



DEVELOPMENT FUND of the WESTERN RESERVE

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MEDIA RELEASE

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Akron Children's Hospital and FirstEnergy Corp each grant \$100,000 to support the Akron Community Revitalization Loan Fund Development Projects and challenge the Akron Business Community to also support the Fund.

Akron, Ohio (March 2017) – Akron Children's Hospital and the FirstEnergy Corp announced their commitment to Akron through two \$100,000 grants to the Development Fund of the Western Reserve ("DFWR") to support the Akron Community Revitalization Loan Fund. DFWR is affiliated with the Development Finance Authority of Summit County.

Bill Considine, President and CEO of Akron Children's Hospital and Chuck Jones, President and CEO of FirstEnergy are challenging the Akron community to follow their lead and also donate to the fund. They encourage Akron business and community leaders to "support the Fund and its strong potential as a catalyst for economic growth in our region."

The Akron Community Revitalization Loan Fund will help enable business development projects in distressed census tracts and urban areas in Akron. DFWR, in partnership with Cleveland-based Village Capital Corporation, will apply its development finance expertise to select and explore promising urban revitalization projects. Its advisory committee, composed of Akron-area funders, will authorize projects for funding.

The grants from FirstEnergy and Akron Children's Hospital join funding already received from the Medical Mutual Community Investment Fund of Akron Community Foundation, GAR Foundation, Home Savings Bank, County of Summit, the Akron Community Foundation and Allio Family Fund, and the Akron Development Fund. DFWR Executive Director, Chris Burnham, said DFWR will dedicate \$6.75 million in Federal New Markets Tax Credit allocations, or the equivalent of \$2.25 million, to further capitalize the Fund. In order to leverage that equity, DFWR has to raise a total of \$4.5 million from the community.

"We are grateful to FirstEnergy and Akron Children's Hospital for their leadership and commitment to the Akron Community Revitalization Fund." said Burnham. "The commitments from Akron Children's Hospital, FirstEnergy, and our other donors, to date amount to \$2.45 million, demonstrate that our community can come together to provide economic development tools that will improve the City of Akron's core vibrancy. We look forward to partnering with other funders to capitalize on this important opportunity."

Akron Community Revitalization Fund

Akron is poised for significant revitalization.

Yet many of these transformational opportunities are often unable to assemble enough funding from banks and other traditional financial resources to make these projects economically feasible. In order to encourage new sustainable development in Akron, it is necessary to create a funding tool to fill gaps between costs of construction and lease or rental market rates. The Akron Community Revitalization Fund **will generate a revolving funding source** from which loans will be made to businesses and non-profits to finance projects within distressed Akron neighborhoods.

The Akron Community Revitalization Fund has been designed to create a pool of funds to leverage other funding sources and **provide additional loans between \$500,000 and \$2,000,000** with more flexibility, less stringent credit requirements and below market rates. Eligible project areas include downtown, North Hill, and parts of east, south and west Akron that have a poverty rate of at least 30% along with an unemployment rate of at least 10%. Each project will be reviewed by an advisory committee of Fund donors and will be evaluated by considering community impact, number and quality of jobs created or retained, and new products and services to the area. Projects will only be undertaken if they are deemed **economically viable and are subject to underwriting**. Potential projects may include mixed use retail and business development.



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The Akron Community Revitalization Fund will be managed by the Development Fund of the Western Reserve (DFWR), a private non-profit (501c3) affiliate with the Development Finance Authority of Summit County (DFA).

The terms of the Akron Community Revitalization Fund will be determined based upon the amount of proceeds raised. The greater the initial capitalization of the fund, the lower the interest rate and more flexible the terms can be for each loan. The goal of the Akron Community Revitalization Fund is to assist in closing financing gaps, not to duplicate or replace funding sources from banks or other financial institutions.

A \$6,750,000 New Markets Tax Credit allocation was secured to jump start the Fund. Those tax credits will net about \$2,250,000 in cash equity toward the Fund.

To make the Akron Community Revitalization Fund possible, an additional \$4,500,000 must be raised. Many community organizations and funding sources have combined to reach a total of \$2,295,000. **An additional \$2,005,000** is necessary to match the New Markets Tax Credit allocation and activate the Fund.

\$2,250,000	Cash (estimate net after tax credit purchase and expenses)
+ \$4,500,000	Capitalization Goal
\$6,750,000	ALLOCATION

\$4,500,000	
- \$1,000,000	Akron Development Fund (10 yr loan @ 2.75%)
\$3,500,000	
- \$500,000	GAR (grant)
- \$500,000	Medical Mutual donor advised fund (grant)
- \$200,000	First Energy (grant)
- \$150,000	Summit County (grants)
- \$100,000	Akron Children's Hospital (grant)
- \$25,000	Home Savings/Premier Bank (grant)
- \$20,000	Akron Community Foundation and Allio Family Fund (grants)
\$2,005,000	Community Sponsorship Opportunity

\$2,495,000	Raised to date
+ \$2,005,000	Community Sponsorship Opportunity
\$4,500,000	
+ \$2,250,000	NMTC Cash equity
\$6,750,000	

Who is the Development Fund of the Western Reserve (DFWR)?

DFWR is a private non-profit (501c3) affiliated with the Development Finance Authority of Summit County (DFA). DFWR is a certified Community Development Entity (CDE) authorized to apply for and receive Federal and State New Markets Tax Credit allocations. There are approximately 400 CDEs nationwide, however, DFWR is the only one that exclusively serves Northeast Ohio and Akron.

What are New Markets Tax Credits?

New Markets Tax Credits (NMTC) are awarded by both the federal and state governments to certified CDEs like the DFWR. These tax credits convert to cash. The process is highly competitive and the tax credit allocations are valuable. Investors receive a tax credit against their tax liability for 7 years in exchange for making equity investments with CDEs like DFWR. NMTC allocation equates to about 20-25% equity for a project.

Equity investments must be made in census tracts deemed distressed due to poverty factors. The program goal is to incentivize development in distressed areas, making private capital available and affordable in order to attract additional investment, create and retain jobs.

Have NMTC ever been used in Akron before?

YES! DFWR has helped finance three projects in Akron using NMTC

- Hilton Garden Inn—1307 E Market St
- Restaurant Depot—1062 Sweitzer Ave
- The Ronald McDonald House of Akron's Children's Hospital—245 Locust St

With these three projects, \$19.5M in NMTC allocation was used, creating almost \$30M in investments and creating nearly 100 permanent jobs.

What is the Akron Community Revitalization Fund?

The Akron Community Revitalization Fund will pool funds to help finance projects between \$500K-\$2M. These loans will be made only to businesses and private, non-profits within distressed neighborhoods in Akron. These areas have high poverty (at least 30%) and high unemployment (at least 10%). Eligible areas include Downtown, North Hill, and parts of east, south and west Akron. The loans provided from the Fund will have flexible underwriting criteria, less stringent credit requirements, and below market rate interests.

How are NMTC and the Fund related?

DFWR has a \$6.75M NMTC allocation to create the Akron Community Revitalization Fund. This allocation will provide \$2.25M cash equity to capitalize the Fund. To leverage the Fund, DFWR must raise approximate \$4.5M.

What will the Fund do?

Projects will be evaluated on their readiness, investment in the community, the number and quality of jobs created and/or retained, and the impact the product or service will provide the community. Underwriting will have much more flexible criteria than traditional lending. An Advisory Committee comprised of Fund donors will help screen loan recipients. Current potential projects include mixed-use retail and business development in downtown Akron and East Akron.

Who will underwrite the projects?

DFWR has partnered with Cleveland-based Village Capital to assist with underwriting projects in the Fund. Village Capital has a long and successful community development financing history in Cleveland and Youngstown.

How can Akron's business/non-profit community help?

We are seeking grants. Every grant dollar raised translates to a lower interest rate and more flexible lending terms thereby having a greater impact on the community.

How will contributions help Akron?

A small grant = large impact in community. By contributing to the Fund, a donor will help Akron by bringing new investment into the community. The Fund could be the critical source of flexible capital needed to finally get much anticipated and much need projects started in our Downtown and throughout the city. The Fund is structured as a revolving loan fund, meaning that once loans are paid, the Fund is replenished. Any contribution provides an impact long into the future of our community.

How can I learn more?

Contact Chris Burnham, Executive Director by calling 330.762.4776 or emailing chris.burnham@developmentfinanceauthority.org.

Visit our website www.developmentfinanceauthority.org to learn more about DFWR and the Akron Community Revitalization Fund.

