



# Virginia Broadband Funding Options

A compilation of some programs available as of July 2015 and not meant to be a comprehensive list.

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# BROADBAND GRANTS

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## Governor's Development Opportunity Fund Program

<http://www.virginiaallies.org/assets/files/incentives/GOFGuidelines.pdf>

- The Governor's Development Opportunity Fund (GOF) provides either grants or loans to localities to assist in the creation of new jobs and capital investment in accordance with criteria established by legislation. The statutory provisions for the GOF can be found at Section 2.2-115 of the Code of Virginia of 1950, as amended (the GOF Act).
- Eligibility:
  - General Eligibility Thresholds:
    - 50 new jobs / \$5 million capital investment; or
    - 25 new jobs / \$100 million capital investment.
    - The average annual wage for the new jobs must be at least equal to the prevailing average annual wage in the locality, excluding fringe benefits.
    - If the average annual wage is twice the prevailing average annual wage, the Governor may reduce the new jobs threshold to as low as 25.
  - Eligibility Thresholds in Localities with Above-Average Unemployment or Above-Average Poverty:
    - For a locality with an unemployment rate for the most recent calendar year for which such data is available above the average statewide unemployment rate for that calendar year or with a poverty rate for the most recent calendar year for which such data is available above the statewide average poverty rate for that calendar year.
    - 25 new jobs / \$2.5 million capital investment.
    - Jobs may pay below the prevailing average annual wage in the locality, but must pay at least 85% of such prevailing average annual wage.
    - If the average annual wage of the new jobs is less than 85% of the prevailing average annual wage, but the customary employee benefits are offered, the Governor may still award a grant or loan, but the Secretary of Commerce and Trade must furnish a written explanation to the Chairmen of the Senate Finance and House Appropriations Committees setting forth the urgent need to provide a grant or loan to that project.
  - Eligibility Thresholds in Localities with Above-Average Unemployment and Above-Average Poverty:
    - For a locality with an unemployment rate for the most recent calendar year for which such data is available above the average statewide

unemployment rate for that calendar year and with a poverty rate for the most recent calendar year for which such data is available above the statewide average poverty rate for that calendar year.

- 15 new jobs / \$1.5 million capital investment.
- Jobs may pay below the prevailing average annual wage in the locality, but must pay at least 85% of such prevailing average annual wage.
- If the average annual wage of the new jobs is less than 85% of the prevailing average annual wage, but the customary employee benefits are offered, the Governor may still award a grant or loan, but the Secretary of Commerce and Trade must furnish a written explanation to the Chairmen of the Senate Finance and House Appropriations Committees setting forth the urgent need to provide a grant or loan to that project.

## Virginia Department of Housing and Community Development (VDHCD)

### Community Development Block Grant Planning Grant

<http://www.dhcd.virginia.gov/index.php/community-partnerships-dhcd/79-community-development-block-grant-cdbg-planning-grant.html>

- Funds may be utilized to
  - Assist in promoting awareness of potential CDBG eligible activities and gauging stakeholder interest.
  - Creating a management team of potential user groups to oversee the creation of a Telecommunications Plan.
  - Conduct surveying efforts to document the eligibility of future telecommunication planning and implementation efforts for CDBG funding.
  - Conduct informational and training programs.
  - Identify and procure professional assistance as necessary.
- Funds for telecommunications implementation can only be accessed when there is a completed community-based telecommunications plan.
  - CDBG funds can only be used for open-access networks that support competition among providers
- Available from January through September 2015 or until funds are depleted.
- Eligibility:
  - Units of local government in non-entitlement localities, a list of eligible localities is available online  
[http://www.dhcd.virginia.gov/CommunityDevelopmentRevitalization/PDFs/CDBG\\_EligibleLocalities.pdf](http://www.dhcd.virginia.gov/CommunityDevelopmentRevitalization/PDFs/CDBG_EligibleLocalities.pdf)
  - Localities may partner with Planning District Commissions, nonprofit organizations and other entities to undertake project activities.
- Funding Amount:
  - Up to \$30,000 per project is available for telecommunications planning

- Although there is no requirement for local match, Planning Grants may or may not cover the full cost of all planning activities for future projects. Localities should expect to contribute resources to the planning process in order to develop a successful project.

## Virginia Tobacco Indemnification and Community Revitalization Commission

<http://www.tic.virginia.gov/overview.shtml>

### Economic Development Grant Program

- Promote economic growth and development in tobacco-dependent communities in an equitable manner throughout the [Southside](#) and [Southwest](#) regions of the Commonwealth in order to assist such communities in reducing their dependency on tobacco and tobacco-related business.
- They encourage all potential applicants to review the [Commission's Strategic Plan](#) for guidance on our targeted strategic priorities, and to use our [pre-application](#) as a tool for feedback from Commission staff prior to submitting a full application.
  - One objective in the strategic plan is to “Increase water, wastewater, broadband and other basic infrastructure capacity that supports new private capital investments and creation of direct jobs.”
- Eligibility:
  - Local governments, economic development organizations, and IRS-designated nonprofits (funds that will ultimately benefit a private entity must have a public purpose and flow through a public or nonprofit grantee, based upon terms of a performance-based agreement).
- Application Cycle:
  - Announced annually. The Commission staff reviews applications for feasibility and the potential to positively impact the regional economic base, then provides recommendations to the Commissioners serving on the respective program [Committee](#). Committee recommendations are determined in public meetings and are then forwarded to the full Commission for final action at one of its quarterly meetings.

## INNOVATIVE FUNDING MODELS

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### Promissory Notes

- Twenty-three Vermont towns created [ECFiber](#), an LLC nonprofit corporation. ECFiber offers tax-exempt 15-year \$2,500 promissory notes that effectively earn 6 percent interest. Fifty thousand people in these towns raised over \$900,000 in 2011 to begin an

initial buildout covering 26 miles. Several additional fundraising efforts generated hundreds of thousands of dollars to continue the buildout.

## **Investments (pre-paid)**

- The Utah Telecommunication Open Infrastructure Agency (UTOPIA) is a consortium of 16 Utah cities. Community residents became "investors" in the network by paying upfront for its buildout. UTOPIA CEO Todd Marriott said that "if residents were interested we'd bill them one fee of \$3,000/home to connect to the network. We offered financing if they agreed to have a lien put on their houses. Over 31 percent of residents subscribed, with 25 percent of these households paying the \$3,000 up front."

## **Donations**

- The Steuben County [IN] Community Foundation created a supporting organization called iMAN that raised \$2.7 million through mostly local donations to build a dark fiber network infrastructure. iMAN sells the dark fiber to businesses that in turn contract with ISPs to turn on the fiber and sell Internet services. Sixty-five percent of activation fees go to the Foundation whose Board of Directors fund local economic development projects.

## **Crowd-funding**

- Crowd-funding has been used in the private sector to gather people with a common interest to pool their resources – typically money – to fund an event or service and typically leverage social media (Facebook, etc.) to build the momentum.
- A technology company in Kansas City – Neighbor.ly – is working with some local governments to use crowd-funding to solicit support (money) from residents to fund and promote services they want. Kansas City is using this service to expand the number of neighborhoods eligible for the Google fiber network and another effort to raise money (over \$400,000) to establish a downtown bicycle-sharing program.

## **Tax Credit**

As part of the 2015 New Markets Tax Credit (NMTC) Allocation Application materials, the Community Development Financial Institutions Fund (CDFI) clarified that broadband infrastructure and related activities are eligible for NMTC investments provided that those activities meet the IRS Regulations related to a business qualifying under the NMTC Program. This guidance is now available to the public in the 2015 NMTC Application Q&A on the CDFI Fund's website with all of the NMTC Allocation Application materials.

The NMTC Program attracts private capital into low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in specialized financial intermediaries called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years. With these capital investments, CDEs can make loans and investments to businesses operating in distressed areas. For more information: <https://www.cdfifund.gov/programs-training/Programs/new-markets-tax-credit/Pages/default.aspx>

## LOAN OPPORTUNITIES

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### **Virginia Resources Authority**

<http://www.vra.state.va.us/projectfinancing.shtml>

#### **Loan Programs**

- The Virginia Resources Authority provides innovative, cost-effective and sustainable financial solutions to build vibrant and healthy Virginia communities. Created by the General Assembly in 1984.
- Will finance broadband infrastructure and equipment (wired and wireless).
- VRA makes loans to counties, cities, towns, and authorities in several loan programs with the advantage of below market rates or credit enhancement.
- VRA conducts a thorough credit review of each project and borrower in its loan programs and provides post closing monitoring of every loan.