



NEW MARKETS
TAX CREDIT COALITION



NEW MARKETS TAX CREDIT New Member Briefing Report Alex Padilla (D-CA)

California

nmtccoalition.org

A report on the loans and investments in California
Above: Urban Corps of San Diego County

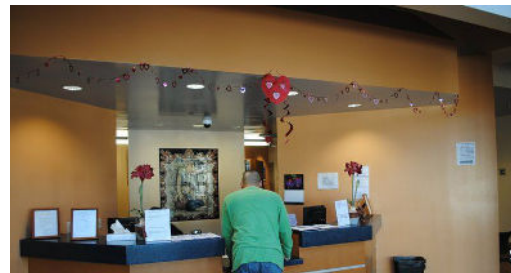
NMTC PROJECT EXAMPLES IN CALIFORNIA



Goodwill Industries

San Diego, CA

Financing for a new retail store and community employment center in Escondido. The project transforms a former Rite Aid into a retail store that will receive and sell used goods and have a new employment center to assist those with barriers to employment.



Fallbrook Family Health Center

Fallbrook, CA

Financing for a federally qualified health center, Fallbrook Family Health Center, which offers comprehensive medical care for the entire family.



Public School, 37ECB

San Diego, CA

Financing for the rehabilitation of a building to be used as an educational facility.



Urban Corps of San Diego County

San Diego, CA

Financing for a nonprofit whose mission is to provide young adults with the tools to expand their career.



Northgate Gonzalez Markets

San Diego, CA

Financing for a new supermarket in a food desert.

NMTC IMPACT IN CALIFORNIA

JOBS AND INVESTMENT



91.8K

JOBS STATEWIDE

The NMTC created 91.8K California jobs.



553

PROJECTS FINANCED IN CALIFORNIA

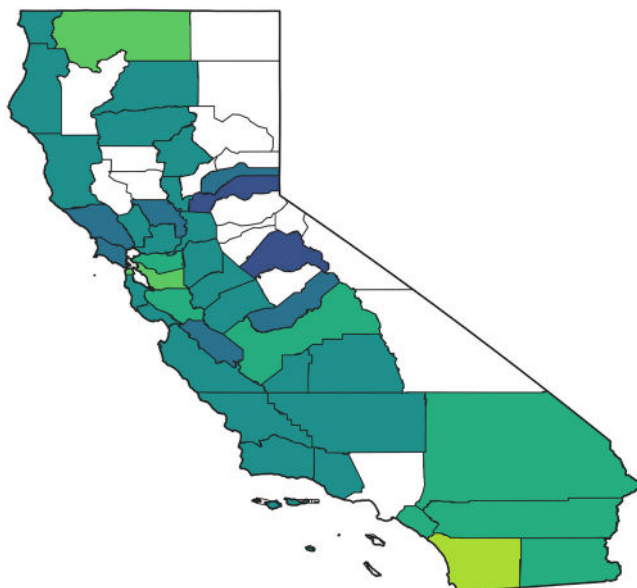
The NMTC made 553 California projects possible, including manufacturing expansions, business incubators, hospitals, vocational training centers, and daycare centers.



\$8.1B

IN TOTAL CAPITAL TO CALIFORNIA

The NMTC delivered \$8.1B to California businesses and revitalization projects that would not have been possible but-for the NMTC.



NMTC Investment by County
2003-2020 (2Q)

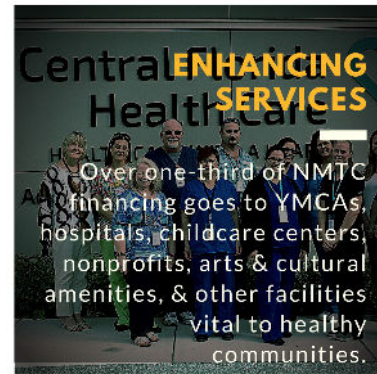
- \$1 - 100,000
- \$100,000 - 500,000
- \$500,000 - 1,000,000
- \$1,000,000 - 10,000,000
- \$10,000,000 - 100,000,000
- \$100,000,000 - 500,000,000
- \$500,000,000+

ABOUT THE NMTC

AFTER DECADES OF CUTS TO COMMUNITY DEVELOPMENT GRANT PROGRAMS, COMMUNITIES INCREASINGLY COUNT ON THE NEW MARKETS TAX CREDIT TO MAKE IMPORTANT INVESTMENTS POSSIBLE

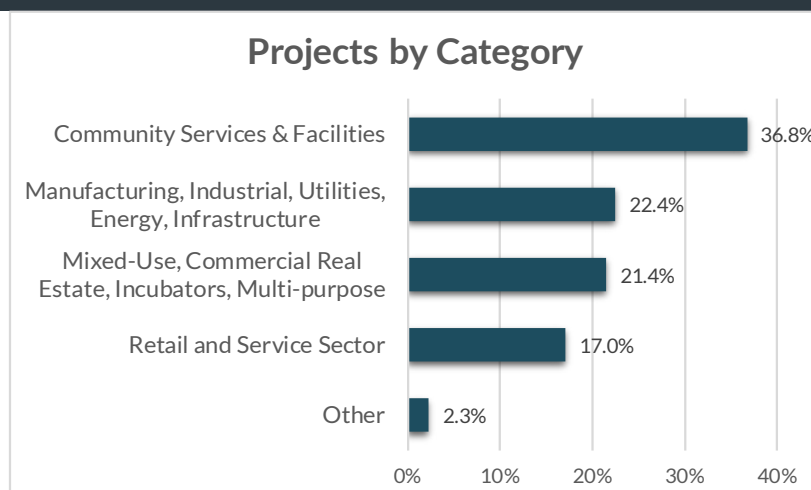
The New Markets Tax Credit (NMTC) is an important source of financing for businesses and community facilities in America's most distressed rural and urban communities. Congress authorized the NMTC in 2000 to bring down the cost of capital in communities outside of the economic mainstream. Taxpayers receive a 39 percent tax credit (taken over seven years) for qualified investments into Community Development Entities (CDEs), organizations with a track record of loans and investments in underserved areas. CDEs use the proceeds of those investments to finance business expansions, community facilities, and other projects prioritized by communities.

ECONOMIC IMPACT



INDEPENDENT EVALUATION

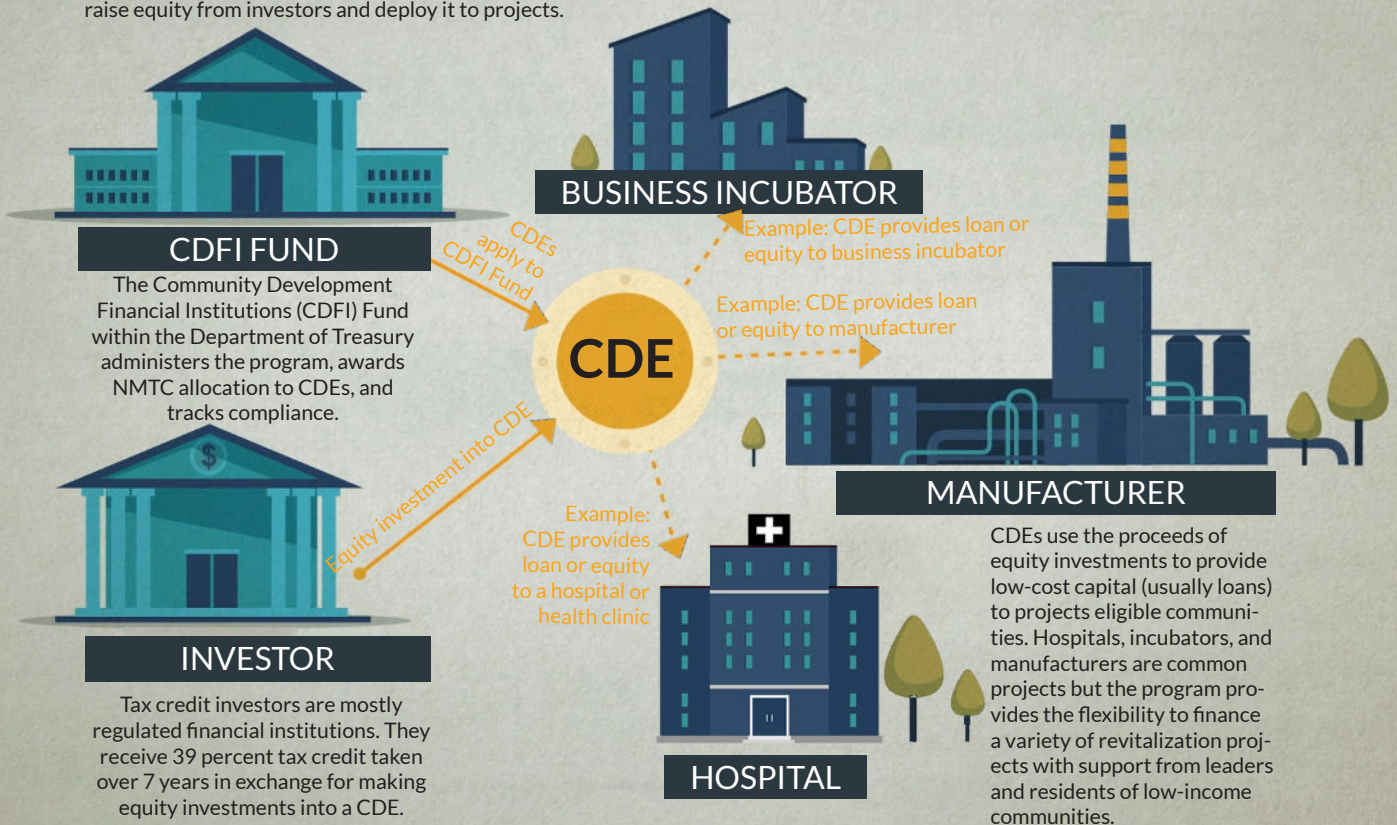
An independent compliance review by Summit Consulting found that program participants are significantly lowering the cost of capital for borrowers in low-income communities and exceeding statutory and regulatory requirements for the targeting of economic distress.



HOW IT WORKS

MOBILIZING CAPITAL FOR HIGH-IMPACT PROJECTS

At the center of the NMTC program are Community Development Entities (CDEs). A CDE must be a domestic corporation, have a demonstrated mission of serving or providing capital to low-income communities or people, and maintain accountability to residents of low-income communities through representation on a governing or advisory board. Most CDEs are affiliates of mission-driven organizations like CDFIs, for-profit entities, community development corporations, government entities, or banks. CDEs craft a high-impact business plan and apply to the CDFI Fund for NMTC allocation. If successful, they can begin to raise equity from investors and deploy it to projects.



ELIGIBLE COMMUNITIES

NMTC projects must be located in census tracts with poverty rates of at least 20 percent or median incomes at or below 20 percent of the area median. However, over...

75% of NMTC projects are located in *severely distressed communities* that far exceed the statutory requirements for distress.

WHAT ABOUT RURAL?

The NMTC statute directs the CDFI Fund to ensure NMTC allocation reaches a proportional share of non-metropolitan counties.

21% of NMTC projects were located in non-metropolitan counties in 2019.

GAP FINANCING

Example: Imagine a business needs \$15 million to expand a production facility and purchase new equipment to meet growing demand. The business can only come up with \$12 million from a conventional lender. The NMTC fills the gap and makes the expansion possible.

\$15 MILLION TOTAL PROJECT COST

\$12 MILLION IN CONVENTIONAL FINANCING

NMTC FILLS \$3 MILLION GAP

ONLINE RESOURCES

NMTC Coalition:	nmtccoalition.org
State Fact Sheets:	nmtccoalition.org/state-fact-sheets
Project Database	nmtccoalition.org/projects
How It Works Video:	nmtccoalition.org/how-it-works
Research:	nmtccoalition.org/research
Statute:	nmtccoalition.org/statute
CDFI Fund:	cdfifund.gov



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