



OFFICE OF HEALTHCARE PROGRAMS

FEDERAL HOUSING ADMINISTRATION



Community Hospital of Grand Junction

Grand Junction, Colorado hospital is the first hospital to receive FHA-insured financing under Opportunity Zone incentives

Community Hospital of Grand Junction in Grand Junction, Colorado recently received a firm Federal Housing Administration (FHA) insurance commitment for mortgage financing under special incentives for hospitals and residential care facilities located in **Opportunity Zones**. This is the first insurance commitment FHA has issued for a hospital under the Opportunity Zone incentive options put in place last fall.

The Hospital

Community Hospital in Grand Junction, Colorado, is a full-service, acute care hospital licensed for 60 beds. **Located in a qualified Opportunity Zone** in Mesa County, CO, the Hospital is part of the Colorado West Healthcare System, and is a Level III Trauma Center that offers full outpatient diagnostic services and inpatient care for the Western Slope region of Colorado and eastern Utah. The Hospital provides a full range of medical services, including inpatient and outpatient surgery, and emergency care.

Over the past several years, the Hospital has worked to expand the medical services it offers to the community, including building a new centrally-located facility, increasing the number of physicians across many specialties, and other strategic initiatives that support the Hospital's ability to provide greater patient care.

Using FHA Opportunity Zone Incentives

In late September 2019, Gersham Mortgage, an FHA-approved lender, submitted an application for FHA insurance for refinancing the Hospital's mortgage under FHA's 223(f)/242 program. **Because the Hospital is located in a qualified Opportunity Zone**, FHA's Office of Hospital Facilities provided a reduction in the standard application and commitment fees.



FHA-Insured Refinance Strengthens Facility

With FHA insurance, the lender is able to refinance the hospital's existing mortgage debt with a new, \$85 million mortgage. The new mortgage will reduce the Hospital's interest expense considerably. In fact, the rate achieved is among the lowest ever recorded in FHA's Hospital program. In addition to the refinance, mortgage proceeds will be used to:

- Implement a new Emergency Management Response system;
- Construct an additional operating room; and
- Enhance other existing hospital space.

About FHA's Section 242 Mortgage Insurance for Hospitals Program

Part of the Federal Housing Administration, the Office of Healthcare Programs insures mortgages provided by lenders to hospital and residential care facilities nationwide. The Section 242 Hospital Mortgage Insurance Program currently insures 64 hospitals across the country, with a combined unpaid principal balance of \$6.0 billion.

About Opportunity Zones

President Trump signed the 2017 Tax Cuts and Jobs Act, creating Opportunity Zones to stimulate long-term investment in low-income communities. Opportunity Zones offer capital gains tax relief to those who invest in these distressed areas. This initiative is anticipated to spur \$100 billion in private capital investment in Opportunity Zones. Incentivizing investment in low-income communities fosters economic revitalization, job creation, and promotes sustainable economic vitality across the nation. [Read more about Opportunity Zones.](#)

For hospitals located in Opportunity Zones, FHA reduces the application fee from the standard fee of \$1.50 per thousand dollars of the requested mortgage amount to \$1.00 per thousand dollars, and the commitment fee is reduced from the standard fee of \$1.50 per thousand dollars to \$1.00 per thousand dollars.

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