



**FINANCING FOR COMMUNITIES PROGRAM**  
**OVERVIEW & APPLICATION INSTRUCTIONS**  
**THE COMMUNITY INVESTMENT FUND**  
**OF THE HEADWATERS FUND OF HUMBOLDT COUNTY**

## **Introduction**

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The Community Investment Fund *Financing for Communities Program* (FCP) is a loan program of the Headwaters Fund of Humboldt County. FCP provides financing for infrastructure and similar projects that facilitate community development. The Community Investment Fund *Financing for Industry Program* is a parallel program that focuses on infrastructure and other projects primarily benefiting businesses and economic development in Humboldt County.

The Headwaters Fund activities are overseen by a seven-member community board (the Headwaters Fund Board) which is appointed by and reports to the Humboldt County Board of Supervisors.

## **Eligible Projects & Costs**

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To qualify for funding, projects must adhere to the following:

- *Funding Focus:* The initial focus is to support projects with long-term, tangible impacts facilitating community and economic development in Humboldt County. Eligible projects are water, sewer, drainage, power, telecommunications, workforce housing, and transportation facilities/systems. Eligible uses of project funds are 1) planning, acquisition, construction, and upgrades of facilities, land, and infrastructure and 2) financing programs for the above projects types. Projects must meet loan underwriting criteria such as revenues for loan repayment and loan security.
- *Primary/major beneficiary:* Community and residential areas in the County of Humboldt
- *Project types:*
  - Planning, acquisition, construction, upgrades, and directly related expenses of facilities, land, and infrastructure
  - Financing programs for the above projects types

Funding may not supplant government funds, though costs formerly covered by government may be included if the government funding is no longer available.

Typically, total overhead costs (i.e. indirect staff, supplies, printing/copying, telephone/fax, postage/delivery, and rent/utilities) should not exceed 10% of total project costs. Exceptions to this guideline may be granted but must be justified in detail.

If Headwaters Funds are used for a construction project, State prevailing wage laws may apply (i.e. the borrower would need to ensure that contractors and sub-contractors are paid prevailing wages).

## **Loan Review & Terms**

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Loan requests will be reviewed according to financial and social criteria.

- *Financial Criteria:* Loan applications will be underwritten and reviewed according to the project's likelihood of loan repayment. Staff will analyze factors such as project cash flow, collateral (if available), and applicant creditworthiness. Applications with insufficient likelihood of repayment will be denied.
- *Social Criteria:* Applications must score highly according to the Project Ranking Criteria (see below).

For planning & predevelopment projects, underwriting will be based on the likelihood of repayment via final project construction.

### **Loan Terms**

- **Term length:** No more than 25 year terms (with exceptions), and if possible be "last in, first out" project funds
- **Size:** Loan must be at least \$50,000, with exceptions. There is no maximum amount although typically loans size is less than \$800,000.
- **Interest rate:** Typically 4-10%, depending on project risk
- **Loan fees:** A loan fee will be assessed to cover underwriting costs which may vary according to the loan request. A typical loan fee is 1% of the loan amount.

Specific loan terms and conditions may vary and will be determined on a case-by-case basis during the loan underwriting process.

## **Applicant Eligibility**

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Non-profit and governmental entities are eligible to apply.

## **Project Ranking Criteria**

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For eligible projects, the FCP will use the following project ranking criteria to evaluate applications:

- I. Overall Benefit: Environment, People, Community or Economic Advantage
  - A. Economy: Supports economic growth in one or more of the following sub-categories:
    - i. Benefit to base industry growth
    - ii. Probability of leveraging future funding and/or projects
    - iii. Creation/retention of jobs
    - iv. Other general economic benefits (e.g. tax base expansion, affordable housing)
  - B. Environment: Activities that will have positive effect on the environment and long-term sustainability.

- C. Quality of Life: Reduces poverty, builds leadership, revitalizes community centers, builds public infrastructure, improves public or pedestrian transportation, utilizes existing buildings, fits with community image and identity, preserves heritage.
- II. Readiness
  - A. Readiness and Effectiveness: The likelihood that the program will achieve desired outcomes. All ingredients for project success are in place; all necessary conditions are met (property access, permits, approvals, etc.).
  - B. Fiscal Integrity: The project budget will be evaluated for financial integrity, adequacy and commitments of financially cooperating entities.
- III. Unmet Need and Sources of Funding: The degree to which the program/project address an unmet need that cannot be funded through other sources.
- IV. Capacity and Organizational Strength
  - A. Prior Experience With Similar Programs or Projects: Applicants will be rated on their history of success administering similar projects or programs.
  - B. Fiscal Capability: Applicants and/or fiscal sponsor will be rated on their ability to administer the fiscal aspects of the project or program.
  - C. Project/Program Implementation Capability: Applicants will be rated on their ability to implement the project/program based on skills, partnerships and depth of resources.
- V. Degree of Funding Match: The degree to which the project receives matching funds.
- VI. Type of Financing Requested (grants vs. loans): Preference will be given to loan requests, then to grants that have the potential for repayment or combined with loans, then to “stand-alone” grants. See “Type of Financing and Grant Match” section above.

## **Application Process**

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Loan applications are accepted at anytime, until further notice. Applicants must first complete a short pre-application form. If the project and applicant are deemed appropriate for possible FCP funding, the applicant will be asked to submit more information. Applicants should expect a 2-3 month review process. Expedited processing may be available under exceptional circumstances.

All application materials are available at [www.theheadwatersfund.org](http://www.theheadwatersfund.org) or by calling 707/476-4805. Mail or drop off application materials to: Headwaters Fund Coordinator, 520 E Street, Eureka, CA 95501. Incomplete application packages will not be accepted.

The Headwaters Fund Board (HFB) will review and rank all eligible applications and determine award amounts. Some projects may receive less funds than requested. HFB will recommend a slate of projects to the Humboldt County Board of Supervisors for review and approval.

## **For More Information**

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For further information, updates, and application forms for the Community Investment Fund or the other programs of the Headwaters Fund, please check our website at [www.theheadwatersfund.org](http://www.theheadwatersfund.org). If you have specific questions not answered on the website, you may email [delsbree@co.humboldt.ca.us](mailto:delsbree@co.humboldt.ca.us) or call 476-4805.