

An aerial night view of a city grid, likely Washington D.C., with lights from buildings and streets. A white rectangular frame is overlaid on the image, containing the text. The sky is a deep blue with some clouds.

# Groundbreaking Solutions

**75 YEARS**



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# *American Rescue Plan Relief Funds & Other Federal Project Finance Tools*

June 15, 2021

## Agenda & Acknowledgements

3:00

- Welcome

3:10

- Review of Funding Sources & Recommendations

3:40

- Discussion of Suggested Innovative Uses of Funds
- Q & A

4:00

- Close

(Note: All times Eastern Daylight)



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## Select Federal Funding & Financing Sources - Overview

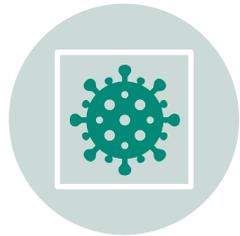
Coronavirus Relief Funds (American Rescue Plan Act)

Selected Economic Development, Housing & Infrastructure Tools)

# Coronavirus State and Local Fiscal Recovery Funds



The American Rescue Plan will deliver \$350 billion for eligible state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs. Eligible Uses for CFRF are broadly defined by Treasury for activities that:



Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control



Replace lost revenue for eligible state, local, territorial, and Tribal governments to strengthen support for vital public services and help retain jobs



Support immediate economic stabilization for households and businesses



Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic

# Coronavirus State and Local Fiscal Recovery Funds (Billions, \$USD)



Source:  
<https://home.treasury.gov/policy-issues/coronaviruses/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

Territories,  
\$4.5

# Acknowledgements



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DEVELOPMENT, FINANCE AND POLICY ADVISORS

## About DRA - Who We Are

Founded in 1980, David Paul Rosen & Associates (DRA) is an internationally recognized public policy and financial advisory consulting firm that brings state-of-the-art transactional and policy expertise to affordable housing, renewable energy & energy efficiency, land value capture & urban revitalization.

DRA has represented more than 300 clients in 44 states in the U.S., and on five continents. DRA's clientele includes national, state, regional and local government agencies, for-profit and nonprofit private sector clients ranging from Fortune 500 companies to financial institutions and foundations to community development corporations.

Uniquely, DRA combines expertise in both public policy and transactional discipline. DRA Principals have advised on more than \$10 billion in development finance. DRA has pioneered finance and public policy initiatives in affordable housing, energy efficiency and renewable energy, land use planning for affordable housing, small business, economic development, banking, asset management, insurance, and urban planning.

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# United States Department of the Treasury Programs



Program	Funding	Eligible Applicants	Eligible Uses	Application Deadlines
Emergency Capital Investment Program	\$9B One-Time	LMI CDFIs and MDIs	Loans, grants and forbearance for businesses and consumers in LMI and underserved communities	July 6, 2021
Emergency Support and Minority Lending Program	\$1.7B	CDFIs and MLIs	Financial assistance, training, awards, and outreach programs	Expected to open Summer 2021
State Small Business Credit Initiative	\$10B in ARPA	State Department or Agency (i.e. EDAs)	Capital access, collateral support, loan guarantee, loan participation, and venture capital programs	Dec. 11, 2021

LMI = Low and Moderate Income  
 CDFI = Community Development Financial Institution  
 MDI = Minority Depository Institutions  
 MLI = Minority Lending Institution (newly created category)



## United States Department of Energy Programs



- Program: Section 1703 Loan Guarantee
- Funding: \$40B Total Authorization
- Applicants: Projects that employ new or improved technologies to reduce air pollution and greenhouse gases
- Assistance: Guaranteed loans. Recent provisions add:
- funding to pay credit subsidy and transaction costs, making program more useful
  - new eligible technologies

# United States Department of Agriculture Programs



Program	Funding	Eligible Applicants	Eligible Uses	Application Deadlines
Rural Water and Waste Disposal Program	\$1.9B	State or local entities, private nonprofits, Indian tribes	Loans and grants for water and wastewater disposal systems	Ongoing Thru Rural Dev.
Business & Industry CARES Act Program	\$1.0B	Agricultural producers and rural small businesses	Guaranteed loans to increase employment, improve environment, and/or promote renewable energy	Ongoing Thru Rural Dev.
Community Facilities Direct Loan Program	\$3.0B	Public entities, non-profit corporations and tribal governments	Essential community facilities in rural areas	Sept. 15, 2021 Thru Financial Institutions

# United States Small Business Administration Programs



U.S. Small Business Administration

Program	Funding	Eligible Applicants	Eligible Uses	Application Process
7(a) Small Business Loan Guarantee Program	\$3.5B CARES Act	For-profit businesses meeting size, type and underwriting criteria	Loan guarantees to start-up and existing small businesses	Ongoing through participating commercial lenders
CDC / 504 Fixed Asset Financing Program	\$3.5B Cons. Approp. Act		Fixed asset projects such as land, site improvements, construction, conversion, and long-term machinery	Ongoing through Certified Development Corporations (CDC's)





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## Select Federal Funding & Financing Sources – Program Detail

Selected Economic Development, Housing  
& Infrastructure Tools



## Emergency Capital Investment Program

- Agency: U.S. Treasury Department
- Funding: \$9B
- Applicants: LMI CDFIs and MDIs<sup>1</sup>
- Assistance: Long-term, low-cost equity and subordinated debt to participating institutions to support loans, grants, forbearance to small and minority owned businesses
- Application: July 6, 2021 Deadline

<sup>1</sup>Low- and moderate-income community development financial institutions (CDFIs) and Minority Depository Institutions

# Emergency Support & Minority Lending Program



Agency:	U.S. Treasury Department
Funding:	\$1.7B
Applicants:	CDFIs and MLIs
Assistance:	Grant capital and technical assistance to CDFIs including new category of Minority Lending Institutions for financial assistance, training, outreach; details in development
Application:	Expected to open summer 2021

<sup>1</sup>Low- and moderate-income community development financial institutions (CDFIs) and Minority Lending Institutions (new category; yet to be defined)





## State Small Business Credit Initiative

- Agency: U.S. Treasury Department
- Funding: \$19B
- Applicants: State agencies
- Assistance: Grant funding to State sponsored capital access, collateral support, loan guarantee, loan participation, and venture capital programs
- Application: Deadlines:
- States/Tribal Govts: Dec. 11, 2021
- Cities in Non-Part. States: Mar. 25, 2022





## CDFI Rapid Response Program

Agency:	U.S. Treasury Department/CDFI Fund
Funding:	\$1.25B for FY 2021
Applicants:	CDFIs <sup>1</sup>
Assistance:	Grants to institutions providing financial products and services, loan loss reserves, develop. services, and capital reserves
Application:	March, 25, 2021 Deadline for FY 2021

<sup>1</sup>Community development financial institutions.



## Rural Water and Waste Disposal Program



Agency:	U.S. Department of Agriculture
Funding:	\$1.9B plus \$374M 2021
Applicants:	State or local entities, private nonprofits, Indian tribes
Assistance:	Loans and grants for water and wastewater disposal systems to applicants unable to obtain commercial credit on reasonable terms. New provisions offer relief for borrowers affected by COVID.
Application:	Accepted on an ongoing basis

<sup>1</sup>Community development financial institutions (CDFIs).

## Rural Energy For America Program (REAP)



- Agency: U.S. Department of Agriculture
- Funding: \$78M for 2021
- Applicants: For profit or nonprofit cooperatives, corporations, partnerships, Indian tribes
- Assistance: Guaranteed loans to businesses providing employment, improving the economic or environmental climate, and/or promoting use of renewable energy
- Application: Accepted on an ongoing basis

## Business & Industry CARES Act Program



- Agency: U.S. Department of Agriculture
- Funding: \$1B from CARES Act
- Applicants: For profit or nonprofit cooperatives, corporations, partnerships, Indian tribes
- Assistance: Guaranteed loans to businesses providing employment, improving the economic or environmental climate, and/or promoting use of renewable energy
- Application: September 15, 2021 for \$1B CARES Act

## Community Facilities Direct Loan Program



- Agency: U.S. Department of Agriculture
- Funding: \$3.0B FY 2021
- Applicants: For profit or nonprofit cooperatives, corporations, partnerships, Indian tribes
- Assistance: Loans and loan guarantees for businesses providing employment, improving the economic or environmental climate, and/or promoting use of renewable energy
- Application: Accepted on an ongoing basis



## 7(a) Small Business Loan Guarantee Program



U.S. Small Business  
Administration

Agency:	U.S. Small Business Administration
Funding:	\$3.5B CARES Act
Applicants:	For profit small businesses meeting size and type criteria
Assistance:	Grants to support State capital access, collateral support, loan guarantee, loan participation, venture capital programs expecting to leverage \$10 of new financing for every \$1 of funding
Application:	December 11, 2021; March 11, 2022 <sup>1</sup>

<sup>1</sup>Applications for states and Tribal governments due Dec. 11, 2021. Applications for municipalities in states that do not apply for SSBCI due March 11, 2022.

## CDC / 504 Fixed Asset Financing Program



U.S. Small Business  
Administration

- Agency: U.S. Small Business Administration
- Funding: \$3.5B Consolidation Approp. Act 2021
- Applicants: For profit small businesses meeting size and type criteria
- Assistance: Fixed asset projects including land, improvements, construction, conversion, long term machinery, streets, utilities, parking; also loan forgiveness, lower fees
- Application: Applications made through Certified Development Companies (CDCs) who apply to SBA



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## Select Federal Funding & Financing Sources – Innovative Use Examples

## Innovative Use Example – Housing Finance

*Possible Source: State/Local Coronavirus Relief Funds*

The bulk of the project finance tools in the American Rescue Plan are not housing specific, but communities could consider using portions of their American Rescue Plan state and local (city/county) Coronavirus Relief Funds to help capitalize localized versions of several innovative housing finance models.

Some examples to consider include:

- Below-market debt funds
- Public/private equity vehicles
- Real estate investment trusts (REITs)
- Mezzanine debt/equity funds
- Portfolio-level loan loss reserves funds for targeted lending

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# Innovative Use Example – Business Finance

*Possible Source: State Small Business Credit Initiative*

States could use some portion of their SSBCI allocation to create a pooled capital fund – flexibly structured as debt and equity - to reach those businesses least able to access traditional finance in underserved communities. Examples include:

- Public deposits with CDFIs and/or MDIs w/ agreements for targeted business lending
- Portfolio-level loss reserves for targeted lending
- Equity funds for minority owned venture funds and debt/equity structured finance funds
- “Fund of Funds” public venture funds
  - Examples of this ‘fund of funds’ public venture capital structure have been seen overseas – and they have been proved wildly successful. Only a few states created funds-of-funds with their last round of SSBCI money, and most put heavy constraints on them.



## Innovative Use Example – Energy Efficiency/Renewable Energy (EERE), Housing & Agriculture Finance

*Source: Department of Energy Section 1703 Loan Guarantee (pending final rulemaking)*

- Stack affordable housing and energy resiliency efforts and finance through tools like the DOE program.
- EERE layered debt and/or equity in project level or portfolio level (e.g., public housing authorities) retrofit finance, combined with LIHTC, energy efficient utility allowances.
- Renewable energy credit enhancement, subordinate debt/equity funds for utility scale wind, solar, community solar projects,
- Finance products (debt, subordinate debt, equity, loss reserves/credit enhancement) for large scale agricultural EERE projects: biodigesters, cogeneration, solar thermal and electric for very large-scale greenhouses, water conservation measures



### **Maycroft Apartments, Washington DC**

Jubilee Housing's Maycroft Apartments is the first affordable housing development in the District of Columbia to fully power a resiliency center through solar PV paired with a battery storage system (solar+storage).

Image Credit: <https://www.cleangroup.org/ceg-projects/resilient-power-project/featured-installations/maycroft-apartments/>



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## Select Federal Funding & Financing Sources – Q & A

## Questions?

To help frame the question and answer period, please consider the following:

- Have you thought about piloting any new product, program or approach with either new federal resource or new project financing capabilities like these?

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