



Public Capital Financing Options for Child Care Facilities Development

While this document provides information on public capital financing options, various private capital financing options exist for child care facility development. The Low Income Investment Fund (www.liifund.org) and other community development financing institutions, as well as commercial banks offer financing. You can find a list of these private financing resources at www.buildingchildcare.org.

SOURCE	PRODUCT/TERMS	ELIGIBILITY	ADMINISTRATION	CONTACT
FEDERAL SOURCES				
Small Business Administration (SBA)	<p>7(a) Loan Guaranty A resource for to help small businesses qualify for financing</p> <p>Typically guarantees 75% of a loan</p> <p>10 year term for working capital</p> <p>25 year term for fixed assets</p>	For-profit start-up and existing small businesses, commercial lending institutions	Commercial lending institutions	www.sba.gov/financing/sbaloan/7a.htm
	<p>Certified Development Company (CDC), a 504 Loan Program Long-term, fixed-rate financing to acquire real estate machinery or equipment for expansion or modernization</p> <p>Typically a 504 project includes a loan secured from a private-sector lender with a senior lien, a loan secured from a CDC (funded by a 100 percent SBA-guaranteed debenture) with a junior lien covering up to 40 percent of the total cost, and a contribution of at least 10 percent equity from the borrower.</p>	For profit small businesses requiring “brick and mortar” financing	CDC’s (private, nonprofit corporations set up to contribute to the economic development of their communities or regions)	www.sba.gov/financing/sbaloan/cdc504.htm

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<p>Small Business Administration (SBA) Continued</p>	<p>Microloan, a 7(m) Loan Program Short-term loans Up to \$35,000 For working capital or the purchase of inventory, supplies, furniture, fixtures, machinery and/or equipment Not to be used to pay existing debts or purchase real estate</p>	<p>For profit small businesses and non-profit child care centers needing small-scale financing and technical assistance for start-up or expansion</p>	<p>Specially designated intermediary lenders (nonprofit organizations with experience in lending and in technical assistance)</p>	<p>http://www.sba.gov/financing/microparticipants</p>
<p>US Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG)</p>	<p>In California CDBG funds are allocated primarily through two methods, "Entitlement Communities" and "State Administered CDBG". HUD determines grant amounts using a statutory formula.</p>	<p>CDBG funds may be used for activities which include, but are not limited to:</p> <ul style="list-style-type: none"> • acquisition of real property; • relocation and demolition; • rehabilitation of residential and non-residential structures; 	<p>Entitlement Communities Entitlement Communities are:</p> <ul style="list-style-type: none"> • principal cities of Metropolitan Statistical Areas (MSAs)*; • other metropolitan cities with populations of at least 50,000; and 	<p>Contact your local County Office Administrator or City Manager to find out if your project is in an Entitlement Community or if you should pursue HCD Administered CDBG. Or contact: Steven Sachs, Director</p>

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		<ul style="list-style-type: none"> • construction of public facilities and improvements, such as water and sewer facilities, streets, <u>neighborhood centers, and the conversion of school buildings for eligible purposes;</u> • public services, within certain limits; • activities relating to energy conservation and renewable energy resources; and • provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities. <p>State Administered CDBG Three funding priorities have been established by the California Department of Housing and Community Development:</p>	<ul style="list-style-type: none"> • qualified urban counties with populations of at least 200,000 are entitled to receive annual grants. <p>Through a citizen participation process, Entitlement Communities must develop and have approved by HUD a Consolidated Plan that outlines CDBG priorities.</p> <p>State Administered CDBG Non-entitlement areas receive State Administered CDBG through the California Department of Housing and Community Development (HCD). Non-entitlement areas are cities with populations of less than 50,000 (except cities that are designated principal cities of a MSA), and counties with populations of less than 200,000.</p> <p>Annually HCD develops</p>	<p>US Housing and Urban Development (HUD) Community Planning Division Regional Office San Francisco Regional Office 600 Harrison Street, 3rd Floor San Francisco, CA 94107-1300 Phone: 415-489-6597 FAX: 415-489-6602 E-mail: steven_b_sachs@hud.gov Web site: www.hud.gov</p> <p>For State Administered CDBG contact: Allen Jones Department of Housing and Community Development Division of Community Affairs 1800 Third Street, Room 390 Sacramento, CA 95814 (916) 319-8402</p> <p>For a detailed description of State Administered CDBG including detailed information on funding priorities and a list of eligible jurisdictions go to the link below. http://www.hcd.ca.gov/fa/cdbg/about.html</p>



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		1. General- -Housing (new/ rehab) -Community Facilities -Public Service -Public Works 2. Economic Development 3. Planning	funding priorities and criteria for selecting projects. City/county applications are submitted therefore projects with interest in HCD administered CDBG must get their city/county's support for the project.	
United States Department of Agriculture (USDA), Rural Development, Rural Housing Service, Community Facilities Loans	<p>Community Facilities Program</p> <p>Loan limit is \$3 million with a maximum 40 year term</p> <p>Loan Guarantees of up to 80%</p> <p>Capital Grants average \$30,000</p> <p>Call for current interest rate on direct and guaranteed loans</p>	<p>Public and non-profit agencies in rural areas and incorporated towns of 50,000 or less.</p> <p>Fund can be used to construct, enlarge, or improve facilities</p>		<p>Janice Waddell Community Programs Director 430 G Street, Agency 4169 Davis, CA 95616-4169 Phone: (530) 792-5810 Fax: (530) 792-5839 Email: janice.waddell@ca.usda.gov Web site: http://www.rurdev.usda.gov/ca/cf/</p>
United States Administration for Children and Families (ACF) Head Start Program	<p>ACF in the past has made facilities grants available to their contractors. Lately these funds have been extremely difficult to acquire and therefore should not be consider a viable option for Head Start and Early Head Start contractors.</p>	<p>Head Start and Early Head Start Grantees</p>	<p>ACF Regional IV Office</p>	<p>Sharon Fujii, Regional Administrator Head Start Region IX Administration for Children and Families (415) 437-8400 Fax: (415) 437-8444 50 United Nations Plaza, Room 450 San Francisco, California 94102-4988 http://www.acf.hhs.gov/programs/region9/</p>

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STATE SOURCES				
California Department of Education (CDE), Child Care Facilities Revolving Fund	<p>Loans of up to \$150,000 per double-wide modular building, plus \$50,000 for each additional unit</p> <p>10 year term</p> <p>No interest</p>	Funds can be used to purchase and install a new relocatable building or to renovate, repair, or improve an existing building.	State of California Department of Education Child Development Division	<p>Helen Lam Child Development Division 1430 N Street, Suite 3410 Sacramento, CA 95814 916/319-0191 hlam@cde.ca.gov</p>
Joint Use Education Bond	<ul style="list-style-type: none"> • COE or School District Applies • \$1 million request limit • Up to 50% of development cost can be paid through the bond and typically 25% comes from the joint use child care partner, and 25% from a grant of other source. 	<ul style="list-style-type: none"> • Joint use partner needs to be a government agency, higher education institution, or non-profit. • Child care center must be on school property <p>Contact your local County Office of Education or School District about school facility projects in their pipeline.</p>	School Facility Program Office of Public School Construction	<p>Office of Public School Construction Carol Shellenberger California Operations Manager, Program Services 916.323.4941 carol.shellenberger@dgs.ca.gov 1130 K Street, Suite 400 Sacramento, CA 95814-3939 http://www.opsc.dgs.ca.gov/Programs/Joint-Use_SB15.html</p>



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Prop. 46 California Department of Housing and Community Development (HCD), Multifamily Housing Program (MHP), Nonresidential Space for Supportive Services (NSSS) Funding	Loans up to \$500,000 Terms are 55 years at 3% interest Principal and interest forgiven at term if compliant with regulatory agreement Funds are disbursed when a permanent loan is closed	California affordable housing developers applying for MHP funds Services must be affordable to residents Center must be co-located with or proximate to the housing Housing tenants get priority access	Multifamily Housing Program Department of Housing and Community Development Division of Community Affairs	Deputy Director Division of Financial Assistance 1800 Third Street, Room 390 Sacramento, CA 95814 (916) 323-3178 multifamilyhousingsection@hcd.ca.gov
Low Income Housing Tax Credits (LIHTC)	LIHTC's are one of the most commonly used financing mechanisms for developing affordable multifamily housing. The tax credits are used to raise capital for the development of housing and community facilities located within and providing services to the housing development.	Affordable housing developments in qualified census tracts.	California State Treasurer's Office	William Paváo, Executive Director California Tax Credit Allocation Committee 915 Capitol Mall, Suite 485 Sacramento, CA 95814 Telephone: (916) 654-6340 Fax: (916) 654-6033 http://www.treasurer.ca.gov/ctcac/



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REGIONAL & LOCAL SOURCES				
Redevelopment	Tax increment funding generated in a Redevelopment Area to be used in the designated area to address blight, and to achieve desired development, reconstruction, and rehabilitation. Terms and conditions of project funding vary by jurisdiction.	Building and rehabilitating community facilities such as child care centers.	Local Redevelopment Agencies	Contact your city manager or County Administrator's Office to find out if your project is in a Redevelopment area. For more information on Redevelopment go to www.calredevelop.org
County First 5	Some County First 5 Commissions fund capital improvement projects through their grant making process or as part of designated program or service.	Varies by County.	Each of the 58 County First 5 Commissions establishes unique policies and priorities on how their Proposition 10 tobacco tax revenue will be used in their community.	Contact your local First 5 Commission to see if they offer capital financing. You can find the contact information for your local Commission via the First 5 California Commission at www.cfc.ca.gov

*The general concept of a metropolitan or micropolitan statistical area is that of a core area containing a substantial population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Metropolitan and micropolitan statistical areas comprise one or more entire counties. The Office of Management and Budget (OMB) defines metropolitan and micropolitan statistical areas for purposes of collecting, tabulating, and publishing Federal data. Metropolitan and micropolitan statistical area definitions result from applying published standards to Census Bureau data. (excerpt from US Census website)