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NMTCs Increase Florida Health Care Center Capacity

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When nonprofit Central Florida Health Care (CFHC) needed to expand its facilities on a limited budget, it discovered that new markets tax credit (NMTC) financing could make all the difference. With the help of federal and state NMTCs, CFHC will expand two of its 10 existing clinics in central Florida and will open another two locations. The result will be an extra 48,000 square feet of health care space by spring 2016.

“We’re always looking at ways to enhance our clinics and see more patients,” said Ann Claussen, CFHC’s CEO. Claussen said CFHC provides health care to 30,000

patients per year and is expected to serve as many as 32,000 patients when the new facilities open next year.

Health Care with a Heart

“We consider [federally qualified health centers] to be at the very center of our target for achieving impact in the low-income community,” said Nelson Black, chief lending officer for Florida Community Loan Fund (FCLF), the project’s NMTC allocatee. “No other organization provides more benefit to low-income clients than these organizations do.”

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Image: Courtesy of Florida Community Loan Fund

Central Florida Health Care will renovate its clinic in Avon Park, Fla. Planned work includes an overhaul of its air conditioning system and installation of a new roof. The property will also have new irrigation, landscaping and parking lot.





Image: Courtesy of Florida Community Loan Fund

Central Florida Health Care's facility in Winter Haven, Fla., will offer expanded primary and dental services for adults.

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The communities served by CFHC have poverty rates between 24 and 40 percent, as well as unemployment rates that are 2.3 times the national average. A third of the organization's patients are uninsured. CFHC's motto, "health care with a heart," means that no patient is turned away or denied medical care because of inability to pay. CFHC specializes in migrant worker health, offering bilingual services and discounts based on family income. CFHC's facilities provide patients comprehensive primary care, including medical, dental, laboratory and X-ray services.

NMTC financing allowed CFHC to purchase the building it leased in Winter Haven for the past five years, where it provided primary medical and dental care for adults and children. CFHC plans to expand Winter Haven's adult primary and dental services, as it moves pediatric and obstetric services to the new Magnolia Building, also in Winter Haven. The Magnolia Building will also add pediatric dental services. A new auditorium will be built in the Magnolia Building to house meetings and health education sessions.

The third expansion enabled by the NMTC will be the acquisition and renovation of a shuttered adult day care center in Lake Wales into a CFHC clinic. The building's

common room will be turned into individual examination rooms and the kitchen will be converted into a pharmacy and laboratory.

The fourth component of CFHC's expansion is the substantial renovation of its Avon Park facility. Planned work includes an overhaul of its air conditioning system and installation of a new roof. The property will also have new irrigation, landscaping and parking lot.

Overall, the projects are expected to create 11 temporary and 92 permanent jobs.

Financing

The strategy of bundling the four projects into one transaction came with its own set of challenges, said Susan Cremering, CFHC's financial consultant. "Having four properties made it four times more challenging in terms of getting surveys and reports—everything was times four," said Cremering.

The appeal of the NMTC structure is that it will allow CFHC to make interest-only payments for seven years, at the end of which, \$3.5 million of the loan will be converted into equity. "I think that it clearly demonstrates what is best about NMTCs, which is the ability to take

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a project that lacks the necessary equity and use project funding to get started right now—rather than waiting years to assemble the necessary capital through more traditional conventional and grant sources,” said Black. FCLF provided \$8.5 million of federal and \$6.4 million of state NMTC allocation.

“I think it’s accurate to say that without new markets, these projects wouldn’t have happened,” said Jennifer Westerbeck, vice president at U.S. Bancorp Community Development Corporation (USBCDC), which provided about \$2.9 million in federal NMTC equity and \$1.4 million in state NMTC equity. “There’s going to be

job creation and really valuable services that otherwise wouldn’t be provided in those communities.”

Lacey Osborn, a USBCDC project manager, agreed. “They’re going into markets where there are no other [health care] options,” said Osborn. The project also benefited from \$4.5 million in leverage loans and \$245,000 in sponsor equity.

Although navigating the multiproperty transaction was difficult, CFHC found the result was well worth it. Claussen said CFHC may consider using NMTC financing to open two more facilities next year. ❖

Central Florida Health Care FINANCING

- \$8.5 million federal new markets tax credit (NMTC) allocation from Florida Community Loan Fund (FCLF)
- \$6.4 million of state NMTC allocation from FCLF
- \$4.5 million leverage loan from various sources
- \$2.9 million federal NMTC equity from U.S. Bancorp Community Development Corporation (USBCDC)
- \$1.4 million state NMTC equity from USBCDC
- \$245,000 sponsor equity

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