



NMTC PREPARATION PROGRAM

PROGRAM DESCRIPTION AND APPLICATION

Summary

Capital Link is partnering with its lending affiliate, Community Health Center Capital Fund (Capital Fund) to provide the New Markets Tax Credit (NMTC) Preparation Program described below. The program's goal is to assist health centers in preparing for and securing project financing using New Markets Tax Credits, often the most advantageous but complex financing source for health center capital projects.

Program Highlights

Through the **NMTC Preparation Program**, Capital Link will provide an initial phase of technical assistance to participating health centers, funded in part by Capital Fund. An application must be submitted to participate in the program. All applications will be reviewed and a select number of health center applications will be approved for Capital Fund grant funds to support a portion of the cost of a Capital Link engagement agreement to develop the materials needed for a successful NMTC financing application.

Preliminary Assistance: Initial Capital Link assistance for program participants may include: discussions with management about the NMTC program; an explanation of the process; assessment of project eligibility; and preparation of a preliminary sources and uses of funds statement, as appropriate. This assistance will be supported by Capital Fund and will be free to all applicants.

Financing Assistance Services: Following the Preliminary Assistance phase, Capital Link will select health center applicants for direct grant support to defray a portion of the cost of preparing for NMTC financing. The chosen centers must demonstrate overall readiness to proceed with a financing process. Capital Link will work with each of the selected centers to develop a tailored set of project deliverables, which will position each health center to be competitive for NMTC allocation and potentially secure financing. Development activities supported by the program may include a market assessment, financial forecast, operational plan, or similar documents related to the NMTC application.

Common components of an overall NMTC financing process supported by grant funding may include:

- A transaction summary, detailing the proposed project and its expected community benefits;
- A full business plan and 7-year financial projections;
- NMTC structuring, including securing leverage debt (if needed);
- Market Assessment
- Guidance and assistance throughout the closing process

Upon successful completion of the program, participants will be submitted for priority consideration for any allocation held by Capital Fund. Capital Link will also utilize its well-established network of CDE/CDFIs to seek additional allocation as necessary for each project.

Program Timing

Program applications for **Preliminary Assistance** will be accepted through **January 2, 2024**. Decisions regarding potential grant funding for more comprehensive Financing Assistance Services will be awarded based on NMTC application timing and allocation cycles, from among the participants receiving Preliminary Assistance.

Program Cost

There is no cost to the health center for the Preliminary Assistance phase of the Program.

For centers that are offered direct grant support from Capital Fund, Capital Link will work with the center to develop a scope of work and an engagement agreement tailored to its individual needs, based on the center's internal capacities and the complexity of the proposed project. For selected projects, Capital Fund will provide grant funding to pay for a portion of the engagement agreement cost, with the balance paid by the health center.

Typical NMTC engagement agreements range in cost from \$70,000-\$120,000 depending on project size and complexity; a Capital Fund grant, if offered, would likely cover 20% of the costs. If a participating center is offered grant support, it is under no obligation to accept the grant or the proposed engagement agreement.

Eligible Applicants and Projects

Any U.S.-based Federally Qualified Health Center (Section 330-funded grantee or Look-Alike) is eligible to apply. Successful applicants will have projects that meet the following criteria:

- Projects that will be ready for NMTC financing in 2024 or 2025;
- Total project costs¹ greater than or equal to \$5 million;
- Site identified, with address indicating eligibility for NMTC financing (qualification as “more highly distressed” and site control preferred);
- Project must have significant community benefits, such as expanded patient capacity, new services, jobs (especially for community residents), connection with other community economic development projects, etc.;
- Health center is not currently working with non-Capital Link NMTC consultant

¹ Eligible project costs include site purchase; construction hard costs; developer fees; equipment; soft costs, including architectural and engineering fees, permits and approvals, legal and other loan closing fees; NMTC- related reserves; limited working capital.

Capital Link and Capital Fund Background

Capital Link is a national, non-profit organization that has worked with hundreds of community health centers and Primary Care Associations for nearly 30 years to plan for sustainability and growth, access capital, improve and optimize operations and financial management, and articulate value. Established through the health center movement, Capital Link is dedicated to strengthening health centers— financially and operationally—in a rapidly changing marketplace. For more information, please visit www.caplink.org.

Community Health Center Capital Fund (Capital Fund) supports the growth and development of community-based health centers serving low-income and uninsured populations by providing capital structured to meet health centers' needs. Through our work, we strive to improve health equity across racially diverse and low-income communities by supporting health centers seeking to eliminate disparities in health outcomes.

As a certified Community Development Financial Institution (CDFI) and Community Development Entity (CDE), Capital Fund provides New Markets Tax Credit investments and direct loans to health centers to assist them in leveraging multiple sources of financing for their capital projects. Capital Fund is a founding partner of Capital Link, its technical assistance affiliate. For more information, please visit www.chc-capitalfund.org.

Capital Link and Capital Fund have assisted health centers with structuring and closing NMTC transactions in excess of \$752 million—a substantial portion of all NMTC financing raised to support FQHC projects to date. In our experience, all borrowers (no matter how sophisticated or inexperienced) need assistance in navigating the highly complex process of obtaining, structuring and closing NMTC financings for their projects. Supporting the cost of this technical assistance has multiple benefits:

- Health centers benefit through accessing high-quality consulting expertise at reduced cost, increasing the likelihood that their projects will be well-planned, ready and properly aligned with available tax credit resources, when they are awarded;
- Capital Fund benefits through developing a strong pipeline of viable health center projects that can quickly move toward closing, when and if tax credits are awarded—allowing Capital Fund to meet its mission, while positioning us to compete effectively in future allocation award cycles;
- Communities benefit through the investment of tax credit resources, allowing health centers to expand access to care, increase services offered and increase short- and long-term employment opportunities in low-income communities.

Please submit application materials to Kristin Allen at kallen@caplink.org by Tuesday, January 2, 2024.

General Information

Project Name:

Date Submitted:

Person Completing Form:

Contact for Follow Up Information:

Name:

Telephone Number:

Email Address:

FQHC Information

Health Center Name:

Main Address:

FQHC Status:

Section 330 FQHC

FQHC Look-Alike

Project Location

Street, City, State, Zip Code:

Census Tract*:

Additional Site Address(es), if Applicable (Street, City, State, Zip Code):

Census Tract*:

** The Census Tract Code is needed if a complete street address is not available. Census Tract Codes need to be represented as an 11-digit census tract number which includes the state and county FIPS codes. The 11-digit census tract number begins with the first two characters for the state FIPS code, followed by three characters for the county FIPS code, then six characters for the tract number as shown in the following example: Census Tract '12345678901' = '12' State FIPS Code, '345' County FIPS Code, '678901' Tract Code). The state and county FIPS codes can be found [here](#).*

Project Description

For this section, you may supplement this information by attaching additional materials, but it is not required.

Project Type (new construction, renovation, expansion of existing site, new site, etc.):

Square footage:

Expected timeframe for the project:

Status of site control:

Overall project budget and size of financing need:

Expected benefits, such as # of new patients served, new services available, operating efficiencies, opportunities for collaboration with other community partners, intersection with local economic development efforts, etc.:

General project description/Additional information:

Status of Planning Activities

Please indicate your current progress on the following planning activities, if applicable.

Activity	Completed? (Yes/No/N/A)	Actual or Expected Completion Date	Who will complete activity? (Health Center Staff vs. Hired Consultant, Capital Link, etc.)	Comments
Site selection				
Site control				
Architect hired				
Space planning				
Preliminary design				
Architectural plans ready for bid				
Detailed project budget				
Business plan				
Financial projections				
Capital campaign				
Lender selected				
Permits and approvals				
Project Manager hired				
Construction start				

Estimated Project Budget & Funding Plan

Use of Funds	Estimated Budget
Real Estate Costs	
Construction/Renovation Costs	
Equipment/Furniture Costs	
Soft Costs	
Other Costs	
Total Estimated Project Costs	
Source of Funds	Estimated Funding
Cash (already spent + to be spent)	
Third Party Support	
Loans	
Other	
Total Sources of Funds	

Certification

Are you currently working with an NMTC Consultant? Yes No

Are you interested in entering into an Engagement Agreement with Capital Link for NMTC consulting services, toward which a Capital Fund grant may be applied, if selected? Yes No

Required Attachments

Please include the following documents with your application:

- Most recent three years of audited financial statements.
- Most recent three years of UDS reports.

Please submit all materials to Kristin Allen at kallen@caplink.org by Tuesday, Jan. 2, 2024.