Urban Development](#)

HUD provides flexible grants to help cities, counties, and states recover from Presidentially declared disasters, especially in low-income areas, subject to availability of supplemental...

Hope VI Revitalization Grants Program

U.S. Dept. of Housing & Urban Affairs (HUD)

[Access to Capital](#) | [Community Development](#) | [Infrastructure Finance](#) | [Urban Development](#)

The HOPE VI Program was developed as a result of recommendations by the National Commission on Severely

Example:

Search by Agency

HUD

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HUD Section 108 Loan Guarantee Program

Program Agency	U.S. Dept. of Housing & Urban Affairs (HUD)
Financing Category	Access to Capital Urban Development
Financing Type	Loan Guarantee(s)
Program Overview	<p>Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods.</p> <p>Section 108 loans are not risk-free, however; local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations to cover the loan amount as security. Loan commitments are often paired with Economic Development Initiative (EDI) or Brownfield Economic Development Initiative (BEDI) grants, which can pay predevelopment costs of a Section 108-funded project. They can also be used as a loan loss reserve (in lieu of CDBG funds) to write-down interest rates or to establish a debt service reserve.</p>
Eligible Users	<p>Eligible applicants include the following public entities:</p> <ul style="list-style-type: none">• Metropolitan cities and urban counties (i.e., CDBG entitlement recipients);• Nonentitlement communities that are assisted in the submission of applications by states that administer the CDBG program; and• Nonentitlement communities eligible to receive CDBG funds under the HUD-Administered Small Cities CDBG program (Hawaii). The public entity may be

Example:

Search by Agency

HUD

Program

HUD Section 108
Loan Guarantee
Program

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Questions?

Support Tools



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The Future of Development Finance



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Public-Private Partnerships (P3)

P3 Projects: energy, transit, toll roads, bridges, tunnels, water treatment plants, airports, docks, ports, parking garages, trolleys, etc.

Long-term lease ownership by private sector for long-term commitment to capital investments for public sector

Win-win model (assuming you have good partners)



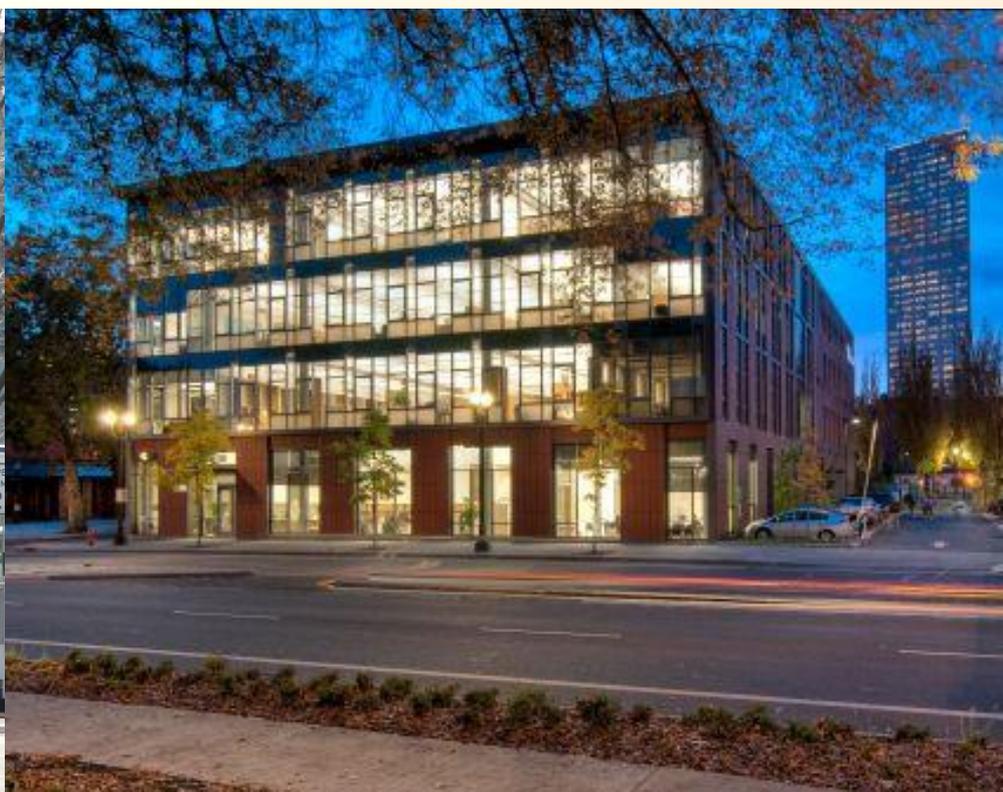


EB-5

Direct foreign investment into U.S. development

Foreign investors invest \$500K/\$1M in project that creates/retains 10 jobs

Fastest growing area of capital infusion into development projects nationwide



Today's Successful Projects

Energy efficient, sustainable development

Urban infill, land reuse and revitalization

Transit oriented development, intermodal

Entrepreneurship, small business development



Implementing the Development Finance Toolbox



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Keys to Toolbox Success

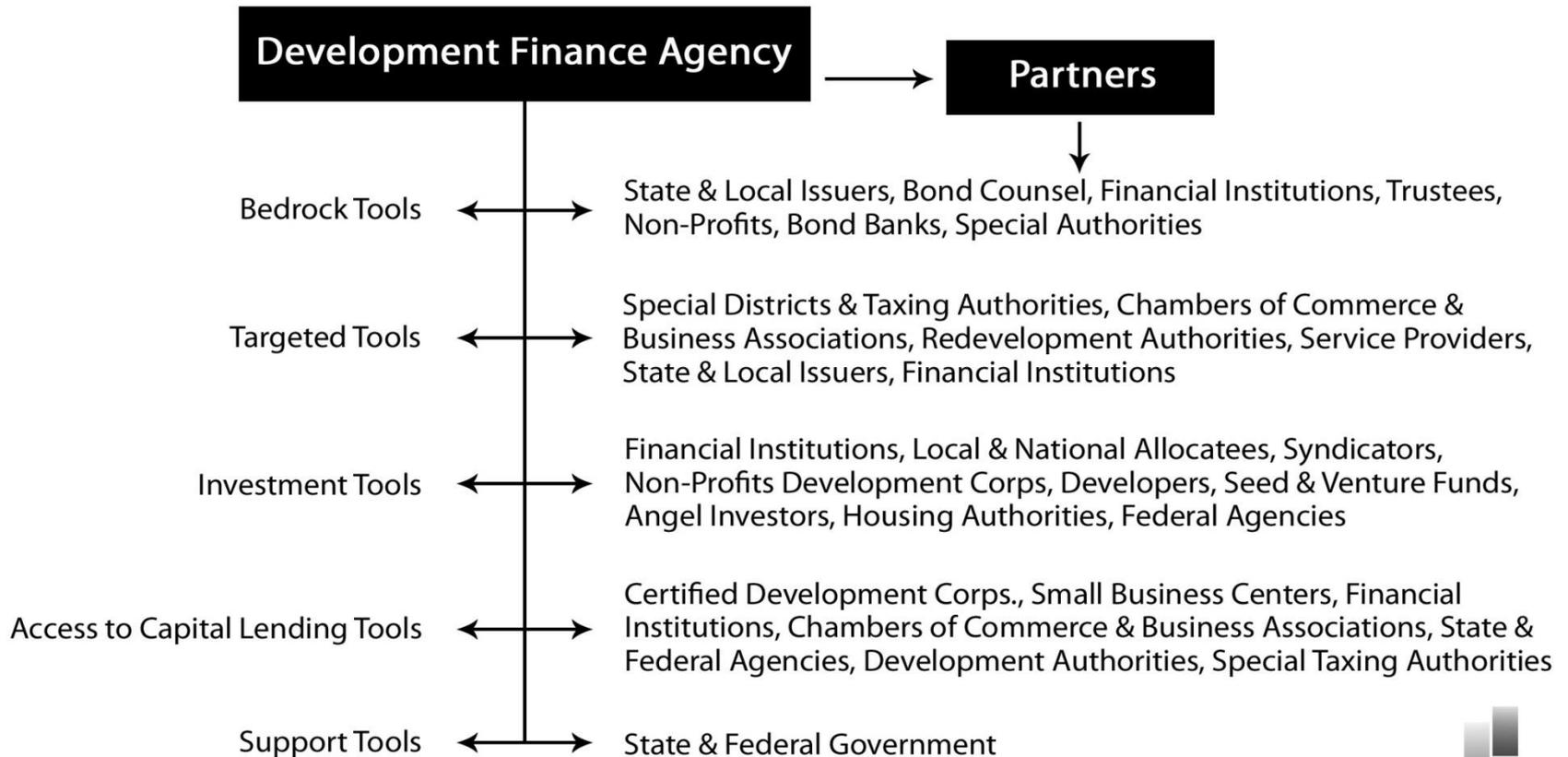
- Comprehensive effort involving bold thinking, innovative planning, considerable strategizing and a fully supported, cooperative effort from all involved.
- Agencies that fail to build partnerships typically fail to implement the toolbox.
- Bring stakeholders to the table – don't try to operate all of these programs on your own.
- Partnerships should exist on the local, county, regional, state and federal level through the public, private, non-profit communities.



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Partnerships Matter

Development Finance **TOOLBOX** Partnerships



Note: This illustration is just an example of the potential partnerships that agencies should build when utilizing the development finance toolbox. Every state has a variety of additional stakeholders that operate unique programs and provide innovative financing tools.



Sharing Risk, Credit & Expenses

- Very few agencies are able or willing to accept all of the risks involved in the toolbox approach.
- Fewer have the resources or capacity to operate all of these programs.
- However, agencies within your community do have this capacity through their design and fee structures and should be part of the toolbox partnership (i.e. CDCs for the 504 program, etc.).



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Sharing Risk, Credit & Expenses

- The private sector should be considered a risk and credit sharing partner.
- Private sector is eager and willing to participate and they provide far greater depth of risk ability than other partners.
- State and federal laws mandate private investment (CRA). Use this to your toolbox advantage.
- Private sector also has the resources to absorb the expenses of running these programs and they will expect to earn a return.



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Implementing the Toolbox

- Create a ***Strategic Financing Plan*** that mirrors the community's master plan and economic development strategy.
- Seek innovative strategies – think about industries not served by existing programs and create a program that serves these needs.



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Implementing the Toolbox

- Operate programs with performance based measuring in place. Track returns closely, be accountable, report findings and use the internet.
 - *job creation, investment, taxes, blight removal, property values, population attraction, transformation, investment return, etc.*
- Consider policy and procedures closely and engage in healthy dialogue to determine appropriate use of financing tools.
- Decide: Developer/business driven or community driven policy?



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Best Practices

- City of Minneapolis, MN
- Invest Atlanta, GA
- City/County of Denver, CO & Denver Urban Redevelopment Authority
- Allegheny County Economic Development, PA
- St. Louis Economic Development Partnership, MO
- Chester County Economic Development Council, PA
- New Jersey Economic Development Authority
- MassDevelopment
- Arkansas Development Finance Authority
- Business Oregon



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Implementing the Toolbox

- Examples:
 - State – New Jersey Economic Development Authority
 - County – St. Louis Economic Development Partnership
 - City – City of Minneapolis, Department of Community Planning & Economic Development



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Case Study: NJEDA

- Fully employ the toolbox strategy with a wide variety of programs serving numerous users
 - 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 redevelop.
 - Tax credits – tech businesses
 - Technical assistance – real estate, small business, across the board



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[New Jersey Economic Opportunity Act of 2013](#)

The New Jersey Economic Opportunity Act of 2013 was signed into law on September 18, 2013. The Act streamlines New Jersey's five existing economic development incentive programs into two; the Grow New Jersey Assistance (Grow NJ) Program will be the State's main job creation and retention incentive program and the Economic Redevelopment and Growth (ERG) program will be New Jersey's key developer incentive program. [Click here](#) for more information on the new



[SANDY UPDATE: Stronger NJ Neighborhood and Community Revitalization Program Now Available](#)

[EDA Now Accepting Applications for Incentive Programs Expanded Under the New Jersey Economic Opportunity Act of 2013](#)

[Stronger NJ Business Programs](#)



[Upcoming Board Meetings](#)

The next EDA Board Meeting is scheduled for Tuesday, February 11, 2014 at 10 a.m. at the EDA offices at 36 West State Street, Trenton. The meeting agenda can be found 48 hours in advance of the meeting [here](#)

[Annual Report](#)

The EDA's 2012 Annual Report is [available here](#). To view the 2012 Comprehensive Annual Report (including audited financial statements and projects), Annual Reports for prior years, or lists of EDA-assisted projects by year, [click here](#).

[The Fort Monmouth Economic Revitalization Authority \(FMERA\)](#)

FMERA was created to provide investment, continuity and economic growth to the communities impacted by the federal government's decision to close Fort Monmouth. [Click here](#) to learn more.

Case Study: STL Partnership

Full toolbox for county agency:

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



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ST. LOUIS ECONOMIC DEVELOPMENT PARTNERSHIP

St. Louis, Missouri is the dynamic and innovative place to grow your business. From the spark of an idea to growing globally, St. Louis has the diverse talent, tools and drive to help you grow and prosper. St. Louis Economic Development Partnership, formerly St. Louis County Economic Council, serves St. Louis City and County, marking a new era of collaboration in economic development.



Missouri's only Accredited Economic Development Organization



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< January 2014 >

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▶ CALENDAR CATEGORIES

IN THE NEWS

- 5 U.S. startup cities to watch in 2014
- Boeing to hire up to 400 for new R&D centers in St. Louis
- Ikea to announce St. Louis location

CLICK HERE FOR

- St. Louis Startup Challenge
- Regional Entrepreneurship Reports
- Helix Center Biotech Incubator
- Immigration & Innovation
- View our RFP/RFQs

HERE'S TO YOU ST. LOUIS!

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 to learn more
 about what's happening in St. Louis
 right now.

Case Study: 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



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Phone: (612) 673-5095
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Working together to provide better service to residents and businesses, welcome new divisions!

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Department of Community Planning & Economic Development (CPED)

Our mission: CPED works to grow a sustainable city. [More](#)

Featured Project

Longfellow Station, located on the Hiawatha Light Rail corridor, Now Open!

The Longfellow Station Apartments located at 3815 Hiawatha Avenue along the Hiawatha Corridor celebrated their Grand Opening on November 12, 2013. With easy access to transportation and proximity to major employment sites including downtown, Mall of America, and the Veteran's Hospital as well as Lake Street retail and the Mississippi River it was important to the City of Minneapolis and Sherman Associates that affordable housing units were located within the complex to meet the growing demand for housing at moderate prices.

The Longfellow Station Apartments consist of 180 units of studio, one-, two-, and three-bedroom layouts all with oversized windows, walk-in closets, full kitchens, office niches, and in-unit washer and dryers. Building amenities include a fitness center, theatre room, coffee bar and business center, bicycle repair shop, pet wash station, and dog run, and community room. In an adjacent building, there will be an additional 10,000 square feet of retail space as part of the complex.

[Read full release about Grand Opening and City Investment here.](#)



Exterior of Longfellow Station Apartments



Community Area



Ralston Purina Company, December 17, 1958
Norton & Peel, photographer—
Minnesota Historical Society
Collections



View of Ralston Purina site from Hiawatha Avenue, between East 39th and 38th streets looking northeast, November 2006
Penny Petersen, photographer

Featured Topics

- [Minneapolis Parkland Dedication Ordinance FAQ](#)
- [Minneapolis East Downtown Parking Lot Study](#)
- [Mainstreaming Exports Seminar](#)
- [Green Homes North](#)
- [Grow North Business Financial Incentive Package](#)
- [People's Stadium Implementation Committee](#)
- [Park Committee \(Downtown East Area\)](#)
- [Vacant Lot List & Purchase Information](#)
- [Target Center Renovation](#)

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- [Get help with building permits](#)
- [Get help with business licenses](#)
- [Get help finding a job](#)
- [Get help starting a business \(pdf\)](#)
- [Get help purchasing a home in Minneapolis](#)
- [Find loans & grants for businesses \(pdf\)](#)
- [Find a location for your business](#)



Questions

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10 KEY Development Finance Toolbox Concepts

- 1 Understand Development Finance & the Financing Spectrum
- 2 Build a Development Finance Toolbox Strategy with Supporting Public Policy Goals
- 3 Bonds are the Bedrock of Finance
- 4 Targeted Tools Help Direct Public Investment
- 5 Investment Tools Cover a Wide Range of Financing Opportunities
- 6 Access to Capital Lending Tools Finance Underserved Markets & Growth Industries
- 7 Support Tools Supplement Financing Efforts
- 8 Development Finance Toolbox Education is Essential
- 9 Tool Combinations & Creativity Make the Difference
- 10 Public & Private Sector Partnerships are Critical

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

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