## Potential Sources of Public Capital for Child Care Facility Development

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<td><strong>FEDERAL SOURCES</strong></td>
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<td>Small Business Administration (SBA)</td>
<td><strong>7(a) Loan Guaranty</strong>&lt;br&gt;A resource for to help small businesses qualify for financing&lt;br&gt;Typically guarantees 75% of a loan, can go as high as 90%.&lt;br&gt;10 year term for working capital&lt;br&gt;25 year term for fixed assets&lt;br&gt;<strong>Certified Development Company</strong>&lt;br&gt;<strong>CDC</strong>&lt;br&gt;<strong>504 Loan Program</strong>&lt;br&gt;Long-term, fixed-rate financing&lt;br&gt;To acquire real estate machinery or equipment for expansion or modernization&lt;br&gt;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.</td>
<td>For profit start-up and existing small businesses, commercial lending institutions</td>
<td>SBA pre-approved commercial lending institutions&lt;br&gt;For profit small businesses requiring “brick and mortar” financing</td>
<td>SBA pre-approved CDC’s (private, nonprofit corporations set up to contribute to the economic development of their communities or regions)</td>
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<td>Small Business Administration (SBA) (continued)</td>
<td>Microloan, a 7(m) Loan Program</td>
<td>For profit small businesses and <strong>non-profit child care centers</strong> needing small-scale financing and technical assistance for start-up or expansion</td>
<td>SBA pre-approved specially designated intermediary lenders (nonprofit organizations with experience in lending and in technical assistance)</td>
<td><a href="http://www.sba.gov/financing/microparticipants">http://www.sba.gov/financing/microparticipants</a></td>
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**US Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG)**

- In California CDBG funds are allocated primarily through two methods, “Entitlement Communities” and “State Administered CDBG”. HUD determines grant amounts using a statutory formula.

- CDBG funds may be used for activities which include, but are not limited to:
  - acquisition of real property;
  - relocation and demolition;
  - rehabilitation of residential and non-residential structures;
  - construction of public facilities and improvements, such as water and sewer facilities, streets, **neighborhood centers, and the conversion of school buildings for eligible purposes**;

- **Entitlement Communities**
  - principal cities of Metropolitan Statistical Areas (MSAs)*;
  - other metropolitan cities with populations of at least 50,000; and
  - qualified urban counties with populations of at least 200,000 are entitled to receive annual grants.

- Through a citizen participation process, Entitlement Communities must develop and have approved by HUD a Consolidated Plan that outlines CDBG priorities.

- 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
  - 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](mailto:steven_b_sachs@hud.gov)
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| US Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) | | • 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. | **State Administered CDBG**  
Three funding priorities have been established by the California Department of Housing and Community Development:  
1. General-  
   - Housing (new/ rehab)  
   - Community Facilities  
   - Public Service  
   - Public Works  
2. Economic Development  
3. Planning | **For State Administered CDBG contact:**  
Department of Housing and Community Development  
Division of Community Affairs  
1800 Third Street, Room 390  
Sacramento, CA 95814  
(916) 319-8402 | **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 |

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<td>United States Department of Agriculture (USDA), Rural Development, Rural Housing Service, Community Facilities Loans</td>
<td><strong>Community Facilities Program</strong>&lt;br&gt;Within the State there is NO Loan limit, holds a maximum 40 year term. Contact your Rural Development State Office to determine the eligible interest rate for your area.&lt;br&gt;Loan Guarantees of up to 90% with 1% guarantee fee.&lt;br&gt;Capital and Equipment Grants average $30,000&lt;br&gt;There is a child care set aside grant, maximum $50,000. Deadline is March of every year&lt;br&gt;Call the lender on the project to get current interest rate on direct and guaranteed loans.</td>
<td>Public and non-profit agencies in rural areas and incorporated towns of 20,000 or less.&lt;br&gt;Fund can be used to construct, enlarge, or improve facilities, equipment.&lt;br&gt;No operating expenses.</td>
<td>Janice Waddell&lt;br&gt;Community Programs Director&lt;br&gt;(530) 792-5810&lt;br&gt;Email: <a href="mailto:janice.waddell@ca.usda.gov">janice.waddell@ca.usda.gov</a>&lt;br&gt;</td>
<td>Anita Lopez&lt;br&gt;Community Programs Specialist&lt;br&gt;(530) 792-5822&lt;br&gt;Email: <a href="mailto:alopez@ca.usda.gov">alopez@ca.usda.gov</a>&lt;br&gt;430 G Street, Agency 4169&lt;br&gt;Davis, CA 95616-4169&lt;br&gt;Fax: (530) 792-5839&lt;br&gt;Web site: <a href="http://www.rurdev.usda.gov/ca/cf/">http://www.rurdev.usda.gov/ca/cf/</a></td>
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<td>United States Administration for Children and Families (ACF) Head Start Program</td>
<td><strong>ACF makes facilities grants available subject to the availability of unused program dollars at the end of the fiscal year. There is no guarantee there will be facility grants available each year and the grant amounts when awarded are only for a portion of facility development costs.</strong>&lt;br&gt;</td>
<td><strong>Head Start and Early Head Start Grantees</strong>&lt;br&gt;</td>
<td>ACF Regional IV Office&lt;br&gt;Sharon Fujii, Regional Administrator&lt;br&gt;Head Start Region IX&lt;br&gt;Administration for Children and Families&lt;br&gt;(415) 437-8400&lt;br&gt;Fax: (415) 437-8444&lt;br&gt;50 United Nations Plaza, Room 450&lt;br&gt;San Francisco, California 94102-4988&lt;br&gt;<a href="http://www.acf.hhs.gov/programs/region9/">http://www.acf.hhs.gov/programs/region9/</a></td>
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| California Department of Education (CDE), Child Care Facilities Revolving Fund (CCFRF) | Loans of up to $210,000 per modular unit plus $70,000 additional modular unit per project site. 10 year term No interest | Funds can be used to purchase and install modular buildings | State of California Department of Education Child Development Division | Alice Ludwig  
Child Development Division  
1430 N Street, Suite 3410  
Sacramento, CA 95814  
916/327-0197  
aludwig@dde.ca.gov |
| Joint Use Education Bond | • 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 (i.e. in kind contribution). | • Joint use partner needs to be a government agency, higher education institution, or non-profit.  
• Child care center must be on school property  
Contact your local County Office of Education or School District about school facility projects in their pipeline. | School Facility Program Office of Public School Construction | Office of Public School Construction  
www.opsc.dgs.ca.gov/SFPJtUse/Default.htm 1130 K Street, Suite 400  
Sacramento, CA 95814-3939  
www.opsc.dgs.ca.gov/SFPJtUse/Default.htm |
| Prop. 1C California Department of Housing and Community Development (HCD), Multifamily Housing Program (MHP) | MHP applicants can include the cost of constructing a child care center in their MHP application | California affordable housing developers applying for MHP funds  
Center must be co-located with the housing | Multifamily Housing Program Department of Housing and Community Development Division of Community Affairs | Division of Financial Assistance  
1800 Third Street, Room 390  
Sacramento, CA 95814  
(916) 323-3178  
multifamilyhousingsection@hcd.ca.gov |
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<td>Low Income Housing Tax Credits (LIHTC)</td>
<td>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.</td>
<td>Affordable housing developments in qualified census tracts.</td>
<td>California State Treasurer’s Office</td>
<td>California Tax Credit Allocation Committee 915 Capitol Mall, Suite 485 Sacramento, CA 95814 Telephone: (916) 654-6340 Fax: (916) 654-6033 <a href="http://www.treasurer.ca.gov/ctcac">http://www.treasurer.ca.gov/ctcac</a></td>
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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 City Manager or County Administrator’s Office to find out if the project is in a Redevelopment area. For more information on Redevelopment go to [www.calredevelop.org](http://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.ccfc.ca.gov](http://www.ccfc.ca.gov) |

*The general concept of a metropolitan or metropolitan 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 metropolitan statistical areas comprise one or more entire counties. The Office of Management and Budget (OMB) defines metropolitan and metropolitan statistical areas for purposes of collecting, tabulating, and publishing Federal data. Metropolitan and metropolitan statistical area definitions result from applying published standards to Census Bureau data. (excerpt from US Census website)*