



Community Health Center Capital Projects

HRSA Region II Conference

July 14, 2009





Moderator & Presenters

■ Moderator – CHCANYS

CHCANYS organizes, educates and advocates on behalf of more than 70 federally qualified community health centers located throughout New York State that provide high quality, affordable and accessible primary and preventive care to more than 1.2 million New Yorkers at over 445 sites in urban, suburban and rural settings.





Moderator & Presenters

■ Presenter – Capital Link

Capital Link is a nonprofit technical assistance firm dedicated to assisting health centers nationwide in accessing capital for building and equipment projects. Working out of eight offices nationally, Capital Link is currently providing assistance to more than 150 health centers and 16 PCAs in more than 30 states and territories. To date, Capital Link has assisted health centers in obtaining grants and loans for capital projects totaling more than \$553 million.





Moderator & Presenters

■ Presenter – Primary Care Development Corporation

PCDC is a nonprofit Community Development Financial Institution that has supported the expansion of primary care for residents of underserved communities since 1993. PCDC offers low-cost financing that has, to date, leveraged a total investment of \$240 million in 77 health center projects in low-income communities across New York State. PCDC also provides an array of Technical Assistance services to primary care providers, PCAs and foundations across the country, to strengthen and expand primary care delivery nationwide.





Presentation Overview

- What to do – & avoid – in your FIP Application
- How to keep your project moving, with or without FIP funding
 - Keys to Successful Project Development
 - Equity, Grant & Debt Funding
- Q&A re the FIP Application



What to do & avoid in FIP Application

- Grant Writing & Presentation Tips
- Documenting Need
- Framing Goals, Objectives & Activities
- Calculating Project Impacts
- Demonstrating Capability & Capacity to Succeed
- Presenting Your Operating & Financial Performance
- Describing an Effective Project Team
- Developing the Project Budget & Funding Plan
- What to Include as Attachments



What to do & avoid in FIP Application (continued)

■ Grant Writing Tips

- Answer every question – read the question carefully and review your response to make sure it answers the question posed
- Be concise! 2,000 characters \approx 2/3^{rds} of a page
- Respond to every element of the Review Criteria
- Follow the lead of the questions & order your response in the same order
- Emphasize organizational capability over being a deserving organization – every FQHC is deserving



What to do & avoid in FIP Application (continued)

■ Grant Writing Tips

- Make clear connections between Need & Project Scope & between Project Scope & Project Team Members' Experience/Expertise
- Avoid the obvious or the irrelevant
- Be consistent

■ Presentation Tips

- Double check the details
- Use topic headers to guide reviewers



What to do & avoid in FIP Application (continued)

- Documenting Need
- Framing Goals, Objectives & Activities
- Calculating Project Impacts
- Demonstrating Capability & Capacity to Succeed



What to do & avoid in FIP Application (continued)

- Presenting Your Operating & Financial Performance
- Describing an Effective Project Team
- Developing the Project Budget & Funding Plan



What to do & avoid in FIP Application (continued)

■ What to include as Attachments

□ Required Attachments Include:

- Proposal Abstract
- Budget Justification
- Schematic Drawings
- Statement of Agreement From Site Owner
- Environmental Information & Documentation Checklist



What to do & avoid in FIP Application (continued)

■ What to include as Attachments (continued)

□ Additional Attachments to Consider:

- Letters of Support (Cast a wide net)
 - Political allies
 - Hospitals/Providers
 - Community Organizations
- Financial Projections / Business Plan



How to Keep Your Project Moving With or Without FIP \$

- Keys to Successful Project Development
- Equity & Grant Funding
- Debt Funding



How to Keep Your Project Moving With or Without FIP \$ (continued)

■ Keys to Successful Project Development

- Prepare a business plan
 - To identify shortcomings in current performance & plans for improving
 - To determine project size, affordability & realistic development timetable
- Convene the right project team members
- Prepare and implement a funding plan
 - Lay the groundwork for support
 - Initiate fundraising activities
 - Initiate financing activities

How to Keep Your Project Moving With or Without FIP \$ (continued)

Health Center Funding

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“Money can’t buy happiness. You also need high-yield stocks, prime real estate, and a solid credit rating!”

How to Keep Your Project Moving With or Without FIP \$ (continued)

Why Health Center Projects are Difficult to Fund

Lack of Equity

- Limited experience and/or success with fundraising
- Limited local donor base
- Lack of cash reserves
- Low property values & limited collateral

Limited Debt Capacity

- Losses or Slim margins
- Low cash reserves
- Limited lending options & debt track records
- Hard for lenders to understand the business & assess credit risk
- High % of government payors

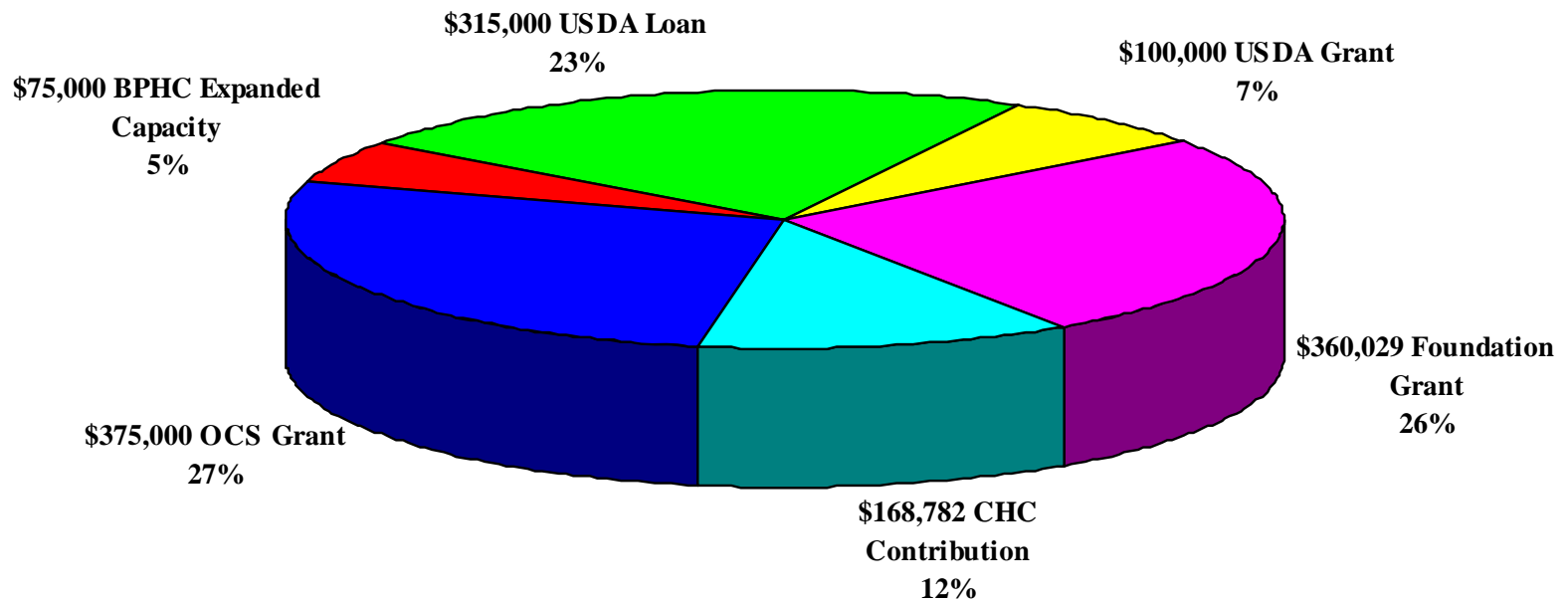
How to Keep Your Project Moving With or Without FIP \$ (continued)

So What's a Health Center to Do?

- Plan Your Project Carefully
- Take Your Time to Get it Right
- Be Creative in Patching Together Funding From Multiple Sources
- Recognize the Costs of Avoiding Debt – More Fundraising Needed & A Longer Development Timetable



How to Keep Your Project Moving With or Without FIP \$ (continued)



Sample Funding Plan for a \$1.4 Million Project



How to Keep Your Project Moving With or Without FIP \$ (continued)

■ Types of Equity / Grant Funding

- Health Center Cash Reserves
- Federal Government: ARRA, CDBG, EDA, EZ/EC
- State/Local Government Grants/Appropriations
- Foundation Grants—Private or Corporate
- Hospital or Other Partners
- Community Capital Campaigns
- In-Kind Gifts, e.g. Donated Land/Equipment, \$1.00/Year Lease for 99 years



How to Keep Your Project Moving With or Without FIP \$ (continued)

■ Types of Debt Funding

- PCDC for Health Centers in NYS
- Other Credit Opportunities
- Credit Enhancement Opportunities



How to Keep Your Project Moving With or Without FIP \$ (continued)

■ Debt Funding in NYS

□ PCDC's Permanent, Long-Term Loans

- New Markets Tax Credit Loans in qualified low-income locations
- Tax Exempt Bond Financing
- Primary Care Capital Fund (4-Bank Consortium)

□ PCDC's Short-Term Loans

- Pre-Construction & Subordinated Construction Loans
- Target Loan Fund
- Bridge Loans



How to Keep Your Project Moving With or Without FIP \$ (continued)

■ Debt Funding For Centers In/Out of NYS

- Local Banks
- Community Development Financial Institutions
(Check www.cdfifund.gov)
- County Industrial Development Authorities
- New Markets Tax Credit Lenders
(Check www.cdfifund.gov)



How to Keep Your Project Moving With or Without FIP \$ (continued)

■ Credit Enhancement for Debt Funding

Credit Enhancement can improve a health center's ability to obtain a loan, lower the interest rate and/or otherwise improve the terms of a loan.



How to Keep Your Project Moving With or Without FIP \$ (continued)

■ Credit Enhancement for Debt Funding

- HRSA/BPHC Loan Guarantee Program
- USDA Community Facilities Guarantee Program
- Letter-of-credit from a bank (FHLB) or mortgage insurance (for tax-exempt bonds)
- Hospitals or other partners
- Other special guarantee programs



FIP Application Q&A

Your Turn To Talk!





For More Information

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