

# Community Health Facilities Fund

## History and Background

The Community Health Facilities Fund (CHFF) was established in Washington, D.C. in 1991 as a 501c3 corporation to assist non-investment grade community based behavioral healthcare organizations improve their access to capital by identifying opportunities for financing in the tax-exempt bond market and/or traditional commercial loans.

**The National Council for Community Behavioral Healthcare** and the **US Psychiatric Rehabilitation Association** sponsor CHFF.

CHFF is governed by a Board of Directors consisting professionals with experience in behavioral healthcare, finance, health care policy, and nonprofit management.

CHFF is funded by two program-related investments from **The Robert Wood Johnson Foundation** totaling \$8.2 million. The Fund Manager is Nonprofit Capital, LLC based in Stamford, CT.

*To date, CHFF has financed approximately \$100 million in capital projects for more than 30 borrowers in eleven (11) states across the nation.*

The projects which have been funded to date include the following:

## Types of Assets Financed

- Group Homes
- Clinical Space
- Office Buildings
- Light Industrial Buildings
- Equipment and Furnishings
- IT Equipment and software

## Purpose of Financing

- Refinancing of Existing Debt
- Real Estate Acquisition
- Construction of New Facilities
- Purchase of Leased Facilities
- Renovation Projects
- Purchase of equipment including IT (hardware, software, licensing fees)

## Financing Programs

CHFF has developed a variety of financing programs to meet the needs of a variety of organizations and projects:

**Taxable Loan Program:** For smaller transactions (less than \$2 million), CHFF can structure and fund traditional commercial loans at attractive interest rates and terms either on a stand-alone basis or in conjunction with other lenders (i.e., local commercial banks, other community development oriented lenders). Generally, we can provide loans for information technology needs in amounts of \$150,000 or more and for real estate secured transactions in excess of \$250,000.

**Tax-Exempt Bond Financing:** For larger transactions (\$2 million or more), CHFF can assist in structuring and privately placing non-rated tax exempt bonds. Tax-exempt bonds provide long-term (generally 30 year), fixed-rate financing. Borrowers who utilize tax-exempt bond financing benefit from the lower interest rates investors require due to the tax-exempt nature of the interest income. While there are restrictions on the use of tax-exempt bond proceeds (i.e., no working capital), most projects involving hard assets are eligible (including refinancing of existing taxable loans). CHFF can assist borrowers in determining the eligibility of specific projects for this type of financing.

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***A nonprofit loan fund serving nonprofit, community-based behavioral healthcare providers.***

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## Target Borrowers

The target borrowers for this program are community based behavioral health care providers. The eligible organizations generally offer programs focused on substance abuse, alcoholism, family treatment centers, developmental disabilities, and other behavioral healthcare issues. The tax-exempt bond program can accommodate loan sizes as small as \$2,000,000, although larger sizes are preferable. Taxable financing options can be substantially smaller in size. The underwriting process therefore involves an understanding of the reimbursement and regulatory environment in which the provider operates as well as an understanding of the individual provider itself. Existing borrowers in the program have annual revenues that range from \$2 million to \$20 million.

As part of the preparation for financing, CHFF provides Strategic Financial Planning services to assist these organizations answer questions about the amount of debt they are incurring, their financial policies and their ability to adhere to them.

## CHFF Financing Process

- An initial screening and review of credit information including:
  - audited financial statements,
  - financial ratio analysis,
  - feasibility studies and projections,
  - outstanding liabilities,
  - reimbursement environment,
  - revenue mix,
  - service mix, and
  - sources of non-operating revenues
- If necessary, a site visit will be arranged
- Preparation of documents.
- Funding and closing

## CHFF Behavioral Health Care Client List

CHFF has assisted the following behavioral healthcare organizations in obtaining capital:

- The Guidance Center (Flagstaff, AZ)
- West Yavapai Guidance Clinic, Inc. (Prescott, AZ)
- Delaware Guidance Services (Wilmington, DE)
- Archways (Fort Lauderdale, FL)
- 45th Street Mental Health Center (West Palm Beach, FL)
- Gulf Coast Jewish F&MHS (Clearwater, FL)
- The Guidance Clinic of Middle Keys (Marathon, FL)
- Lock Towns Community MHC (Miami, FL)
- Citrus Health Network, Inc. (Hialeah, FL)
- Passageway Residence of Dade County (Miami, FL)
- Bayview Center for Mental Health, Inc. (N. Miami, FL)
- Progressive Housing Inc. (Peoria, IL)
- Turning Point (Skokie, IL)
- Aunt Martha's Youth Service Center (Matteson, IL)
- Fillmore (Berwyn, IL)
- Milestones, Inc. (Rockford, IL)
- TASC (Chicago, IL)
- Stepping Stones (Rockford, IL)
- Attleboro Enterprises, Inc. (North Attleboro, MA)
- LifeLinks, Inc. (Lowell, MA)
- Sample Rehabilitation Center (Lowell, MA)
- Wayside Youth (Framingham, MA)
- Arbor Hospice (Ann Arbor, MI)
- CenterPointe, Inc. (Lincoln, NE)
- Lincoln Action Program (Lincoln, NE)
- OHEL (Brooklyn, NY)
- Bais Ezra, Inc. (Brooklyn, NY)
- OHEL & Bais Ezra, Inc. (Brooklyn, NY)
- Avatar (Ogden, UT)
- Cache (Logan, UT)
- Community Treatment Alternatives (Salt Lake City, UT)
- Phoenix Services (Clearfield, UT)
- TURN (Salt Lake City, UT)
- Tri-Connections (Provo, UT)
- Columbia River Mental Health (Vancouver, WA)

### **For more information:**

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