



A Multi-layered Approach to Economic Development Financing

May 21, 2020

Tracey Nichols
Director of Financial Services



Development Financing- Multiple Layers

- There are many types of projects- from small business to large mixed use or manufacturing projects.
- There are many Economic Development Finance tools to augment traditional bank financing.
- Some of the Sources include:
 - State and Local Governments
 - Federal Programs such as Tax Credits
 - Small Business Administration
 - Grants from Foundations

Development Financing

Available in most local governments:

• Tax Increment Financing	• Income Tax Rebates or Grants Based on Income Taxes
• Tax Abatement	• Small Business Loans
• Revolving Loan Funds- Low Interest Loans	

Available in some local governments:

• Forgivable Loans	• Gifted Land or Land Sold/Leased Below FMV
• Utility Grants	• Taxable Bond Issuances for TIF
• Retail Loans/Grants	• Workforce Training Grants
• Equity Investments	



How do local governments get money to support projects?

- Federal Entitlements (CDBG, EDA currently)
- Federal NOFA's (EDA, EPA, TIGER, etc.)
- General Fund (May be limited to Non-Tax Revenues)
- Special Taxes (Often Voted on by the People)
- TIF's- especially TIF Districts, BIDS
- Special Assessments, New Community Authorities, etc.
- Partnering with Foundations, Banks, Business Community



Local Government -Policy Development

Depending on local issues, the local community can customize E.D. Financing to address issues such as:

- Post COVID Business Re-Start
- Need to address re-use of land with development issues such as brownfields and obsolescence
- Need to address ways to attract entrepreneurs and new high tech companies



Example: COVID Assistance to Small Business

- Provide loans or grants to businesses who need funds to add personal protection equipment to open safely such as Hand Sanitizer Dispensers, Temperature readers, Plexiglass separators, etc.
 - CDBG Funds for loan or grants
 - EDA Revolving Loan Funds
 - General Fund Revenues for loans or grants

* Note- Some states do not allow grants to for profit businesses- you must use a “Recoverable” Grant or “Forgivable Loan”



Example : Vacant Property Initiative

- Strategy- Attract businesses and jobs to vacant buildings & Land in an older manufacturing community
- Loan program, partially forgivable established: 2008
 - 110 Projects
 - \$35.2 million in city funds
 - Leveraged over \$830 million in investment
 - Created 5,178 new jobs/retained 2,726
 - Over 4 million square feet of vacant space and over 100 acres of vacant land developed
 - Income tax: \$11.4 million per year currently



Special Financing Tools

Local Communities may take advantage of these programs to successfully complete projects

- **HUD 108 Program-** pledge future Block Grant Dollars to provide loans up to 5x annual allocation
- You may be able to establish a ***Neighborhood Revitalization Strategy Area***- which provides far more flexibility for any CDBG or HUD 108 program Ex: Area Benefit instead of certifying every job as low & moderate income
- **EDA Revolving Loan Program-** One of the few programs that can be used for Working Capital loans

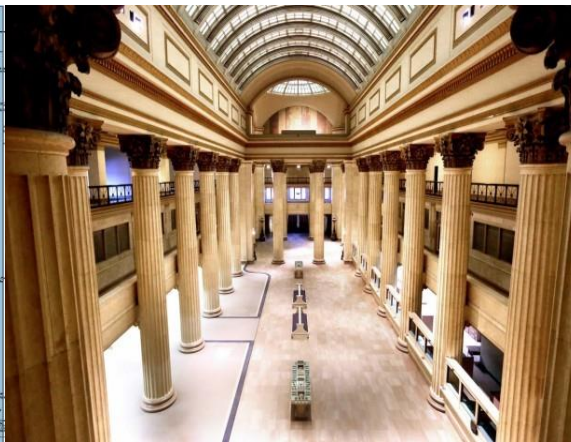
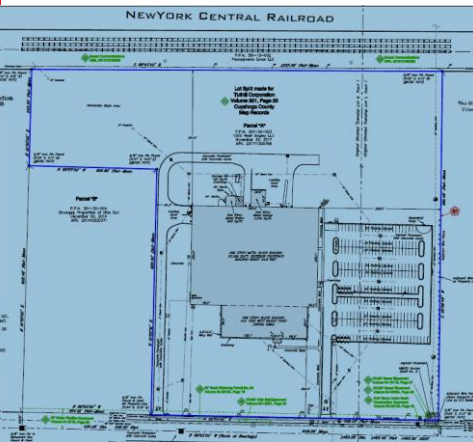


After the last recession, this capital stack took 2 days to sign and close...over 30 sources

Funding Source	Amount	Percent
Developer Equity	\$44,800,000	16.5%
Cleveland Port Bonds		41.1%
Hotel & Retail: Cleveland International Fund (EB-5)	\$20,000,000	
Office: Wells Fargo	\$53,000,000	
Cleveland International Fund (EB-5)	\$20,000,000	
Ohio Carpenter's Union	\$18,900,000	
City of Cleveland HUD 108	\$30,000,000	11.0%
City of Cleveland: VPI/Utility Grant/GO Bond/Grant	\$16,700,000	6.1%
City of Cleveland TIF		10.4%
State OEBF Bonds	\$15,000,000	
Cleveland Port Bonds	\$8,800,000	
Summit Port Bonds	\$4,700,000	
State of Ohio: CleanOhio/629/Urban Redev Loan/Rapid Outreach	\$12,800,000	5.0%
NEORS- Regional Sewer District Utility Funding	\$9,200,000	3.3%
Cuyahoga County: HUD 108/BEDI/EPA/Brownfield	\$7,300,000	2.7%
Cleveland Development Partners (Non-Profit Development Co)	\$5,000,000	1.8%
Federal Grants: DOT, NOAA	\$4,900,000	1.8%
Other	\$900,000	0.3%
	\$272,000,000	100%



Thank You



Tracey Nichols
Director, Financial Services

Tracey.Nichols@AboutPMC.com

216-566-5825



ATLANTA | CINCINNATI | CLEVELAND | COLUMBUS | DAYTON | NEW YORK | WASHINGTON, D.C.