

NMTC Innovation Panel

FQHC Transactions Utilizing the HRSA Loan Guarantee with NMTC

December 15, 2021

Allison Coleman

CEO, Capital Link

NMTC Coalition Conference



www.caplink.org

Our Vision

Stronger health centers, actively building healthy communities

Our Mission

Capital Link works to strengthen community health centers—financially and operationally—in a rapidly changing marketplace. We help health centers:



Plan for health center sustainability and growth



Help health centers access capital



Improve and optimize health center operations and financial management



Articulate health center value

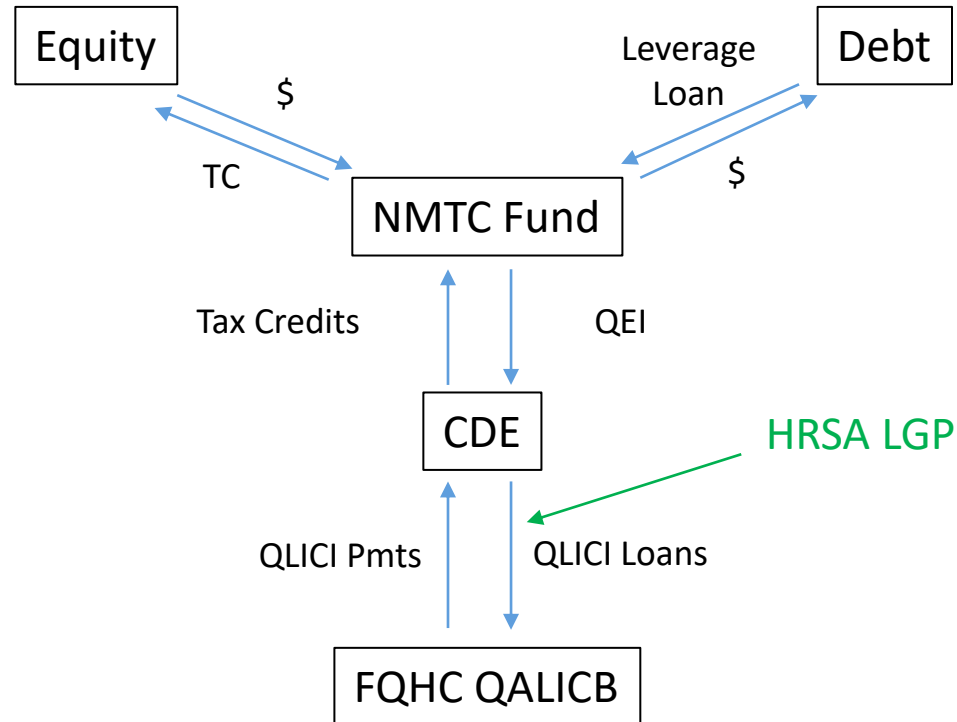
- Over 25+ years, worked with ~1,000 FQHCs, supported by a National Cooperative Agreement with HRSA
- Raised more than \$1.4 billion in capital for 244 FQHC capital projects totaling \$1.7 billion
 - 65% through NMTC financings totaling \$875 million
 - \$130 million of allocation from Capital Link or Community Health Center Capital Fund
 - \$745 million of allocation from other CDEs
 - 11 utilized HRSA LGP

- Originally authorized by Congress the HRSA LGP offers loan guarantees for the **construction, renovation, and modernization of medical facilities** operated by Section-330-funded, Federally Qualified Health Centers.
- The guarantee can cover up to **80%** of the principal and accrued interest on loans made by **non-federal lenders**. No limit on loan size—loans for projects of \$5-10 million or more have been typical
- Congress appropriated *new funds* in 2018, enabling HRSA to update and modernize the LGP to provide guarantees for \$900 million in new loans to health centers.
- HRSA anticipates additional 150 guarantees based on current authority.
- While HRSA has allowed the use of the LGP in connection with NMTC transactions since 2005, it has recently approved a more advantageous structure for the use of these combo deals.

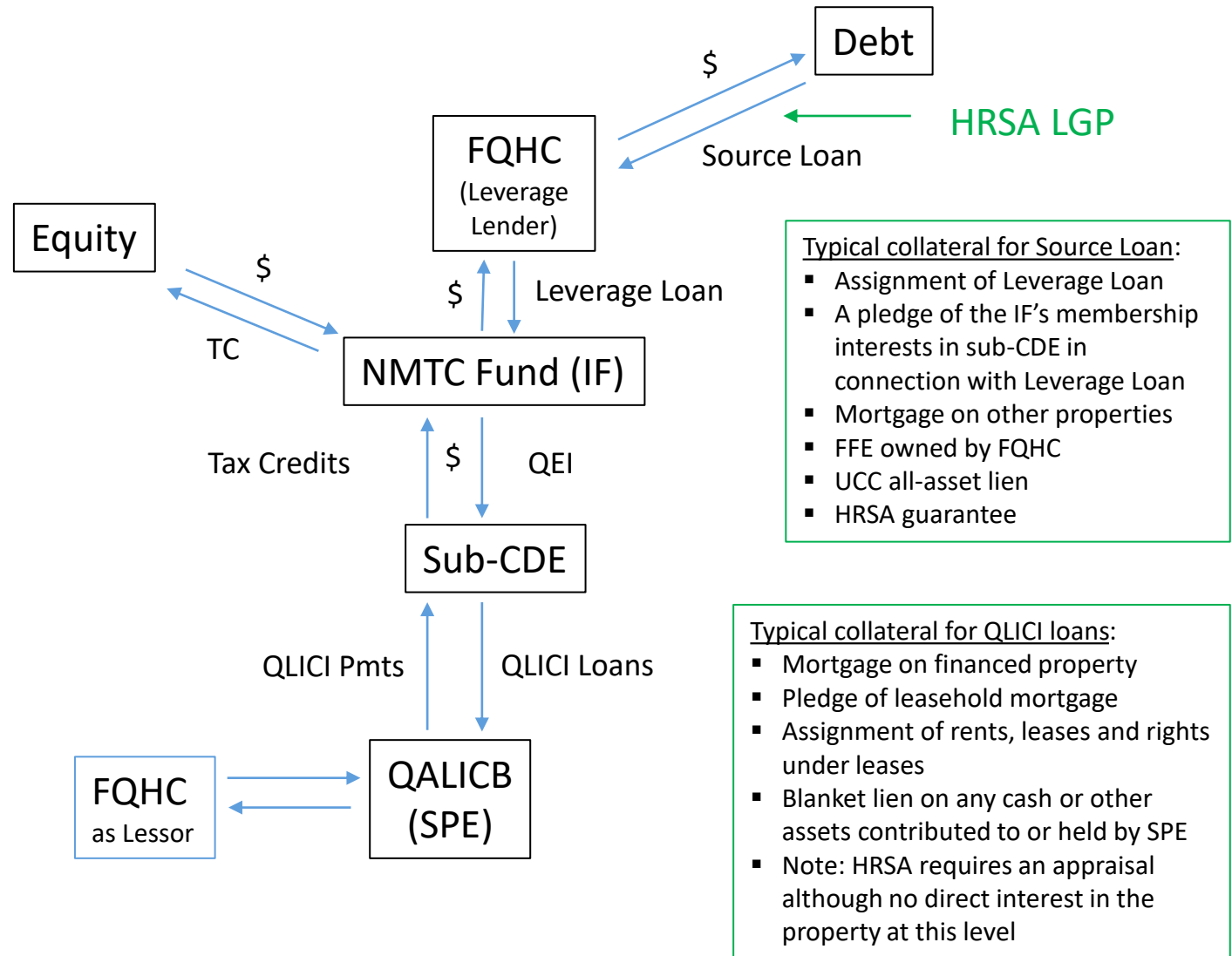
- Enhance a health center's credit profile, reducing a lender's risk, allowing them to lend to health centers under more favorable terms than otherwise possible.
- For some centers, this might mean the difference between getting a "yes" vs. "no" from a lender
- For others, the guarantee may allow the lender to offer a lower interest rate, a longer fixed-rate term, a higher loan-to-value ratio and/or the lender might accept less collateral



NMTC and LGP – “The Old Way”



NMTC and LGP – “The New Way”



Allison Coleman

Chief Executive Officer

617-988-2298

acoleman@caplink.org

Jonathan Chapman

Chief Project Officer

970-833-8513

jchapman@caplink.org

Visit us online: www.caplink.org

- Learn more about our products and services
- Download our free publications and resources
- Register for upcoming webinars
- Sign up for our newsletter and email updates
- Check out our blog