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# LOCAL FINANCING INNOVATIONS SPARTANBURG

Sites have a track record of innovation in their communities that predates their involvement with Bridging for Health: Improving Community Health Through Innovations in Financing, sponsored by the Robert Wood Johnson Foundation. This series allows site leaders to reflect on innovations aimed at financing improvements in population health already underway in their communities. This reflection of ongoing work can serve to possibly reinvigorate existing efforts (e.g., expand scope or partners) or inspire others interested in spreading such innovations to other communities.

In asking communities to think about their existing innovative work at creating health system change, the Georgia Health Policy Center facilitators established the following criteria to select relevant efforts. Innovations highlighted in this series address upstream drivers of health, do not solely rely upon grants, involve multisector partners, and maintain a long-term focus, rather than fixing an immediate community need.

In the fall of 2016, leaders in Spartanburg, S.C. assessed existing innovations happening locally as part of the city's participation in the national Way to Wellville challenge.

## Early Childhood Education

Spartanburg recognized that its community's proportion of adults with a college degree was low (19 percent), especially given that the county is home to seven schools of higher learning. The community made it a goal to create a cultural shift to value educational achievement from cradle to career. The city and local partners have undertaken a series of initiatives targeting educational success.

## Hello Family

One local focus area as part of the Way to Wellville challenge is kindergarten readiness. Recognizing the importance of early childhood well-being on future educational success, the city is currently developing the Hello Family pay for success project. It seeks to improve outcomes for young children and their families by providing a continuum of evidence-based services for all children born in the city of Spartanburg, from prenatal care through age 5. (Roughly 650 babies are born annually in the city.)

The city of Spartanburg, in partnership with the Institute for Child Success, received a federal Social Innovation Fund grant to conduct a feasibility analysis. Recognizing the model is viable, they are now conducting "transaction structuring" of the actual pay for success project, with support from a Nonprofit Finance Fund grant.

Reduced cesarean birth rates, emergency room visits during the first six months of life, and cases of abuse and neglect are being explored as outcomes of interest to potentially trigger outcome payments. Services that will be included in Hello Family include community-based doulas education and support for low-income moms under age 24 from 24 weeks of pregnancy until each baby is 6 months old, in-home nurse visits for all moms and newborns, and a positive parenting program.



## Spartanburg's Northside Initiative

Spartanburg's Northside Initiative is a comprehensive neighborhood improvement effort that focuses on a 350-acre area of substantial, previous disinvestment. The redevelopment includes an elementary school, a food hub, an early learning center, affordable housing, creek restoration and adjacent linear park, and a community center, plus the economic impact resulting from business relocation to the area. The city has simultaneously pursued multiple innovative financing arrangements to fund components of the initiative.



## New Market Tax Credits

With the help of new markets tax credits, the city of Spartanburg was able to leverage public and private funds to complete the \$6.3 million build of the CC Woodson Community Center in the underserved Southside neighborhood.



The federal New Market Tax Credit program is designed to encourage private investment in low-income communities by providing tax credits to developers. While a community wellness facility is not the typical use of these tax credits, the city developed a unique ownership and financing model, which enabled the project to utilize the tax credits for public projects. In the case of the CC Woodson Community Center, this arrangement resulted in \$2.1 million the city otherwise would not have had to invest in the project.

To date, Spartanburg has used eight new markets tax credit deals to finance public amenities, including in the Northside neighborhood.

## Seed Capital Through Partner Loans

One of Spartanburg's newest innovations to finance population health is the Seed Capital Through Partner Loans initiative. City leaders had a vision for transforming the Northside neighborhood into a safe, mixed-use, mixed-income place to live.



Initially, the vision was grand and likely expensive, but the details of the plan were murky. Large financial commitments were premature. So, city leaders created a nonprofit vehicle and secured \$2 million in structured nonrecourse, unsecured loans from big stakeholders—the government, private foundations, hospital system, and local colleges. Partners would have the right to grant loan forgiveness (convert the loans to grants) or pull out their assets through the sale of lands as redevelopment occurred.

The organizers knew land control (e.g., cleaning up blighted and abandoned properties) would play a key role in the redevelopment. Nearly all of the land for Spartanburg's Northside Initiative has been acquired and construction has begun on housing units, as well as for the creek, park, early learning center, community center, and larger-scale housing development. In total, the Northside Development Corp. has raised \$9 million to date, including a mix of unsecured loans; federal, state, and local grants; and private philanthropy. The first loans have now matured and 60 percent of loan money has been forgiven.

## Wetland Mitigation Credits

In 2016, Spartanburg began the Federal Aviation Administration- (FAA-) funded lengthening of its primary runway at its municipal airport. The project required piping a section of creek, which has significant adverse ecological impacts. Typically, completion of such a project requires the purchase of wetland mitigation credits created by the reestablishment or regeneration of a previously impaired site elsewhere, as approved by the U.S. Army Corps of Engineers. Third parties usually sell credits.



Concurrent with the airport project planning, Spartanburg was working on the Northside neighborhood revitalization. During a neighborhood asset inventory, residents identified a piped creek that connected the local elementary school with a medical school. Planners identified the potential for a greenway and linear park.

City leaders connected the two projects. The Northside Greenway is under construction, with 90 percent of the \$1.2 million necessary for acquisition, demolition, and restoration of the creek bed and greenway funded by the FAA wetland mitigation credits. As an alternative to buying third-party tax credits, Spartanburg restored the impaired stream within its community to build an active living infrastructure and aesthetic improvement as part of neighborhood revitalization.