Rural Health Capital Resource Council

Building Multi-Sector Strategies For Rural Health Capital Resources

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Capital Link

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:

1. Plan for health center sustainability and growth
2. Help health centers access capital
3. Improve and optimize health center operations and financial management
4. Articulate health center value
About Capital Link

Launched in 1995, Nonprofit, HRSA national training & technical assistance partner (NTTAP)

Offices in AL, CA, CO, FL, and MA

- 28 years of experience
- Worked with 50+ PCAs/HCCNs and regional consortia
- Assisted 2/3rds of health centers nationally
- Leveraged $1.3 billion
- For 244+ health center projects
- $1.6 billion
Assessing Risk and Identifying Opportunity
• New Market Tax Credits (NMTC)
• Tax-Exempt Bonds
• US Department of Agriculture (USDA)
• HRSA Loan Guarantee Program (LGP)
• HRSA Capital Grants
• Covid-19 Relief
• CDBG
Identifying Funding Resources

- Foundations
- Bank Loan
- State/Local Funds
- Cash Reserves
- Lease vs Loan
- Grants/Gifts
- Congressional Directed Spending
Example: $10 Million Health Center Project

- **Conventional Bank Loan Only**
  - Interest rate is 6% with 15 year amortization
  - Annual Debt Service (P&I) **$810,103**

- **Conventional Bank Loan with NMTC**
  - NMTC “net benefit” approximately 25% of project budget
  - $2,500,000 subsidization from NMTC’s Program
  - Annual Debt Service **$791,971** During 1st 7 years; then $759,471

- **Tax-Exempt Bonds with NMTC**
  - NMTC net benefit approximately 25% of project cost - $2,500,000
  - Interest rate – 4.0 % (fixed 10 years); 15 YR AMORT
  - Annual Debt Service **$709,474** During 1st 7 years; then $665,724

- **Foundation’s PRI with NMTC**
  - NMTC subsidy approximately 25% of project budget: $2,500,000
  - PRI Loan for the balance - $7,500,000; Interest rate of 3.0%; 40 year term
  - Annual Debt Service **$365,936** During 1st 7 years; then $322,186

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“Capital Stack”

- **Project 1, Rural**
  - $0.4M Land Equity
  - $1.1M Cash/Predevelopment
  - $2.2M NMTC Equity
  - $4.2M Loan
  - $7.9M Financing

- **Project 2, Rural**
  - $0.5M Foundation Grant
  - $0.8M In-kind
  - $2.1M USDA Loan
  - $3.4M Financing

- **Project 3, Rural**
  - $2.0M Loan
  - $13.0M Loan (HRSA Guaranteed)
  - $5.8M NMTC Equity
  - $7.0M Cash and In-Kind
  - $27.8M Financing

- **Project 4, Rural**
  - $4.1M Cash (Grants) and In-Kind
  - $1.4M Equity Investment
  - $3.6M NMTC Equity
  - $5.0M Loan
  - $14.1M Financing

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Resources from Capital Link

• Learning Collaboratives
• Case Studies
• Strategic Planning Toolkit
• Scenario Worksheets
• Benchmarking Toolkit
• Debt Capacity Estimates
• Capital Project Work Plan Manual
• National Trends Reports
• Cost of Care Bulletin
• Performance Evaluation Profiles
• Recorded/Upcoming Webinars
• ...and so much more...
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