NEW MARKETS TAX CREDIT COALITION

NEW MARKETS TAX CREDIT PROGRESS REPORT

2018

nmtccoalition.org/progress-report

The NMTC Coalition's annual report on the loans, investments, and community impact of the New Markets Tax Credit.

NEW MARKETS TAX CREDIT COALITION

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Rapoza Associates prepared this report for the New Markets Tax Credit Coalition.

The New Markets Tax Credit (NMTC) Coalition is a national membership organization that advocates on behalf of the NMTC program. The Coalition, which now includes more than 150 members, is managed by Rapoza Associates, a public interest lobbying, policy analysis and government relations firm located in Washington, DC. Paul Anderson is the principal author and designer of this report.

NMTC COALITION BOARD OF DIRECTORS

THE 2018 PROGRESS REPORT BY THE NUMBERS

60K
JOBS

Projects financed in 2017 created 60,090 jobs, including:
- 24,807 construction jobs; and
- 35,283 full-time-equivalent jobs.

$5.8B
TOTAL CAPITAL

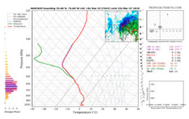
CDEs used $3.9 billion in NMTC allocation in 2017 to finance 272 NMTC projects amounting to $5.8 billion in total project costs.

18.8M
SQUARE FEET

CDEs financed the construction or rehabilitation of nearly 19 million square feet of commercial real estate, from industrial space to healthcare centers.

83%
IN SEVERELY DISTRESSED AREAS

Over 83 percent of NMTC projects financed in 2017 were in severely distressed communities far exceeding the statutory requirements for economic distress.



23%
IN NON-METROPOLITAN COUNTIES

Twenty-three percent of 2017 NMTC projects were located in non-metropolitan counties.

THE 2018 PROGRESS REPORT BY THE NUMBERS

52
HEALTHCARE FACILITIES

When communities need expanded access to healthcare, they look to the NMTC. It financed 52 health clinics, hospitals, and drug treatment centers in 2017.

69
MANUFACTURERS

The NMTC continued to help manufacturing businesses expand to new facilities, purchase cutting-edge equipment, and secure working capital in 2017.

48
MIXED-USE PROJECTS

CDEs financed 48 mixed-use projects in 2017. Sixty-one percent of those projects included a community facility component such as a health clinic or childcare facility.

26
FACILITIES FOR YOUTH & FAMILIES

With help from NMTC financing, communities added 26 facilities serving low-income families, daycare centers and family crisis centers in 2017.

23
VOCATIONAL TRAINING CENTERS

Twenty-three projects helped prepare the local workforce for the jobs of tomorrow, from vocational training centers to apprenticeship programs.

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Cover image: Clearinghouse CDFI provided $10 million of NMTC financing to General Communication Inc. (GCI) for development of the TERRA Broadband Network in Northwest Alaska. It will deliver widespread education, healthcare, economic, and public safety benefits throughout rural Alaska. This project will also create 13 permanent jobs and 100 construction jobs, paying a salary 1.9 times the area living wage.

A report by the New Markets Tax Credit Coalition

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INTRODUCTION

The 2018 New Markets Tax Credit (NMTC) Progress Report was prepared for the NMTC Coalition, a national membership organization of CDEs and investors organized to advocate on behalf of the NMTC. Every year since 2005, the NMTC Coalition has surveyed Community Development Entities (CDEs) on their work delivering billions of dollars to businesses, creating jobs, and rejuvenating the parts of the country that have been left behind. Our annual NMTC Progress Report presents the findings of the CDE survey and provides policymakers and practitioners with the latest trends and successes of the NMTC.

Nearly ninety CDEs participated in our survey and provided information on their progress raising capital, lending, and investing with the NMTC in the wake of the record $7 billion allocation award in 2017. Survey participants range from large, national, mission-driven organizations to locally-focused community development organizations.

The 2017 survey findings show that competition for credits continues to drive gains in efficiency. When Congress enacted the NMTC, the purpose of the program was simple: to deliver private-sector investment to low-income communities. Nearly two decades later, the NMTC has unleashed an unprecedented amount of investment in areas struggling with high unemployment and poverty, but more than that, it has created economic opportunity in every corner of the nation.

WHATS NEW:

Project census tracts were analyzed to determine whether they were declining or improving in the years prior to the NMTC investment. More than 81 percent of projects were located in census tracts experiencing a significant economic downturn between 2010 and 2015.

AMERICAN COMMUNITY SURVEY
U.S. CENSUS BUREAU

The CDFI Fund updated census tract eligibility data for the NMTC program. Analysis of the newly eligible and ineligible tracts can be found on page 24 and 25.

Three projects are profiled at the end of the report: Jobs Cafe (Cincinnati, OH), Highland Pellets (Pine Bluff, AR), and Pullman Whole Foods Distribution Center (Chicago, IL).

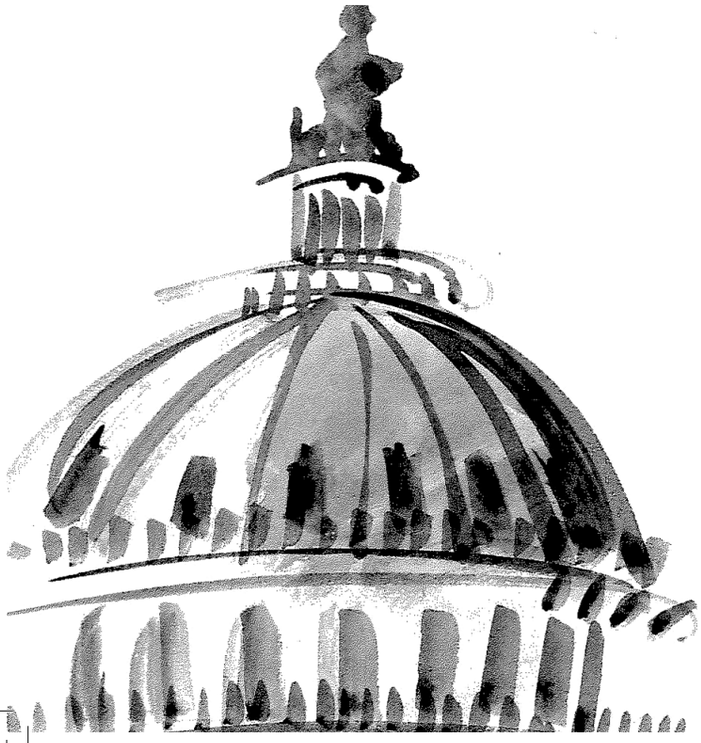
$1.5 TRILLION LATER...

— BOB RAPOZA

Above: Senator Rob Portman (R-OH) visits the NMTC-financed Ronald McDonald House of Akron in April of 2018.

On December 22, 2017, the President signed the Tax Cuts and Jobs Act of 2017 (PL 115-97), the first overhaul of the Internal Revenue Code since the 1980s. Congressional Republicans, and some Democrats, had pursued comprehensive tax reform for several years and the issue took on added momentum when the Republican party gained control of the House in 2010, and later gained complete control of the legislative and executive branch following the 2016 election.

The reform effort, particularly in the House, was driven



The Tax Reform and Jobs Act preserved the NMTC through 2019. What comes next?

by the prevailing notion that sticking with the current tax code would "leave our children with the responsibility to clean up the tax code and its ruinous effect." [1] The challenge of crafting a revenue-neutral tax overhaul designed to lower rates and broaden the base, had stymied other efforts, including the 2014 draft tax bill prepared by Ways and Means Chairman Dave Camp (R-MI). The so-called "Camp Draft" paid for some of the cost of lowering rates by establishing a surcharge on higher-income taxpayers and increased taxes on private financial institutions. Camp's proposal went nowhere.

In June of 2016, House Republicans released "A Better Way Blueprint," a proposal that laid out their principles and priorities for tax reform including substantial reductions to the corporate tax rate and how to pay for it.

A Better Way took a different tack from the Camp Draft, proposing a Border Adjustment Tax (BAT) instead. The BAT – as proposed - was effectively a tax on imports and it proved wildly unpopular among many retail and industrial business interests. The Joint Committee on Taxation (JCT) estimated the BAT would raise some $1 trillion over ten years. Another early pay-for, the elimination of the interest deduction, would have raised $1.2 trillion over the next decade. The BAT did not survive, and in the end, the deduction for interest expense was capped rather than eliminated, saving $253 billion.

The House Blueprint also proposed the elimination of tax expenditures as a possible source for offsets. The Blueprint describes these credits and preferences, which total over $1.4 billion annually, as "special interest spending through the tax code" and "crony capitalism." The NMTC is a tax expenditure.

Fast forward to November 2017. After a couple of weeks of debate, H.R. 1, the Tax Cuts and Jobs Act of 2017, cleared the Ways and Means Committee and then narrowly passed the House. The bill proposed the elimination of a number of tax expenditures, including the two remaining years of NMTC authorization for 2018 and 2019. Along with the repeal of Private Activity Bonds, the Historic Tax Credit,

[1] House Better Way Blueprint, June 2016

and the Work Opportunity Tax Credit, the bill achieved approximately $50 billion in savings over the ten-year revenue scoring window with the repeal of community development incentives. However, because the big-ticket items – including the BAT and the interest deduction repeal - were off the table, the bill passed by the House cost more than $1.4 trillion over the ten-year scoring window.

For our narrow interests, the Senate bill represented a better approach. It did not include the elimination of the NMTC and other tax expenditure provisions that the House left on the cutting room floor. In the end, with strong support in the Senate, led by Sens. Roy Blunt (R-MO), Ben Cardin (D-MD) and Rob Portman (R-OH), along with over 100 Representatives from both political parties who opposed the repeal of the NMTC, the NMTC survived in the final conference agreement.

The new law is the most far-reaching tax legislation in more than 30 years, providing the largest corporate tax cut in U.S. history. It lowers individual rates, doubles the standard exemption, and replaces the personal exemption with a partially refunded child tax credit. The law permanently cuts the corporate tax rate from 35 percent to 21 percent. It also includes a new incentive for investing in low-income communities: Opportunity Zones.

Time will tell whether the 2017 version of tax reform meets the expectations of supporters or critics. However, the law's impact on federal revenue is clear. According to Congressional Budget Office, the annual budget deficit will increase over the next few years and exceed $1 trillion by 2020. At the same time, the national debt is forecast to rise from $21 trillion to $33 trillion by 2028.

NOW WHAT?

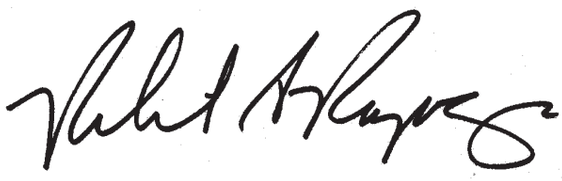
For the NMTC, one of the silver linings to the very dark cloud of the House tax reform effort was a notable increase in awareness and visibility for the credit. The debate on the House bill brought attention to the NMTC's record of achievement. The outreach efforts of friends and supporters of the NMTC served to remind and inform Members of Congress that the Credit had made a tangible difference in communities – large and small, urban and rural – across America.

We are now on more familiar ground, pursuing an extension in the next Congress. While tax reform was designed to end the regular effort to extend expiring tax provisions, it appears that Congress will still be in the extender business. In February 2018, Congress passed the Bipartisan Budget Act, which, among other things, retroactively extended 26 expired tax provisions for the calendar year 2017. Those 26 provisions are now, again, expired. In 2018, four more provisions expire; and in 2019, nine more, including the NMTC, will expire. In the Senate markup of the tax reform bill, there was an extensive, bipartisan discussion about the importance of extending the NMTC and other provisions slated to expire in the coming years. In fact, according to JCT, there are more tax breaks in the code than before H.R. 1 was enacted.

There is no shortage of data bolstering the argument for NMTC. For example, our NMTC Economic Impact Report, released in December 2017, analyzed U.S. Department of Treasury data and survey data from 5,000 projects financed by the Credit between 2013-2015. This analysis found that those NMTC investments created more than one million jobs and financed nearly 2,000 community services and facilities, including hospitals, schools, nonprofit service providers, and daycare centers. Some 17 million people were treated in NMTC-financed health care facilities, and some 250,000 children attended classes in education facilities with qualified investments by the Credit during that time-period. During the same period, the NMTC generated more than $156 billion in economic activity, which resulted in more than enough federal tax revenue to offset the revenue loss associated with the Credit.

Each session of Congress is different from its predecessor. This will certainly be the case for the 116th Congress that takes office in January 2019. While the 115th will undoubtedly be known for tax reform, the new Congress will have other priorities, and the political landscape will be increasingly influenced by the forthcoming presidential election, especially considering the number of candidates likely to be seated in 116th Congress. The Republican majority is facing a record number of retirements, including of Speaker of the House Paul Ryan (R-WI). Rep. Ryan was the leader and chief architect of the House tax reform. Rep. Kevin McCarthy (R-CA), the current majority leader, is the most likely successor to Ryan. There may be more changes in store should leadership in either chamber shift in the mid-term elections.

Regardless, taxes are likely to be at the center of the policy debate for years to come. High tax states, hammered by the limitation on deductions of state and local taxes in the new tax law, will push to ease that provision. In fact, there is already an effort underway by some to make the individual rate reductions permanent. Furthermore, the debate on the correct amount of tax revenue needed to finance the essential serves of government – and what those services are – will continue.



ABOUT THE NMTC

The federal government's most effective community development program

ORIGINS

Despite the unprecedented economic expansion in the 1990s, many decaying urban neighborhoods and small farming towns continued to fall behind. These forgotten farming towns, urban neighborhoods, and post-industrial suburbs lack access to the patient capital needed to support and grow businesses, create jobs, and sustain healthy local economies.

To help break the cycle of decline, Congress crafted a bipartisan package of economic development incentives to jump-start investment and economic growth in underserved economic areas. Among those incentives: the New Markets Tax Credit (NMTC), the federal government's most effective tool for supporting community development.

The roots of the NMTC can be traced back to Jack Kemp. As a HUD Secretary and as a Congressman, Kemp was a longtime advocate of employing the tax code – rather than government grants – as a market-driven approach to incentivize private-sector investment in low-income communities. Beginning with the Tax Reform Act of 1986 (P.L. 99-514), Congress increasingly followed Kemp's lead. The 1986 Act established the Low-income Housing Tax Credit (LIHTC), which is now the nation's largest financier of affordable housing. The Omnibus Reconciliation Act of 1993 (P.L. 103-66) permanently codified the LIHTC and also created Renewal Communities, Empowerment Zones, and Enterprise Communities, programs with defined geographies for revitalization.

Expanding on that model, but recognizing the bluntness of the Zone approach, Congress enacted the Community Renewal Tax Relief Act of 2000. The bipartisan legislation included $25 billion in new

The redevelopment in 2018 of the Lion Brothers Building made a significant impact in the southwest Baltimore-Hollins Roundhouse community, transforming a vacant, former factory building into a thriving community asset. The project encouraged additional investment in the community and created over 70 constructions jobs and over 200 Lion Brothers employees and students to the once blighted street corner. Photo credit: Patrick Ross Photography

authority, including the creation of the New Markets Tax Credit. It authorized $15 billion in NMTC credit authority stretching from 2001 to 2007.

The Community Renewal Tax Relief Act drew support from across the political spectrum, including President Clinton and prominent Republican Members of Congress such as Senator Olympia Snowe (ME), Sen. Rick Santorum (PA), Rep. JC Watts (OK), and then Rep. James Talent (MO). This tradition of bipartisan support for the New Markets Tax Credit continues to this day.

FILLING THE FINANCING GAP

The NMTC provides gap financing, allowing investment to flow to areas underserved by conventional lenders. The basis for the NMTC is that businesses' success depends on access to capital. There are attractive investment opportunities in low-income communities, but the cost and availability of capital in these 'New Markets' is an impediment to economic growth. Investors and firms often lack sufficient data to assess property value or consumer demand in low-income communities, where informal economies distort data. The capital gap deprives businesses of the investment dollars needed to set up shop and expand, and it prevents communities from financing new healthcare facilities, community centers, and cultural amenities.

Nearly two-decades years after the NMTC's creation, the need is as great as ever in low-and moderate-income rural, urban, and native areas under-served by commercial lenders.

MULTIPLIER EFFECTS

By providing a shallow, low-return tax credit to investors, the NMTC allows conventional lenders to venture into new markets, tap into promising business opportunities, and expand their investment footprint. These new investments generate regional macroeconomic effects. According to an analysis of NMTC transactions between 2003 and 2015, 5,000 NMTC projects totaling $80 billion in project costs generated an additional $76 billion in economic activity[1] by inducing consumer spending and supporting businesses down the supply chain.

Meaningful macroeconomic impacts are possible because low-income communities have significant untapped assets, including abandoned facilities and buildings; unmet consumer demand for retail, healthcare, or groceries; and most importantly, millions of Americans eager to get back to work. A large-scale investment in an affluent community is a drop in the bucket, but a $30 million NMTC project in a small town or blighted neighborhood can transform it.

[1] NMTC Economic Impact Report (2003-2015), December 2017, NMTC Coalition

AFTER DECADES OF CUTS TO COMMUNITY DEVELOPMENT GRANT PROGRAMS, COMMUNITIES INCREASINGLY COUNT ON THE NMTC TO HELP IMPORTANT PROJECTS MOVE FORWARD.

Frustrated by increasing housing development costs, Midwest Minnesota Community Development Corporation provided $400,000 in NMTC financing to a construction cooperative to build four homes. Homes are being sold to low-income buyers in a small, rural community.

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	$3 MILLION GAP

LEGISLATIVE HISTORY

The NMTC has been extended several times since its enactment. To date, Congress has authorized $61 billion in NMTC allocation.

ENACTMENT (2001-2007)

$15 billion was made available for 2001-2007 in the Community Renewal and Tax Relief Act (P.L. 106-551).

ALLOCATION INCREASE (2005/06)

An additional $1 billion was authorized for communities hard-hit by Gulf Coast hurricanes in the Gulf Opportunity Zone Act of 2005 (P.L. 109-135).

ONE-YEAR EXTENSION (2008)

In 2006, Congress extended the NMTC for 2008 at $3.5 billion in annual credit authority through the Tax Relief and Health Care Act of 2006 (P.L. 109-432).

ONE-YEAR EXTENSION (2009)

The Emergency Economic Stabilization Act of 2008 (P.L. 110-343) extended the Credit for 2009, again at $3.5 billion in annual credit authority.

ALLOCATION INCREASE (2008/09)

The American Recovery and Reinvestment Act of 2009 (P.L. 111-16), increased credit authority to $5 billion for both 2008 and 2009.

TWO-YEAR EXTENSION (2010/11)

The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (P.L. 111-312) provided a two-year extension of the NMTC (2010 and 2011) at $3.5 billion.

TWO-YEAR EXTENSION (2012/13)

The American Taxpayer Relief Act of 2012 (P.L. 112–240) provided a two-year extension of the NMTC (2012 and 2013) at $3.5 billion.

ONE-YEAR EXTENSION (2014)

The Tax Increase Prevention Act of 2014 (P.L. 113-295) extended the NMTC for 2014 at $3.5 billion.

FIVE-YEAR EXTENSION (2015 - 2019)

The Preventing a Tax Hike (PATH) Act of 2017 (P.L. 114-53) extended the NMTC for five years at $3.5 billion in annual allocation.

The Tax Cuts and Jobs Act (2017) left the existing NMTC extension in place, but the NMTC expires on December 31, 2019. Bipartisan extension legislation – The New Markets Tax Credit Extension Act of 2017 – is pending in both chambers of Congress. Senators Roy Blunt (R-MO) and Ben Cardin (D-MD) introduced legislation in the Senate (S. 384), and Representatives Richard Neal (D-MA) and Tom Reed (R-NY) introduced a companion bill the House (H.R. 1098). The legislation provides a permanent authorization for NMTC and increases annual credit authority with inflation adjustments in future years.

The Monarch Mixed-Use Redevelopment involves the adaptive reuse of a historic building constructed in 1929 in Ogden, Utah, known as the Ben Lomond Garage. The now-vacant 58,000 square-foot building, which was placed on the national historic register in 2012, will be redeveloped into a creative- and arts-focused mixed-use development and will serve as an anchor for revitalization and economic development in the innovative Nine Rails Creative District and surrounding communities.

New Markets Tax Credit Extension Act of 2017 (H.R. 1098, S. 384)

THE NMTC EXPIRES ON DEC. 31, 2019. BIPARTISAN EXTENSION LEGISLATION - THE NMTC EXTENSION ACT OF 2017 - IS PENDING IN BOTH CHAMBERS OF CONGRESS.

S. 384 Cosponsors (as of 6-1-2018)

Blunt, Roy (R-MO)
Boozman, John (R-AR)
Capito, Shelly Moore (R-WV)
Daines, Steve (R-MT)
Portman, Rob (R-OH)
Wicker, Roger (R-MS)

Cardin, Benjamin L. (D-MD)
Brown, Sherrod (D-OH)
Cantwell, Maria (D-WA)
Gillibrand, Kirsten E. (D-NY)
Schumer, Charles E. (D-NY)
Smith, Tiny (D-MN)
Stabenow, Debbie (D-MI)

H.R. 1098 Cosponsors (as of 6-1-2018)

Abraham, Ralph Lee [R-LA-5]
Bilirakis, Gus M. [R-FL-12]
Brooks, Susan [R-IN-5]
Buchanan, Vern [R-FL-16]
Chabot, Steve [R-OH-1]
Comstock, Barbara [R-VA-10]
Curbelo, Carlos [R-FL-26]
Diaz-Balart, Mario [R-FL-25]
Gibbs, Bob [R-OH-7]
Graves, Garret [R-LA-6]
Harper, Greg [R-MS-3]
Holding, George [R-NC-2]
Jenkins, Lynn [R-KS-2]
Johnson, Bill [R-OH-6]
Joyce, David P. [R-OH-14]
Kelly, Mike [R-PA-3]
King, Peter [R-NY-2]
Long, Billy [R-MO-7]
McKinley, David [R-WV-1]
Meehan, Patrick [R-PA-7]
Messer, Luke [R-IN-6]
Paulsen, Erik [R-MN-3]
Palazzo, Steven M. [R-MS-4]
Posey, Bill [R-FL-8]
Reed, Tom [R-NY-23
Renacci, Jim [R-OH-16]
Rogers, Harold [R-KY-5]
Rokita, Todd [R-IN-4]
Rooney, Tom [R-FL-17]
Ross, Dennis [R-FL-15]
Smith, Jason [R-MO-8]
Smucker, Lloyd [R-PA-16]
Stivers, Steve [R-OH-15]
Turner, Michael [R-OH-10]
Upton, Fred [R-MI-6]
Valadao, David [R-CA-21]
Wagner, Ann [R-MO-2]
Wenstrup, Brad [R-OH-2]
Yoho, Ted [R-FL-3]
Young, Don [R-AK]

Beatty, Joyce [D-OH-3]
Blumenauer, Earl [D-OR-3]
Capuano, Michael [D-MA-7]
Carson, Andre [D-IN-7]
Cartwright, Matt [D-PA-17]
Castor, Kathy [D-FL-14]
Clarke, Yvette [D-NY-9]
Costa, Jim [D-CA 16]
Cicilline, David N. [D-RI-1]
Crist, Charlie [D-FL-13]
Cummings, Elijah [D-MD-7]
Davis, Danny K. [D-IL-7]
DeFazio, Peters A. [D-OR-4]
DelBene, Suzan K. [D-WA-1]
DeSaulnier, Mark [D-CA-11]
Doyle, Michael F. [D-PA-14]
Ellison, Keith [D-MN-5]
Esty, Elizabeth H. [D-CT-5]
Fudge, Marcia [D-OH-9]
Guitierez, Luis [D-IL-4]
Hastings, Alcee [D-FL-20]
Higgins, Brian [D-NY-26]
Kaptur, Marcy [D-OH-9]
Kind, Ron [D-WI-3]
Krishnamoorthi, Raja [D-IL-8]
Larson, John B. [D-CT-1]
Lofgrean, Zoe (D-CA-19)
McCollum, Betty (D-MN4)
McGovern, Jim [D-MA-2]
Neal, Richard E. [D-MA-1]
Nolan, Richard M. [D-MN-8]
Norton, Eleanor Holmes [D-DC]
O'Halleran, Tom [D-AZ-1]
Pascrell, Bill, Jr. [D-NJ-9]
Payne, Donald Jr. [D-NJ-10]
Peterson, Collin C. [D-MN-7]
Pingree, Chellie [D-ME-1]
Pocan, Mark [D-WI-2]
Price, David E. [D-NC-4]
Richmond, Cedric (D-LA-2)
Ryan, Tim [D-OH-13]
Sablan, Gregorio [D-MS]
Sanchez, Linda T. [D-CA-38]
Schakowsky, Janice D. (D-IL-9)

Sewell, Terri A. [D-AL-7]
Shea-Porter, Carol (D-NH-1)
Sinema, Kyrsten [D-AZ-9]
Sires, Albio [D-NJ-8]
Swalwell, Eric [D-CA-15]
Thompson, Mike [D-CA-5]

Welch, Peter (D-VT All)
Yarmuth, John A. [D-KY-3]

NMTC financing helped ensure that nonprofit and community organizations could be housed in the new 1.5 million-square-foot Crossown Concourse "vertical urban village." The project created 800 jobs and opened in Memphis, TN, in August 2017. Photo credit: Jamie Harmon, Crosstown Arts.

SPRING 2018 UPDATE

CDEs are busy deploying $3.5B in NMTC allocation awarded late last year and are also busy with ribbon cuttings for projects financed in 2017.

In February of 2018, the CDFI Fund awarded $3.5B in NMTC allocation. Through April 30, 2018, just three months, CDEs have already deployed $790 million to capital-starved communities. Below are a few examples of projects already publicly announced in 2018.

Southeast Raleigh YMCA, Raleigh, NC
A 31-acre master planned site to improve access to education, wellness and fitness activities, and affordable housing in southeast Raleigh. The first phase of the development, a NMTC project, is a 114,959 sq. ft. multipurpose facility to improve health, wellness, and educational equity. The facility will house a new YMCA and a public pre-kindergarten through fifth grade elementary school in a disinvested, underserved low-income community. A groundbreaking was held on April 11, 2018.

THROUGH APRIL OF 2018, NMTC ALLOCATION AWARD RECIPIENTS DEPLOYED $790 MILLION TO CAPITAL-STARVED COMMUNITIES.

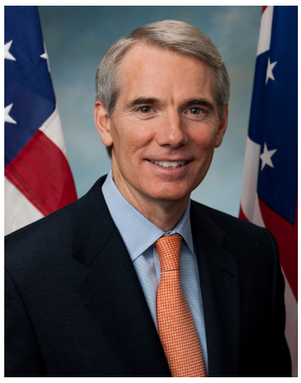
Columbia Pulp, Starbuck WA
A new processing plant in Starbuck, WA for Columbia Pulp, a next-generation pulp mill. The construction of the 290,000-square-foot facility will create an estimated 120 construction jobs and 87 full-time jobs within the facility.

The UH Rainbow Center for Women and Children, Cleveland, OH

Opening July 2018

The NMTC-financed UH Rainbow Center for Women & Children will be the new home for the Rainbow Ambulatory Practice and MacDonald Women's Health Clinic, currently located on the first floor of University Hospitals Rainbow Babies & Children's Hospital. These outpatient practices have grown significantly over the past decades, seeing more than 40,000 patient visits each year. These clinics are primary sites for training of the next generation of pediatric and OB-GYN clinicians.

The UH Rainbow Center for Women & Children $26 million capital project was funded through generous philanthropy and New Markets Tax Credits (NMTC) with PNC, Cleveland Development Advisors, and Northeast Ohio Development Fund. PNC allocated $5 million in NMTC financing to the project, while the Greater Cleveland Partnership's real estate affiliate, Cleveland Development Advisors and Northeast Ohio Development Fund (a CDE controlled by the Cleveland-Cuyahoga County Port Authority) allocated an additional $16 million in NMTC financing.



"This is one of the premier pediatric hospitals not only in Ohio, but also in the U.S., and thousands of Ohioans will benefit from the current expansion efforts. This project was made possible in part by the New Markets Tax Credit, a tax incentive to spur economic growth and community redevelopment projects. The NMTC was removed in the House-passed version of tax reform, but I fought to preserve it in the Senate version and the final agreement that became law because it is critical for economic development opportunities like this new medical center. We're already seeing significant benefits of this new law – just yesterday I toured a small business in Zanesville that reinstated health care benefits because of tax reform. And more than 400 companies around the country have announced new investments in their businesses and their workers, including higher wages, bonuses, new plants and equipment, and more retirement benefits. I'm excited about the opportunities ahead, and I will continue to work with communities throughout Ohio on project to utilize the NMTC to spur new economic growth and development."

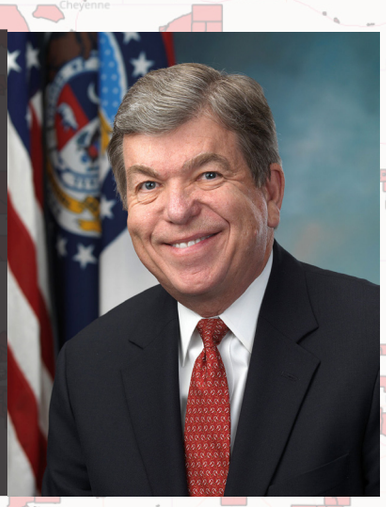
-Senator Rob Portman (R-OH), February 28, 2018

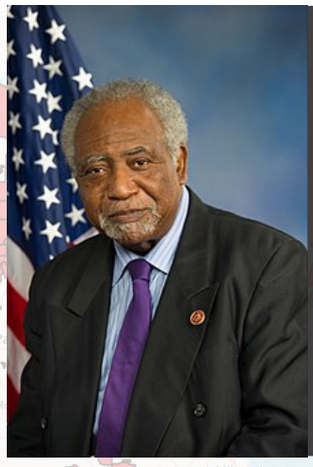
MEMBERS OF CONGRESS ON THE NEW MARKETS TAX CREDIT

The program receives strong support from both parties

Senator Mike Crapo (R-ID):
"New Markets Tax Credits have a strong history of leveraging public and private-sector investment to bring growth and jobs to underserved communities. I have consistently supported legislative efforts to strengthen and extend the New Markets credit, and my staff and I have had the opportunity to visit many of the success stories in Idaho. I look forward to continuing to work with the Montana & Idaho CDC, and all stakeholders, to continue to promote economic and job opportunities in Idaho."

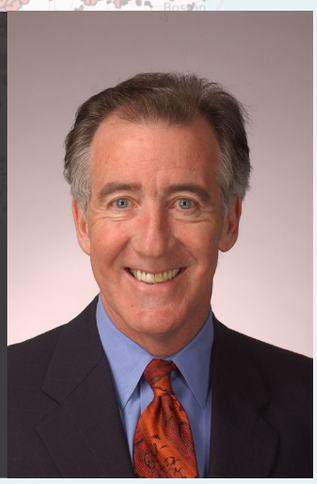
Senator Roy Blunt (R-MO):
"The New Markets Tax Credit Program has a proven track record of spurring investment, expanding opportunity, and improving the quality of life in communities that need it most. In Missouri, the NMTC has benefited a total of 177 businesses and economic revitalization projects, creating thousands of jobs and resulting in a total of $3 billion in new investments. The NMTC provides a critical incentive for drawing much-needed capital to low-income rural and urban areas, and I look forward to working with my colleagues to ensure it continues."





Rep. Danny Davis (D-IL)
"Chicago stands to benefit greatly from the $7 billion in New Markets Tax Credit Awards to revitalize low-income and distressed communities. Chicago Development Fund has financed transformative projects throughout the city, including the Near North Health Services Corp. primary care facility in West Humboldt Park and Breakthrough Urban Ministries' FamilyPlex in East Garfield Park."

Rep. Richard Neal (D-MA)
"Since its enactment in 2000, the New Markets Tax Credit (NMTC) has created thousands of jobs and generated billions of dollars of investment in low income communities across the country. In Massachusetts, the highly successful initiative has helped generate private investment in economic development projects from the Berkshires to Boston. The NMTC is a federal program with a proven record of success that should be made permanent and expanded."



HOW IT WORKS

The New Markets Tax Credit is a shallow, "place-based," gap financing tool designed to jump-start the economy of towns like Louisville, MS, a rural town that suffered a devastating EF-4 tornado in 2014, but has since used millions in NMTC financing to rebuild. Unlike programs that subsidize a specific economic activity, such as the creation of affordable housing, the NMTC is designed to deliver capital to narrowly defined geographic locations: underserved census tracts that meet mandated criteria of economic distress.

Below: NMTC financing helped The Good Shepherd School build a new facility for grades PK–7th, allowing the underserved students in the New Orleans area to receive a quality education. Pictured is 2017 Student Council President Genesis Prosper with City Councilman for District D, Jared Brossett.

KEY TERMS

COMMUNITY DEVELOPMENT ENTITY (CDE)

In order to deliver capital to underserved "new markets," the NMTC authorizing statute created a new category of investment intermediary, 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 to the CDE. Most CDEs are affiliates of mission-driven organizations like Community Development Financial Institutions, for-profit entities, community development corporations, government entities, or private financial institutions. CDEs put together a business plan to finance high impact businesses and revitalization projects in low-income areas and apply for allocation to the CDFI Fund.

QUALIFIED EQUITY INVESTMENT

Private investors make Qualified Equity Investments (QEIs) into CDEs. CDEs take the proceeds and invest them in businesses and revitalization projects in low-income communities. Investors (typically regulated financial institutions) receive a federal tax credit of 39 percent taken over seven years (five percent years one through four and six percent years five through seven). According to the Joint Committee on Taxation, the net cost to the federal government of each dollar of NMTC allocation is about 26 cents.

KEY TERMS

QUALIFIED ACTIVE LOW-INCOME COMMUNITY BUSINESS (QALICB)

QALICBs are the end beneficiaries of the NMTC who receive gap-financing to expand their business, build a new school, or stay competitive. To qualify as a QALICB, a business must be located in a low-income community, in addition to conducting business and deriving at least 50 percent of its income in a low-income community. Examples of QALICBs are a health clinic, a steel fabrication plant, a developer of real estate, and a homeless shelter.

BUT-FOR TEST

It is not a statutory requirement, but nevertheless, CDEs screen each project with a "but-for" test to ensure the NMTC is truly necessary for the project to move forward. The "but-for" test limits the amount of NMTC-generated financing to the amount necessary for financial feasibility. The NMTC typically provides "last-in" gap financing, meaning it is the last financing secured to make a project viable. CDEs and investors evaluate the sources and uses of available capital, the business plan of the enterprise in question, and its impact on the low-income community in order to determine how much NMTC financing is needed to complete the project and maximize community impact.

If additional subsidies are not needed, the project will not receive NMTC financing. Only after all the financing from other sources is committed, and the impact is clear, does a CDE commit to providing NMTC financing.

FAST FACTS:

INELIGIBLE USES

The NMTC is a very flexible incentive. It can finance a variety of projects, from broadband in remote Alaska to a YMCA in downtown Los Angeles. But not all businesses are eligible. CDEs cannot finance: commercial golf courses; country clubs; massage parlors; hot tub facilities; suntan facilities; racetrack or other facility used for gambling; or liquor stores. Certain agricultural activities are ineligible.

RURAL VS URBAN

A 2004 amendment to the NMTC statute requires the CDFI Fund to ensure a proportional share of NMTC allocation to non-metropolitan counties.

USE WITH OTHER FEDERAL CREDITS

The NMTC cannot be "twinned" with the Low-Income Housing Tax Credit but may be combined with other federal credits.

VALUE TO TAXPAYERS

For every dollar of revenue forgone by the federal government, the NMTC generates an additional eight dollars.

INFLATION ADJUSTMENT

The NMTC allocation amount is not adjusted for inflation. The NMTC Extension Act (S. 384/H.R. 1098) would add an inflation adjustment, bringing it in parity with LIHTC.

HOW IT WORKS

PROJECT SELECTION

At least 85 percent of CDEs' investments must be targeted to the low-income service area identified by the CDE, but there is significant flexibility in the types of businesses and development activities that NMTC investments can support – including community facilities like childcare or healthcare facilities and charter schools, manufacturing facilities, equipment or facilities for nonprofits and businesses, and homeownership projects through Habitat for Humanity. Specific examples of businesses financed through the NMTC include a timber mill, a manufacturer of fruit snacks, a library, a makerspace, a nursing home, a mixed-use redevelopment project, and a substance abuse treatment center.

CDEs choose projects that maximize community benefit. Regardless of whether a CDE is a mission-driven organization or the community development arm of a bank, they have a vested interest in stretching each dollar of NMTC to achieve the maximum community benefits. The competitive allocation process awards CDEs that can document significant community impacts, including job creation, added amenities, and benefits to low-income families.

APPLICATION & OVERSIGHT

CDEs must be certified by the Community Development Financial Institutions (CDFI) Fund of Treasury, the administering agency for the NMTC. Once certified, a CDE may apply to the CDFI Fund for NMTC allocation.

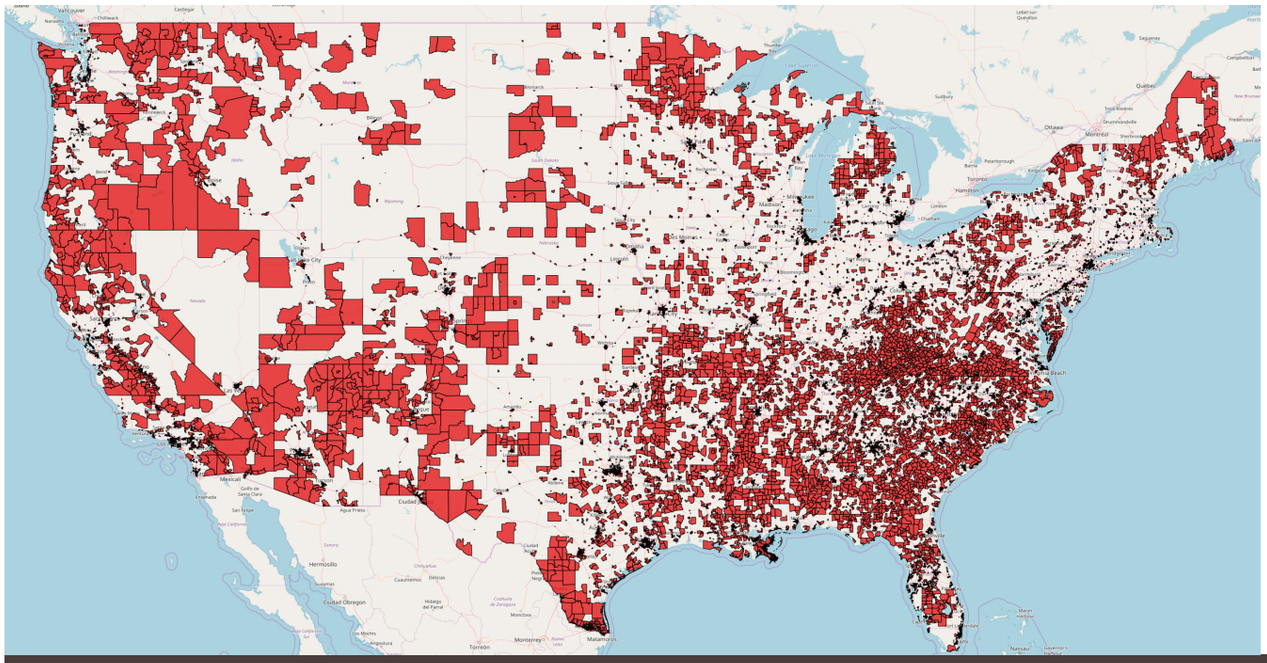
Applications for allocation are scored by the CDFI Fund in four areas: community impact, business strategy, capitalization strategy, and management capacity. Throughout the history of the NMTC, demand for credits has exceeded the authorized amount by nearly eight to one. CDEs requested $335 billion in allocation authority between 2003 and 2017 while the CDFI Fund made $54 billion in allocation available. The competition is stiff, with a historic success rate of applications for credits at less than 25 percent.

The CDFI Fund looks for applicants with a track record making loans and equity investments in under-served communities, either with previous NMTC allocations or through conventional lending. It also provides a small preference for applicants that promise to undertake "innovative activities" or to invest in areas under-served by previous NMTC allocation awards.
The application provides a slight preference to the ten underserved states that have historically received the lowest share of NMTC investment. There is some anecdotal evidence that the CDFI Fund's effort to drive allocation to new states has succeeded.

For example, Nebraska was listed as an under-served state up until 2015. Between 2003 and 2012, there were four NMTC projects in the Cornhusker state.

Between 2013 and 2017, an additional 24 projects were completed in Nebraska. Intense competition for NMTC allocation allows the CDFI Fund to make minor course corrections in the targeting of allocation using small tweaks to the allocation application.

ELIGIBLE CENSUS TRACTS, CONTINENTAL UNITED STATES



COMPLIANCE AND MONITORING

The CDFI Fund monitors compliance once credits are awarded, and the Internal Revenue Service issues guidance on NMTC investments and monitors taxpayer compliance. Allocatees must provide the CDFI Fund with nearly 200 data points on each NMTC transaction, including data on the location of loans and investments, jobs created and other community impact metrics, interest rates and financial products, and more.

ELIGIBLE COMMUNITIES

NMTC projects must be in census tracts with one or more of the following characteristics:

- *Poverty rates of at least 20 percent; or*
- *Median incomes at or below 60 percent of the area median income.*
- *In addition, a handful of rural, high migration census tracts are designated as eligible by the CDFI Fund.*
- *Certain low population tracts that fail to meet the poverty or income requirements but are adjacent to NMTC-eligible tracts and located within an Empowerment Zone are also eligible. For example, an abandoned industrial site with a population of zero might qualify.*

There are over 70,000 census tracts in America, and less than 40 percent of those tracts qualify for the NMTC. Moreover, more than 72 percent of NMTC allocation is targeted to the poorest 22,000 census tracts.

The CDFI Fund recently updated eligibility based on the 2011-2015 American Community Survey (see next page).

Above: Areas in red are eligible for NMTC investments.

2017 ELIGIBILITY UPDATE

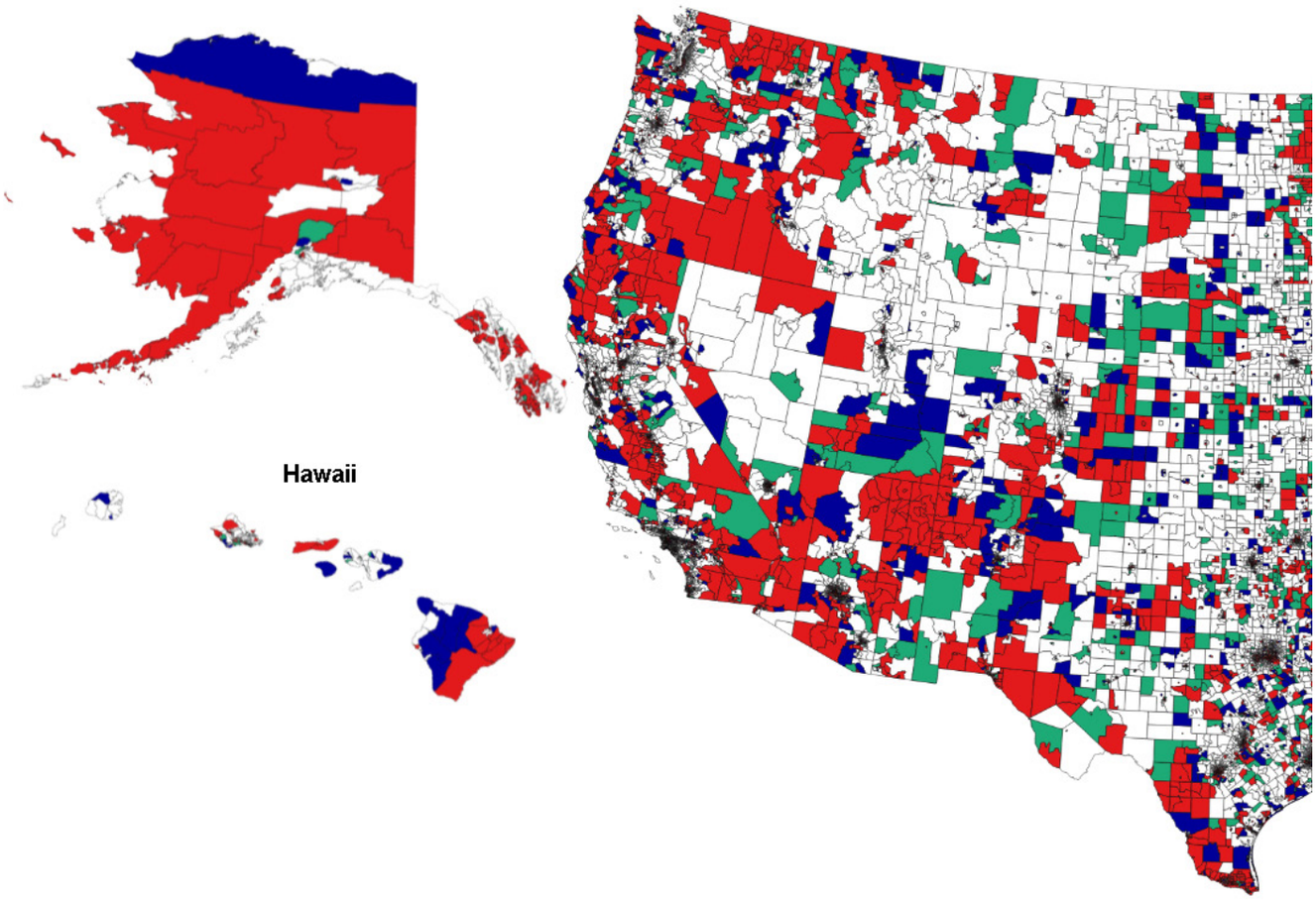
BASED ON THE 2011-2015 AMERICAN COMMUNITY SURVEY

NEW TRACTS ADDED AND REMOVED

In October of 2017, the CDFI Fund released updated census tract eligibility data for the NMTC program. The eligibility update utilizes data from the 2011-2015 American Community Survey.

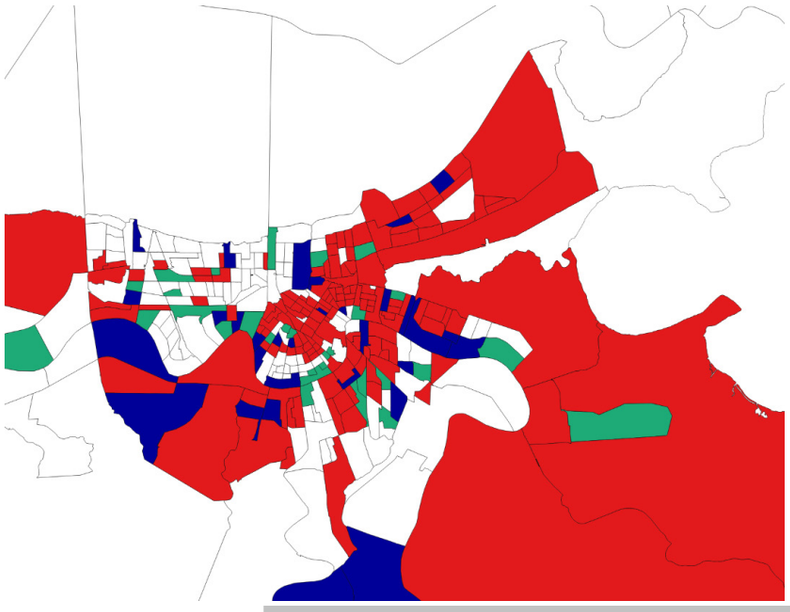
The eligibility changes were effective November 1, 2017 with a one-year transition period to use both the new and old eligibility data.

There are about 73,000 census tracts nationwide, of which 31,640 are eligible based on poverty, income, or high out-migration. The eligibility changes remove a total of 4,517 previously eligible census tracts, but add 6,050 newly eligible census tracts, for a net gain of 1,533 eligible tracts. The graphic below shows eligibility changes.

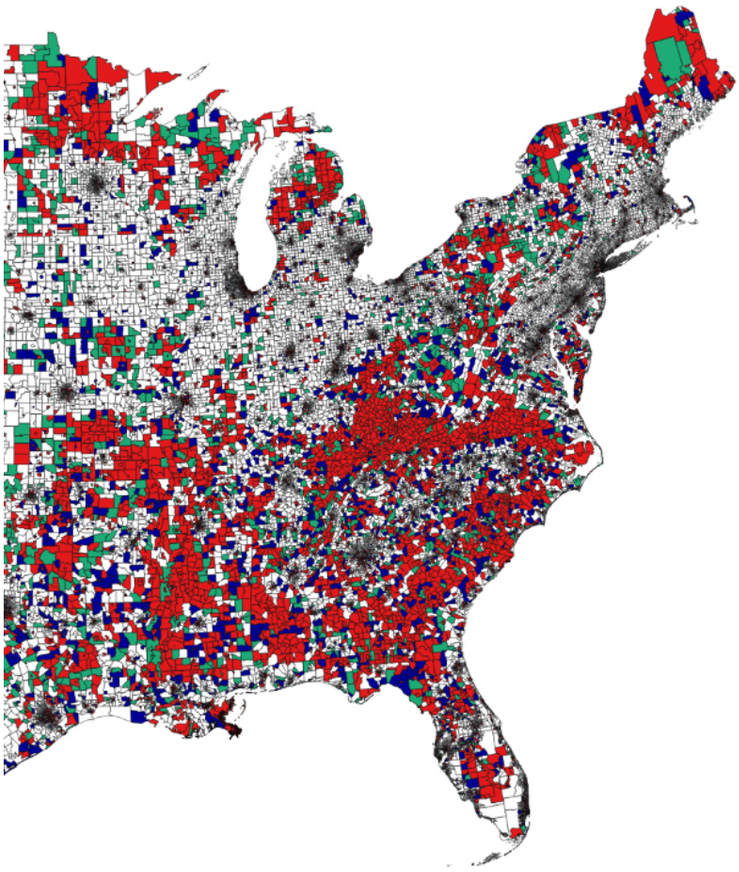


Net Change in

State	PA	DC	MN	AK	RI	ND	KS	DE	MT	CT	NY	SD	VT	HI	NE	OK	NJ	NH	WI	WV	MD	ME	IN
Net Change	-33	-17	-7	-3	-3	-1	0	3	3	4	4	4	4	6	7	7	8	9	9	9	11	11	13



Eligibility changes in New Orleans, LA (Right)



Map Legend

- Eligible tracts (no change)
- Ineligible tracts (no change)
- Newly ineligible tracts
- Newly eligible tracts

Puerto Rico

ıe in Eligible Tracts by State

IN	MA	UT	IA	CO	ID	PR	NM	AR	KY	MO	VA	IL	NV	LA	WA	MS	MI	AZ	OR	SC	TN	AL	OH	TX	GA	NC	CA	FL
13	15	17	18	19	19	19	20	23	25	28	28	30	31	32	35	37	43	46	49	49	64	68	77	85	94	##	190	206

Note: a full version of this map is available the [NMTC Coalition's website.]

NEW REPORTS BOLSTER THE NMTC

BOTH AN INDEPENDENT ANALYSIS AND AN INDUSTRY REPORT CONFIRM THE NMTC IS WORKING AS INTENDED

NEW MARKETS TAX CREDIT ECONOMIC IMPACT REPORT (2003-2015)

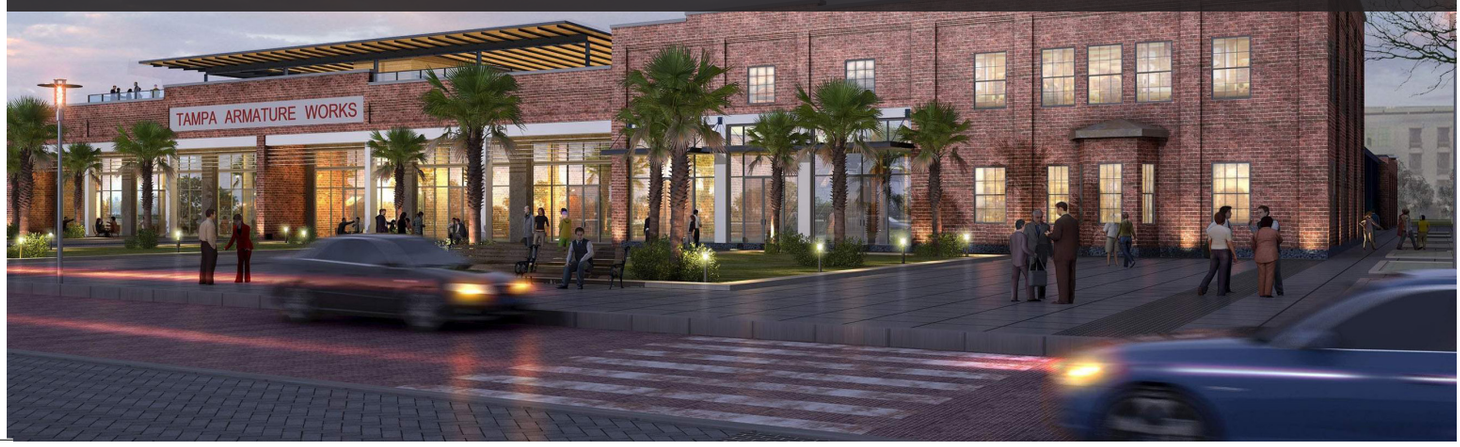
In December of 2017, the NMTC Coalition - with economic modeling assistance from Novogradac & Company, LLC - released a third edition of our macroeconomic analysis of NTMC projects.

Our findings show that the between 2003 and 2015, the New Markets Tax Credit (NMTC) created more than one million jobs, generated well over $150 billion in economic activity in long distressed communities, expanded access to amenities and services, and strengthened the tax base of state and local governments. Our research found a significant return on NMTC investment to federal taxpayers.

There are seven key findings in this report:

1. From 2003 to 2015, NMTC investments generated more than $156 billion in economic activity, creating 1,013,837 jobs in low-income rural and urban communities, including 459,294 temporary construction jobs and 554,545 full-time equivalent jobs in nearly every industry sector of the economy;
2. The NMTC targets about 40 percent of the nation's census tracts that meet the statutory requirements for economic distress. However, most NMTC financing goes to severely distressed communities that far exceed program requirements for poverty and income. From 2003 to 2015, 72 percent of NMTC projects were located in severely distressed communities;
3. The federal tax revenue generated by NMTC investments more than pays for the cost of the program. For example, in 2015, the NMTC generated $15.2 billion in economic activity, and this activity generated $872 million in federal tax revenue. This revenue was more than enough to cover the $759 million annual cost of the program in 2015 and provide an annual return of $113 million, or 15 percent;
4. By stabilizing and revitalizing local economies, the NMTC helps boost tax revenue for state and local governments. Between 2003 and 2015, NMTC investments generated $6.7 billion in state and local tax revenue, including $502 million in 2015 alone;
5. The NMTC enhances community revitalization efforts by financing community facilities and other important services. Between 2003 and 2015, the NMTC financed nearly 2,000 community services and facilities, including hospitals, schools, nonprofit service providers, and day care centers;
6. After more than a decade of investments, the NMTC has touched the lives of millions of individuals, from the 17 million patients served by NMTC-financed healthcare projects to the nearly 250,000 students and children attending NMTC-financed schools or cared-for in early-childhood learning centers; and
7. Over the years, as the program matured, an increasing share of NMTC financing went to areas experiencing severe economic distress, including rural communities. The program shifted away from retail and general purpose real estate toward healthcare, manufacturing businesses, and other projects with greater overall economic impact.

Local and fresh, healthy foods are a focus at the Heights Public Market, one element of the Armature Works project, which was financed through NMTC.



SUMMIT CONSULTING RELEASES COMPLIANCE REPORT ON THE NEW MARKETS TAX CREDIT

In August of 2017, Summit Consulting, a quantitative consulting and data analytics firm, released "Compliance Review of New Markets Tax Credit Program." The report examines characteristics affecting financial outcomes for program participants, industry best practices, and compliance. The study is the first to include an in-depth review of project-specific documentation, interviews, and community distress of project locations.

"This is the most in-depth study of the NMTC program ever conducted," Summit Principal Anthony Curcio said. "The effort reveals fascinating insights into this $50 billion program. Policymakers will find that this report makes a substantial contribution to tax credit research."

Findings of the report included:

- 100 percent of projects examined were in full compliance and most projects far exceeded both the statutory requirements for economic distress and the compliance mandates of the CDFI Fund;
- CDEs are supporting businesses beyond the seven-year NMTC compliance period by leaving a significant portion of residual capital with businesses;
- NMTC projects significantly lower the cost of capital for businesses in distressed communities; and
- CDEs evaluated "appear to make NMTC investments in highly distressed census tracts surrounded by other distressed areas.

As part of their compliance review, Summit answered two important questions about the NMTC:

Question 1: How distressed are communities in which CDEs deploy their NMTC Allocations? Do CDEs go beyond the minimum statutory requirements?
Finding: Almost 80 percent of NMTC capital is invested in neighborhoods that are at least moderately distressed, and the majority is invested in highly distressed neighborhoods.

Question 2: Are NMTC investments reaching deep pockets of poverty or are they going to eligible census tracts that are adjacent to affluent neighborhoods? In other words: does the program move investment "across the street" from an affluent area to an eligible census tract?
Finding: Summit found no evidence that NMTC investments are concentrated in eligible tracts adjacent to affluent areas. In fact, investments are concentrated in highly distressed census tracts surrounded by other distressed areas.

"The report released today demonstrates that New Markets Tax Credits are being used as Congress intended: to attract private investment into projects in economically distressed communities. It also documents the ways that Community Development Entities (CDEs) that utilize the program are meeting and generally exceeding NMTC Program requirements."
-CDFI Fund Director Annie Donovan

THE SURVEY OF 2017 ACTIVITY

Every winter, the NMTC Coalition surveys all CDEs that have won NMTC allocation - past and present - on their loans, investments, and financial services.

— WITH THE PROGRAM'S UNCERTAIN FUTURE AS A BACKDROP, CDES DEPLOYED MOST OF THE $7 BILLION ROUND TO HIGH IMPACT PROJECTS

2017 PROJECTS AT A GLANCE

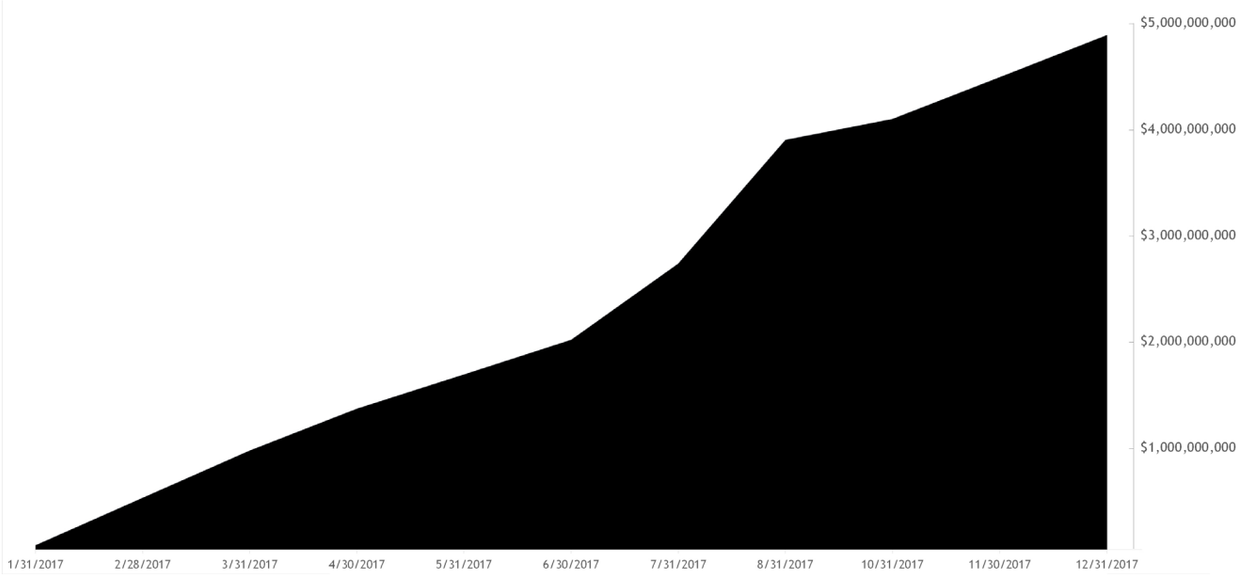
When the Department of Treasury awarded $7 billion in NMTC allocation at the end of 2016, there was no doubt whether the community development industry could deploy that amount of capital to high-impact NMTC projects. This was not a surprise, as the industry had quickly deployed $5 billion in allocation in the wake of the Great Recession.

Despite the uncertainty surrounding the status of the program, our survey data shows that CDEs have met or exceeded the prior year's poverty targeting, rural investment, and job creation, deploying about $4.8 billion in NMTC allocation.

A total of 89 CDEs provided project data on 271 projects for the 2017 survey. All told, this report analyzed about 81 percent of the NMTC activity in 2017, or $3.9 billion out of $4.8 billion. Respondents reported projects in 45 states plus the District of Columbia, and they ranged from a public library to a sprawling, $200 million multi-use campus for entrepreneurship.

NMTC financing from NTCIC is helping to create a new Workforce Training Center on Northland Avenue in the City of Buffalo, NY. Project manager David Stebbins is touring New York State Lieutenant Governor Kathy Hocul and Buffalo Mayor Byron W. Brown showing construction progress of the facility, which will open in August 2018.

DEPLOYMENT OF NMTC ALLOCATION IN 2017



PROJECTS ANALYZED REPRESENTED A SUBSTANTIAL SHARE (81%) OF THE ACTIVITY IN THE PROGRAM IN 2017.

SURVEY HIGHLIGHTS

- CDEs created over 60,000 full-time and construction jobs.
- Eighty-one percent of projects were located in census tracts experiencing significant declines between 2010 and 2015 despite the overall improvement of the economy.
- Eighty-three percent of projects were located in severely distressed communities.
- Eight-three percent of projects extended the benefits of the NMTC subsidy by including a Community Benefits Agreement.

NMTC financing helped G.S. Precision in Brattleboro, VT., a leading manufacturer of high precision components for the aerospace and defense industries, build an addition and buy new equipment. That enabled the company to stay in Brattleboro, retain its 350 jobs and add 100 additional jobs over the next 5 years.

SURVEY OF 2017 ACTIVITY: INVESTOR TRENDS

Investor demand remained at record levels despite the uncertainty of tax reform.

THE LEVERAGE STRUCTURE

Nearly all NMTC investments involve the "leverage structure," which helps deliver more capital to qualified businesses than might be offered through a direct equity investment. In the leverage structure, an intermediary entity, typically called the "investment fund," structured as an LLC or partnership, can receive equity investments from NMTC investors (usually regulated financial institutions) as well as debt from other sources. All of the investment fund's proceeds (debt and equity) are then invested as a QEI into the CDE. In return, the CDE then passes the federal tax credits to the Investment Fund (its QEI investor), which, as a flow-through entity, provides the entire tax credit up the chain to its equity investor. In 2017, all qualified equity investments reported by survey respondents utilized the leverage structure.

When a CDE and a business work to finance an NMTC project, they must secure an equity investor and sources of debt. Generally, qualified equity investments include about 33 percent equity (almost always a financial institution) and 67 percent debt (aggregated from a variety of sources). In 2016, the share was 30 percent equity and 70 percent debt.

SOURCES OF EQUITY

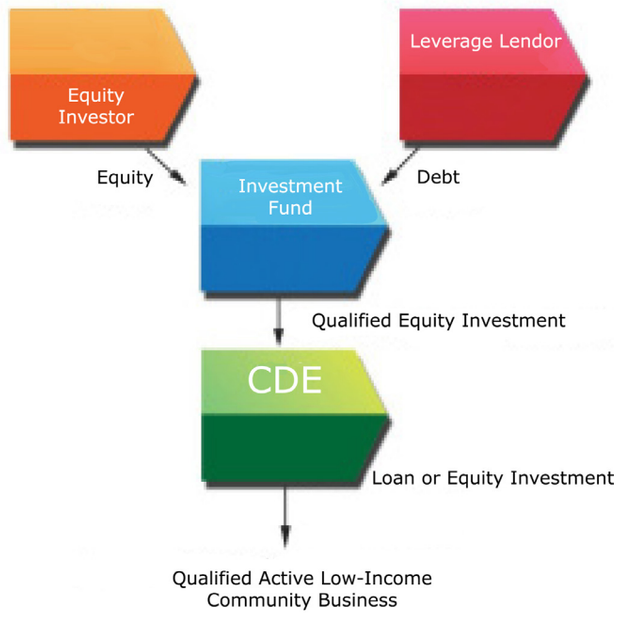
Regulated financial institutions have historically provided a majority of the equity for NMTC transactions, and 2017 was no exception. Ninety-nine percent of equity investments into the investment fund came from regulated financial institutions. The balance came from an unregulated financial institution (0.6%).

NMTC equity investors receive modest returns. Most are motivated by Community Reinvestment Act requirements, philanthropic interest in a project, or an interest in expanding their footprint into new markets.

SOURCES OF DEBT

The survey found that the investment fund aggregated a variety of sources of leveraged debt, from government grants to conventional loans. The most common source of debt was private financial institutions followed by owner equity, other public sources, and private foundation support. For example, a nonprofit might raise 70 percent of a project's cost from a private foundation and government grants and then use the proceeds as leverage debt to attract NMTC equity and fill the remaining 30 percent gap.

Because the NMTC is a shallow credit, additional sources of public funding are necessary to make high impact projects possible - particularly community facilities, though not exclusively. In their 2017 compliance review of the NMTC: Summit Consulting found that additional public subsidy was required to target deeper areas of distress or finance particularly challenging projects.



NMTC CREDIT PRICING

There is a limited amount of NMTC allocation available and investors must compete for NMTC projects. When NMTC investors pay a higher price in exchange for the Credit, more benefit flows to the low-income community business. The Coalition asked survey respondents to report the average price investors paid in exchange for the NMTC. Respondents reported pricing ranging between 83 cents and 89 cents, and the average price was 86.7 cents, up from 86.2 cents in 2016.

CDEs were asked to comment on pricing trends in the early stages of 2018. Some CDEs reported softening of the price by several cents as investors analyzed their new tax liability.

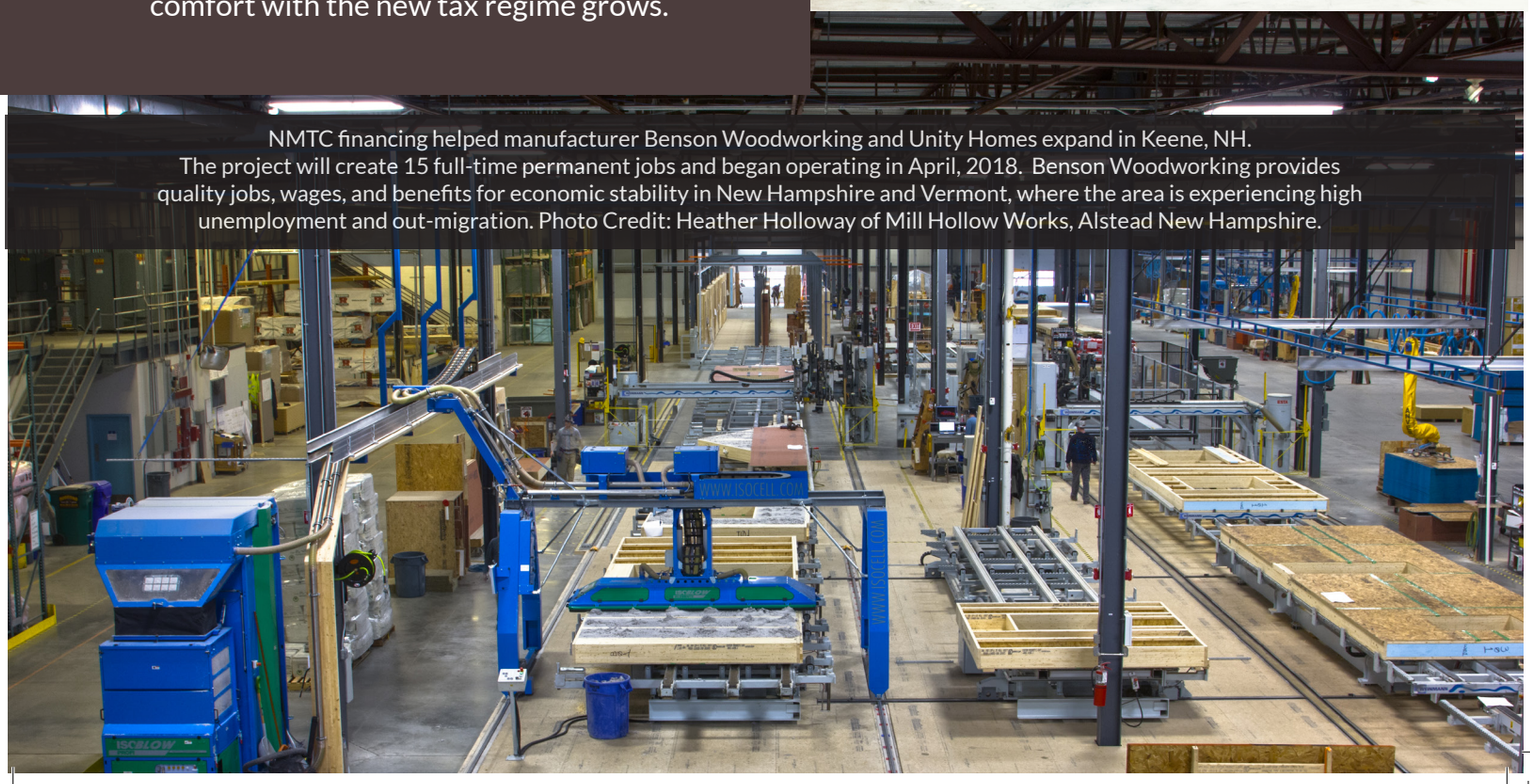
INVESTOR MOTIVATION

Returns for NMTC investors are modest. The following factors motivate investors:

1. Compliance with the Community Reinvestment Act (CRA). Most NMTC investors are private financial institutions and receive credit for investing in low-income census tracts, as defined by CRA;
2. A low risk, low return investment. NMTC investors typically receive an average annual after-tax return of between 3 and 5 percent over 7 years;
3. A commercial interest in moving into new communities that are eligible under NMTC;
4. Supporting existing customers and bolstering an under-performing market in the bank's footprint; and
5. Corporate Social Responsibility priorities.

NMTC pricing remained steady near its record high in the upper-80s throughout 2017. In the wake of the tax overhaul, several survey respondents reported a decline in pricing in the late stages of 2017 and early 2018 as investors sought to understand the implications of the Tax Cuts and Jobs Act - and the new Base Erosion Anti-Abuse Tax in particular - on their tax liability.

Some industry experts expect pricing to rebound to pre-2018 levels as investors' comfort with the new tax regime grows.

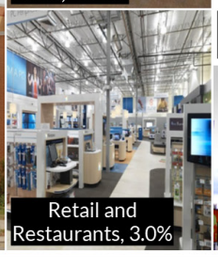


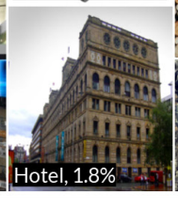
NMTC financing helped manufacturer Benson Woodworking and Unity Homes expand in Keene, NH. The project will create 15 full-time permanent jobs and began operating in April, 2018. Benson Woodworking provides quality jobs, wages, and benefits for economic stability in New Hampshire and Vermont, where the area is experiencing high unemployment and out-migration. Photo Credit: Heather Holloway of Mill Hollow Works, Alstead New Hampshire.

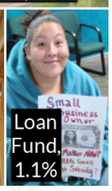
SURVEY OF 2017 ACTIVITY: INDUSTRY TRENDS

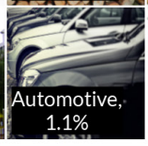
Manufacturing, healthcare, and multi-component projects were popular in 2017.

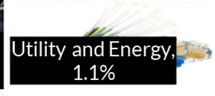
Other, 1.5%











NTCIC used NMTC financing to convert the National Guard Armory into office space for the community including the local Chamber of Commerce and local business owners. Learn more.

MORE ABOUT PROJECT CATEGORIES

Many projects included several separate components financed by the NMTC or through financing leveraged by a NMTC transaction. For example, while 36 projects (13.3 percent) focused exclusively on healthcare, an additional 6 mixed-used projects (2.2 percent) included a healthcare component.

Projects categorized as "Child and Youth Services" included childcare centers, after school programs, and other nonprofits providing services to young people and families.

"Community Services (Other)" included a variety of nonprofit service providers, homeless shelters, food pantries, and multi-purpose community centers.

The "Other" category included a streetcar project and substantial rehabilitation of buildings for general purpose office space.

For the fourth year in a row, manufacturing projects were most common. Healthcare projects declined from last year while schools and mixed-use projects increased as a share of total projects.

PROJECTING THE FUTURE

The CDFI Fund continues to refine its application to encourage measurement of outcomes beyond typical community impact metrics like jobs and investment, and these changes may have the effect of encouraging CDEs to pursue projects with multiple layers of community impact, from education to healthcare to entrepreneurship and employment.

SURVEY OF 2017 ACTIVITY: INDUSTRY TRENDS

Mixed-use, multi-purpose facilities have something for everyone, bringing together business incubators, healthcare clinics, affordable housing, green space, vocational training, fresh food, and more.

A HOLISTIC APPROACH TO COMMUNITY DEVELOPMENT

The most noteworthy trend in 2017 NMTC project selection was the increase in the number (and scale) of large mixed-use projects combining multiple components. Forty-seven NMTC projects (17 percent) included multiple discrete components.

Components of Mixed-Use Projects:
At minimum, nearly all of the mixed-use projects financed in 2017 included commercial space, restaurants, and/or retail space, though several projects mixed housing and community facilities. Additional components included (but were not limited to):

More than 20 projects included more than one nonprofit or community facility component, and several projects serve as hubs for social service delivery.

EXAMPLES

Angier Business & Children's Center
Durham, NC

Adaptive reuse of four buildings in the heart of the Angier-Driver business district in Durham, NC for a variety tenants including nonprofits and a childcare provider.

Central City Concern Eastside Campus
Portland, OR

The construction of a new 33,800 sq. ft. federally qualified health center, a pharmacy, 27 units of respite care with 51 beds, and 1,346 sq. ft. of commercial space to possibly operate a café or other social enterprise (right).

Springdale General Social Innovation Center
Austin, TX

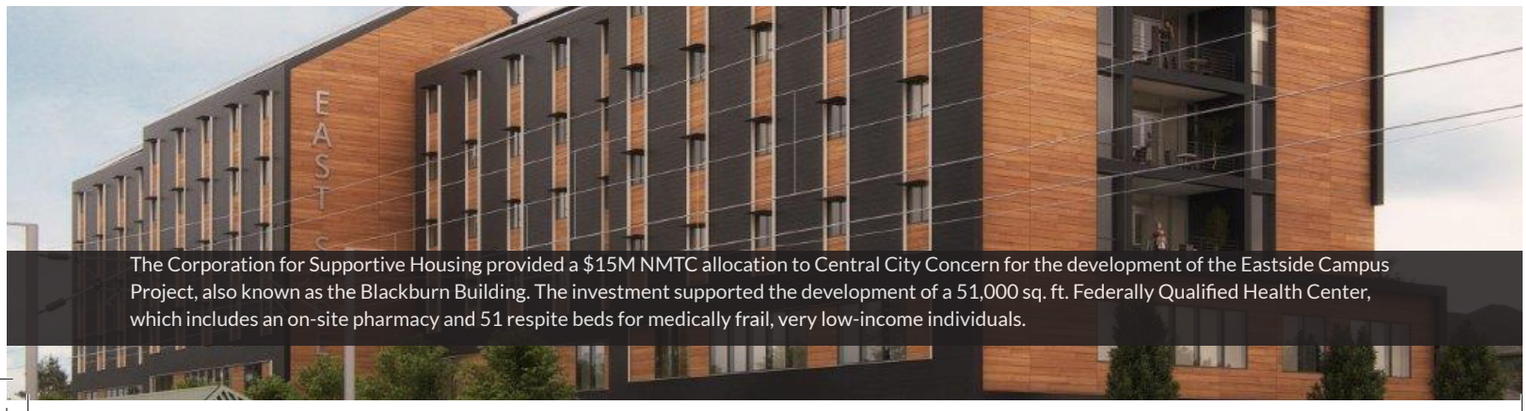
Redevelopment of a brownfield into a 165,000 sq. ft. campus of creative office and retail space for nonprofits, social services, and commercial businesses.

Bayou Treme Center
New Orleans, LA

The substantial rehabilitation of the vacant St. Rose de Lima Catholic Church building and two schoolhouses into a cultural hub for the arts and education. Features a performing arts venue, a nonprofit school serving grades pre-K to 8th, and a co-working space.

Block 22- Pitt State
Pittsburg, KS

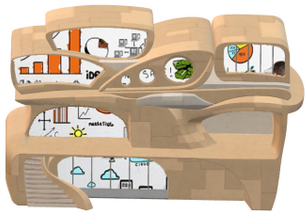
Remodel of four existing, multi-story buildings into Block22, a unique, living learning community focused on students who thrive in art, commerce and technology. Includes 100 units of student housing and a 16,000 sq. ft. makerspace.



The Corporation for Supportive Housing provided a $15M NMTC allocation to Central City Concern for the development of the Eastside Campus Project, also known as the Blackburn Building. The investment supported the development of a 51,000 sq. ft. Federally Qualified Health Center, which includes an on-site pharmacy and 51 respite beds for medically frail, very low-income individuals.

COMPONENTS OF MIXED-USE AND MULTI-PURPOSE PROJECTS

INCUBATORS



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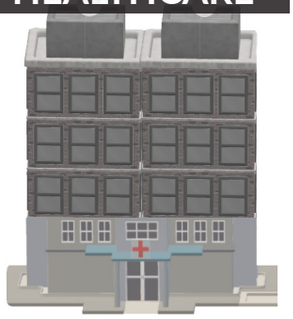
HEALTHCARE



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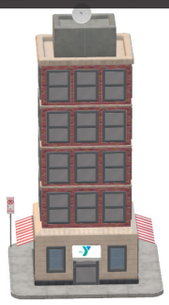
RECREATION



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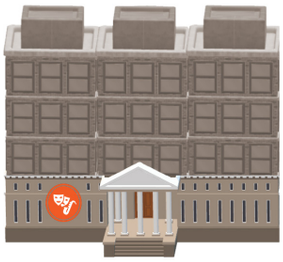
ARTS/EVENTS



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JOB TRAINING

5

SCHOOLS

4

YOUTH/CHILDCARE

4

Martha's Table is using $29 million of New Markets Tax Credit (NMTC) allocation from four CDEs, including Capital Impact Partners to construct a new 57,000-square-foot community facility serving more than 200,000 low-income Washington, D.C. residents. A Novogradac Community Development QLICI of the Year award winner, the project will deliver social services, education programming, and healthcare to children and families beginning in 2018.

SURVEY OF 2017 ACTIVITY: OTHER TRENDS

Community Benefit Agreements and Targeted Populations

COMMUNITY BENEFIT AGREEMENTS

In addition to providing direct funding for community facilities, many NMTC projects involve formal or informal community benefits agreements (CBAs) between CDEs and businesses benefiting from the NMTC financing.

CBAs have become more common in recent years. In fact, in their evaluation of the early years of the NMTC program (2003-2007), the Urban Institute found that 14.3 percent of NMTC projects also included a CBA.

Eighty-three percent of projects reported by CDE survey respondents involved a community benefit agreement between the project sponsor or business and the CDE. An additional 3 percent of projects included a CBA that simply required the QALICB report outcomes.

These agreements vary widely. Examples of benefits that businesses agreed to deliver include:

- Housing will target single adults, long-term homeless adults, disabled adults, transition-aged youth and veterans.
- Community facility will deliver: 1.) after-school and summer programs that provide nutrition and healthy living education to 230 daily youth participants; and, 2.) create environmentally sustainable outcomes by achieving LEED Silver certification including water-efficient landscaping, optimized energy performance, and management reduction of volatile organic compounds within indoor spaces.

TARGETED POPULATIONS

The American Jobs Creation Act of 2004 (P.L. 108-357) amended the definition of an eligible low-income community to include High Out-Migration Rural County Census Tracts, Low-Population/ Empowerment Zone Census Tracts, and Targeted Populations, which it defined as "certain individuals, or an identifiable group of individuals, including an Indian tribe, who (A) are low-income persons; or (B)otherwise lack adequate access to loans or equity investments."

83 percent of projects reported by survey respondents involved a formal or informal community benefit agreement.

Targeted Populations projects can be located in census tracts that do not meet the NMTC eligibility requirements as long as they are benefiting low-income individuals. Projects must be located in a census tract for which the median family income does not exceed 120 percent of the applicable area median family income; though exceptions are provided for low-population census tracts in non-metropolitan areas, and for low population census tracts zoned for commercial or industrial use.

The use of Targeted Populations is not common. In fact, only 1.5 percent of NMTC projects reported in our 2017 survey utilized the Targeted Populations eligibility criteria.

Expanding Students' Opportunities for Enrichment and Learning: The Cade Museum for Creativity and Invention will reach 19,000 students annually in the Gainesville, Florida, Depot Park area with STEM education and mentoring, thanks to NMTC financing.

Improving Healthcare Services: A $22.2 million investment to expand and modernize the Holyoke Medical Center's Emergency Department and create 18,000 square feet of specialty outpatient medical services opened in July 2017. 16 jobs have been created in Holyoke, MA.

SURVEY OF 2017 ACTIVITY: COMMUNITY IMPACT

The primary purpose of the NMTC is to provide communities with the patient, flexible capital they need to create and retain jobs and improve communities. Because of the NMTC's flexibility, community impacts are diverse and wide-ranging.

EMPLOYMENT IMPACTS

Job collection methods vary from CDE to CDE. Most use some combination of interviews with the business, economic modeling, and industry benchmarks. The CDFI Fund requires award recipients to report the jobs created or retained by NMTC investments.

Survey respondents reported on full-time-equivalent (FTE) jobs (permanent jobs contributing to the operation of a business) and construction jobs (FTE positions related to the construction or renovation of real estate). Respondents reported creating or retaining 35,283 full-time jobs and 24,807 construction jobs in 2017, for a total of 60,090 jobs.

211 out of 271 projects (78%) involved construction or renovation, and those projects created 24,807 construction jobs.

In terms of full-time, permanent positions, manufacturing and mixed-use led the way in 2017, accounting for a combined total of 18,489 FTE jobs.

Below: The Federal Way Performing Arts and Event Center (PAEC) is the essential first piece of a grand-scale plan to revitalize downtown Federal Way, WA. Clearinghouse CDFI provided $9.5 million of NMTC allocation for the development of PAEC. Now open, PAEC features a 700-seat theater and a large meeting space for arts, cultural, educational, and other community activities. Over 45 full-time jobs were created.

FULL-TIME JOBS BY INDUSTRY

Jobs were categorized by operational industry. The jobs described below are permanent full-time-equivalent positions.

11,464 Manufacturing, industrial	7,025 Mixed-Use	4,390 Healthcare	1,003 Timber, agriculture	898 Retail, service sector
2,412 College/Training	2,153 Other Education	677 Grocery	643 Social services	799 Arts, culture, recreation
221 Hospitality	1,342 Warehouse, wholesalers		1,539 Youth services, daycare centers	717 Other

35,283 full-time equivalent jobs generated by survey respondents in 2017

SURVEY OF 2017 ACTIVITY: COMMUNITY IMPACT

The above rendering shows a housing development planned for Detroit's North End neighborhood. Develop Detroit, with support from the NMTC, is renovating 18 homes and building 52 new homes using NMTC financing from U.S. Bancorp Community Development Corp, which provided $2.2 million in New Markets Tax Credit equity to build the first batch single-family homes.

NMTC PROJECTS: ENHANCING THE LIVES OF CHILDREN AND FAMILIES IN LOW-INCOME AREAS

Beyond financing businesses, a significant proportion of NMTC allocation goes to toward projects that enhance the quality of life for low-income community residents, including community facilities, healthcare facilities, nursing homes, and other nonprofit service providers.

Because of a dearth of available capital and economic opportunity, residents of low-income communities often lack adequate access to fresh food, state of the art healthcare facilities, or cultural amenities that more affluent communities take for granted, including performing arts centers and theaters. Nonprofit service providers in under-served communities face tremendous difficulties in securing the funding needed to secure affordable facilities or expand facilities to serve more residents. Many NMTC projects involve the provision of low or below-market rent to nonprofits in buildings constructed or renovated.

Sixty-one percent of projects reported by survey respondents included a community facility component, including schools, healthcare centers, theaters, nonprofit office space, and grocery stores.

61 percent of projects reported by survey respondents involved a community facility component, including schools, affordable housing, healthcare centers, theaters, nonprofit office space, and grocery stores.

"We care about making sure smaller cities and rural areas, like the areas we represent, have access to the capital and investments necessary for their community and residents to thrive. It's only fair they have access to the resources they need and the NMTC is helping to fill this gap. Look no further than Hornell, New York to see the real and positive impacts this program can have right here in our backyard. With the support of local residents and businesses, the Y conducted a successful fundraising campaign, but they were still nearly $2 million short of the total project cost of $6.2 million. NMTC financing filled the gap, making the new facility a reality."

-Congressman Tom Reed (R-NY)

COMMUNITY SERVICES & FACILITIES

The totals below include project components from single-use and multi-use projects.

Hospitals, Health Clinics, Healthcare Facilities

52

K-12 Schools

41

Museums, Theaters, Arts, Cultural Facilities

29

Childcare and Youth Service Providers

26

Colleges or Vocational Training Centers

23

Grocery Stores, Fresh Food

20

Recreational Facilities, Fitness Centers, YMCAs

15

Incubators and Multi-Purpose Social Service Hubs

12

Shelters, Supportive Housing, Food Pantries

7

2017 CDE SURVEY: COMMUNITY CHARACTERISTICS

More than 83 percent of NMTC projects were in areas of deep distress

TARGETING COMMUNITIES RECENTLY HIT WITH JOB LOSSES

When communities experience a sudden surge of poverty or unemployment, they turn to the NMTC. A comparison of 2006-2010 and 2011-2015 American Community Survey data shows that nearly 81 percent of 2017 NMTC projects were located in communities with experiencing a sudden increase in poverty (+5%) or unemployment (+3%) or a sudden drop in median incomes (-10%).

CHARACTERISTICS OF COMMUNITIES RECEIVING INVESTMENTS

The NMTC targets about 40 percent of nation's census tracts that meet the statutory requirements for economic distress. However, most NMTC financing goes to a smaller subset of severely distressed communities that far exceed program requirements for poverty and income. Over 83 percent of 2017 NMTC projects were in severely distressed communities with poverty rates above 30 percent, median incomes below 60 percent of the area median income or unemployment rates 1.5 times the national average.

Left: economic characteristics of the average census tract of projects financed in 2017.

RURAL TARGETING

The NMTC statute - as amended in 2004 - requires that the CDFI Fund ensure that a proportional share of NMTC projects are located in non-metropolitan counties.

Twenty-three percent of 2017 survey respondents' projects were located in non-metropolitan counties, including 14 percent in rural towns with between 10,000 and 49,999 residents and 9 percent in towns with fewer than 10,000 residents.

Non-Metro Example: NMTC-financed Premium Peanut created 20 new full-time-equivalent jobs in Douglas GA, where the poverty rate jumped by 10 percent between the 2006-2010 ACS and the 2011-2015 ACS.

Suburban Example: The Mesquite Library is undergoing an extensive facilities expansion and technology revitalization thanks to $10 million in NMTC financing from Clearinghouse CDFI. Construction of a new Mesquite Library Branch and renovation of the existing facility into an auxiliary learning center will create a city hub for learning, careers, and community events.

"Nearly 81 percent of 2017 NMTC projects were located in communities experiencing Deteriorating Economic Conditions"

Urban Example: NMTC financing supported the conversion of a urban shopping center into a 50,000 K-8 charter school serving 648 students. The school opened in the Fall 2017. Seventy-three (73) Permanent FTE jobs were retained or created.

JOBS CAFÉ AT FINDLAY MARKET

Jobs and opportunity at Ohio's oldest public market

In 2016, Urban Action Community Development (UACD), a Baltimore-based Community Development Entity, provided $3.4 million in NMTC financing to the Kitchen at Ohio's oldest public market, Findlay Market in Cincinnati's distressed Over-The-Rhine community. As a follow-up to the first, successful investment, UACD provided $7 million in additional NMTC financing for the Jobs Café at Findlay Market, a multi-component project supporting job creation and training.

The second UACD investment in Jobs Café involves the adaptive reuse of seven historic buildings in the distressed Over-the-Rhine community to achieve the following objectives:

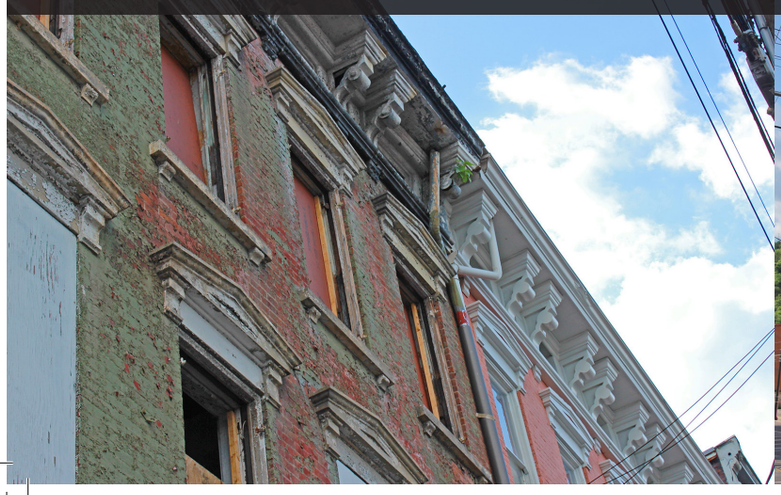
1. Creation of a social enterprise restaurant that will provide job training and placement for 75-100 low-income individuals annually interested in careers in the food service industry;
2. Storefront and pop-up space for at least 3 members of the Findlay Kitchen allowing these entrepreneurs to grow and scale up their operations;
3. Retail space for food vendors that desire a street presence and/or are unable to secure space at the Findlay Market;
4. Office space; and
5. 45 residential units, of which 25% will be affordable to persons at or below 80% AMI and available to the participants of the Jobs Café's workforce development program.

The Model Group, a respected, leader in property development, commercial construction and management including urban core revitalization, partnered with the Corporation for Findlay Market (CFFM) and CityLink on the project. CFFM manages the day-to-day operations, leasing, community programming, and marketing for the Findlay Market and the Findlay Kitchen.

Jobs Café is a unique project that seeks to fill a void in the marketplace – both in terms of workforce and small business development. Even though Cincinnati has a strong and vibrant restaurant industry, there is a significant gap in the number of qualified skilled workers that can fill not only "front of the house" but also "back of the house" positions in the restaurant, catering, and hospitality fields. The Jobs Café will be operated as a restaurant and open to the public, but the difference is that it will incorporate a workforce development platform.

The CFFM, which will operate the Jobs Café, is creating a curriculum that will be structured as an 8-week cohort of 20- 25 participants that will learn soft skills (financial education, critical thinking, problem solving), hard skills (knife skills and menu practice), and earn actual restaurant experience. CFFM is partnering with CityLink, a local social service provider, which will offer wrap-around services (i.e., housing and transportation assistance, counseling, job preparedness, etc.) to all the Jobs Café participants. Once participants complete the program they will receive a certificate (or a similar credential) and job placement for positions that pay a livable wage with benefits and other advancement opportunities within the local restaurant industry. The Jobs Café will target 18-24 year olds that have the ability to read and write, and can pass a background check (most felonies accepted other than certain violent crimes) and a drug test.

Left: Cornice on Elm Street Before Renovation. Right: 1900 and 1834 Race Street Before Renovation.
Photos from Greater Cincinnati Redevelopment Authority



CDE: Urban Action Community Development
Co-Allocatees: National Trust Community Investment Corporation & Cincinnati Development Fund
Investor: Chase
NMTC Allocation: $7 million
Total Project Cost: $26.7 million
Community Profile
Cincinnati's Over the Rhine neighborhood

Project Highlights
Adaptive reuse of seven historic buildings for a social enterprise.
45 residential units, job training and placement for 75-100 low-income individuals annually

As a social enterprise, the Jobs Café space will be 100% subsidized and the restaurant will only be responsible for its operating costs. All profits will be reinvested into programming.

"UACD invested in Jobs Café to provide opportunities for entrepreneurs who were successful in Findlay Market to move to the next level of opening a pop-up kiosk and potentially move onto a retail store," said Joseph Summers, Principal of UACD's controlling entity, Cross Street Partners. "This process also provides them with the opportunity to hire and train new employees who may also choose the same path."

In addition to the Job Café, the CFFM will master lease 3,465 of retail space to support its Findlay Kitchen membership of 80+ start-ups. Members will have the opportunity to lease temporary retail and pop-up space to expand their products and brands. The discounted rents would reduce the operating capital and the financial burdens for 3-5 entrepreneurs annually. As a member of the Findlay Kitchen, CFFM will continue offering these

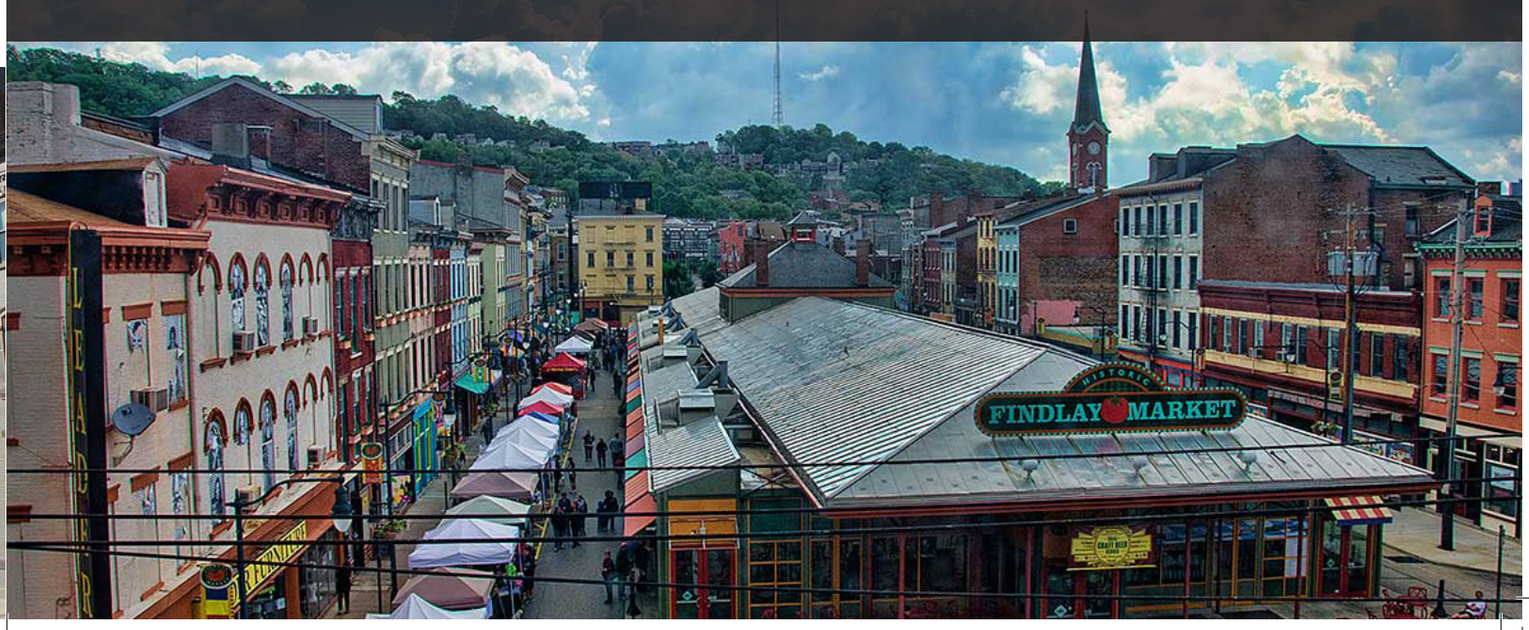
small businesses with access to commercial kitchen equipment, facility resources, and business support services.

Finally, to address the lack of quality housing in the Over-the-Rhine community, the project created 45 units of housing, of which 25% will be affordable to persons at or below 80% of AMI. The participants in the Jobs Café will have priority access to those affordable units.

About UACD:
UACD is a Baltimore-based, national Community Development Entity (CDE), dedicated to neighborhood transformation. Since 2003, UACD has deployed over $228 million in federal New Markets Tax Credit (NMTC) allocation into distressed, low-income communities helping to create over 70 new businesses, 77 new housing units, 1,577 permanent jobs and 8,267 construction jobs.

UACD seeks to transform distressed urban neighborhoods by investing in catalytic projects that create accessible, career-track jobs, with an emphasis on projects that promote access to fresh food, healthcare, and the innovation economy. These investments are paired with ambitious community benefits strategies that deliver meaningful, positive outcomes to the surrounding low-income community.

Overhead view of Findlay Market. Photo from Findlay Market.



HIGHLAND PELLETS

Highland Pellets Brings Jobs and Investment to the Arkansas Delta

In 2009, Pine Bluff, Arkansas, small town in Jefferson County with about 45,000 residents nestled between the Arkansas Delta and the Arkansas Timberlands, was named by Forbes Magazine as one of the country's ten most impoverished cities. With a poverty rate well above 30% and a declining population (down from 57,400 in 1970), Pine Bluff was in need of a major investment to jump-start the economy.

As its name implies, the region surrounding Pine Bluff is rich in natural resources – particularly southern yellow pine trees. In 2015, Governor Asa Hutchison and Heartland Renaissance, saw an opportunity to bring a major bring the wood pellet industry to Pine Bluff. Wood pellets are a growing source of energy overseas.

To help realize this opportunity, Heartland Renaissance, a subsidiary of Arkansas Capital, provided $8 million in NMTC financing in support of a new, 209-acre Pine Bluff plant for Highland Pellets, a Minnesota-based wood pellet supplier. River Gorge and Capital One provided an additional $5 million and $1.5 million in NMTC financing, respectively, with Capital One serving as the NMTC equity investor. The plant site allowed Highland to tap into the area's deep fiber basket and strong logistics chain to the Port of Greater Baton Rouge.

Highland worked with Astec Inc., a manufacturer of continuous and batch-process hot-mix asphalt plants, wood pellet plants and soil remediation plants and related equipment, for the manufacture and delivery of the plant. Astec delivers state-of-the-art facilities and best-in-class training for the employees.

The new plant, which opened in 2017, will use about 1.4 tons of wood feedstock annually, mostly southern yellow pine. Pellets produced at the facility are transported by Union Pacific on mainline rail to the Port of Greater Baton Rouge, Louisiana for export to Europe in support of the company's mission to be a preferred supplier of sustainably-sourced biomass to industrial markets in both Europe and Asia.

While Highland ships the pellets produced at the new facility overseas, the benefits remain in the community of Pine Bluff. Today, the new facility employs 68 people directly, but it has also generated nearly 1,000 indirect jobs in Jefferson County and surrounding communities. The direct financial impact on the Pine Bluff area is more than $86 million annually, according to the Arkansas Economic Development Commission, which, along with the Economic Development Alliance of Jefferson County, worked closely with Highland Pellets on the project, providing additional tax incentives to help the company prepare the plant's industrial site infrastructure.

"We haven't seen anything this size since International Paper and Tyson," Lou Ann Nisbett, president and CEO of the Economic Development Alliance for Jefferson County, told the Pine Bluff Commercial.

The Highland Pellets facility delivered its first train of pellets in April 2017. The plant is now fully operational. According to Biomass Magazine, Southern Yellow Pine from managed forests serves as the plant's feedstock source, with most coming from forest thinnings, in addition to tree tops,

Pellets from southern yellow pine trees are shipped to Europe and Asia.

CDE: Heartland Renaissance
Co-Allocatees: River Gorge and Capital One
NMTC Allocation: $14.5 million
Total project cost: $229 million[1]
Investor: Capital One

Community Profile
Pine Bluff, AR. Poverty rate of 30 percent, declining population

Project Highlights
Equipment and build-out of new pellet processing plant

68 full-time jobs, 1,000 indirect jobs in the transport and forest industries supply chain, and 150 construction jobs

Direct annual regional economic benefit of $86 million per year according to the Arkansas Economic Development Commission
[1] Source: *Arkansas Business*, 2016.

low-grade trees without an end market, and mill residuals.

"This plant began with a simple economic goal but has evolved into producing sustainable fuel by producing sustainable outcomes for our employees, our community and our environment," Tom Reilley, chairman and co-founder of Highland Pellets, told the Pine Bluff Commercial at a ribbon cutting ceremony. "Our goal is to show our fellow citizens that respecting people is good business. Creating a stable platform around not just financial capital but social capital like trusted relationships, shared values of compassion, community outreach, education and economic development yields demonstrable returns. Together we are building a strong culture here at Highland, and I am confident that our workforce will be the safest, most motivated and most productive in the area because we will invest in their future."

Also on hand was Arkansas Governor Asa Hutchinson, who said, "Highland Pellets' leadership is passionate about this new facility and the impact it will have on Jefferson County's economy.

About Arkansas Capital and Heartland Renaissance
Arkansas Capital is a private, nonprofit lending corporation dedicated to empowering entrepreneurs in Arkansas through partnerships with the lending

community. Since 1957, Arkansas Capital and its affiliates have helped provide flexible financing products of over $1.5 billion in capital through 1,300+ loans to help meet the needs of customers from small businesses to large scale operations. Its subsidiary, Heartland Renaissance Fund, LLC (HRF) is one of the largest Arkansas-focused community development entities (CDE) and multi-round recipient of the U.S. Treasury's New Market Tax Credit Allocation. Having received $265 million in federal allocation since 2003, these NMTC credits have been monetized and invested in a variety of operating businesses as well as educational and commercial real estate projects in low-income communities. HRF provides flexible, below-market rate financing to projects focusing on operating businesses, health care and education-related projects that create quality jobs and increase economic opportunities in their communities. HRF provides financing to projects with demonstrable community impacts and structures each investment to provide maximum benefit to the project.

"We haven't seen anything this size since International Paper and Tyson," said Lou Ann Nisbett, CEO of the Economic Develpoment Alliance for Jefferson County.

Below: Senator John Boozman (R-AR) and Congressman Bruce Westerman (R-AR) visit the Pine Bluff facility.

PULLMAN WHOLE FOODS DISTRIBUTION CENTER

Revitalizing "The World's Most Perfect Town"

While much of Chicago has prospered into a global financial center with a highly diversified economy anchored by financial institutions, engineering, and science, its South Side – so-called "Old Chicago" – has fallen far behind. Like many Midwestern cities, Chicago's working-class neighborhoods suffered a significant decline as the deindustrialization trend accelerated in the 1980s.

Such as the case in the historic Pullman neighborhood on the Southside, shuttered rail and steel manufacturing plants sat vacant for decades, a reminder of a lost era of middle class prosperity. The town of Pullman was founded in 1879 by wealthy railcar manufacturer George Pullman as the nation's first planned industrial community. It was the epicenter of America's most famous labor strike, one of the birthplaces of the American labor movement, and a community with an important role in the early Civil Rights Movement.

Pullman's economy began its decline in the 1950s and the neighborhood narrowly escaped total demolition in the 1960s. For the past century, the Pullman neighborhood has been able to retain both its architectural heritage and working-class character despite tough times.

In 2010, Chicago Neighborhood Initiatives (CNI) was created to coordinate resources, economic development and neighborhood revitalization in Pullman. CNI and their partners faced a stiff headwind. At the height of the Great Recession, Pullman's poverty rate rose to 39% and its unemployment rate nearly reached 40 percent.

While Pullman had suffered greatly from the loss of the steel and rail manufacturing industries that fueled its initial growth, CNI focused attention on the community's assets: historic buildings; the availability of developable land; rail, air, road and water connections to both the Atlantic and the Pacific; and, of equal importance, an organized community that valued the past as a foundation for building toward the future. The New Markets Tax Credit has been a key part of CNI's strategy, providing financing for large-scale industrial redevelopment projects across the neighborhood.

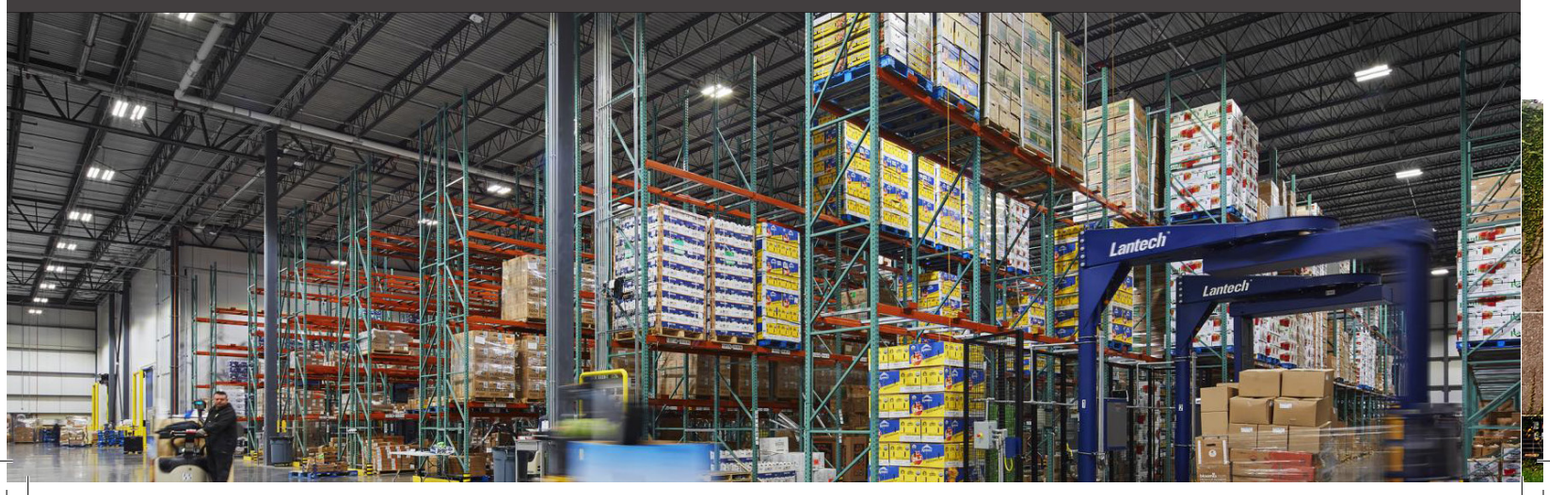
One such project, the new Whole Foods Midwest Distribution Center, will bring 100 jobs back to the Pullman area in 2018. The $28.5 million project was made possible thanks to $24 million in NMTC financing from CNI, SCORE, and First Pathway with an NMTC equity investment from U.S. Bank.

The new 140,000 square foot distribution center will take advantage of the Pullman neighborhood's skilled workforce, close proximity to the interstate, and diverse business climate to serve Whole Foods Market locations across the Midwest, including 25 currently in the Chicago area and new stores in the Chicago neighborhoods of Hyde Park and Englewood and the suburb of Evergreen Park..

"Let me just say what Whole Foods means to the 9th Ward—it means opportunity, it means hope. When you bring jobs back into the community what you're really doing is giving them hope. We know the 9th Ward has had challenges over the years," said 9th Ward Alderman Anthony Beale at the opening ceremony of the project.

The site of the new Whole Foods, which required

Aerial view rendering



CDE: Chicago Neighborhood Initiatives
Co-Allocatees: SCORE and FirstPathway
Investors: U.S. Bank
NMTC Allocation: $24 million
Total Project Cost: $28.5 million

Community Profile
Pullman, IL, poverty rate of 39% in 2010.

Project Highlights
Environmental remediation and construction of a 140,000 warehouse

100 permanent jobs

extensive environmental remediation, was originally where the production and assembly of the Pullman Railway Cars occurred in the late 1800s.

The Whole Foods project is just one of many financed by CNI and its partners to address challenges in Pullman and the surrounding neighborhoods. Other projects include a new Method Soap plant, a grocery store, affordable housing, and the Pullman Community Center, which will provide the neighborhood with three 121 x 200 foot full-sized indoor multi-sport fields that will accommodate baseball, soccer and lacrosse — making it the only facility on south east side of Chicago to offer year-round play.

CNI also served as the master developer of Pullman Park, a 180-acre mixed use site at 111th Street and I-94, where CNI has coordinated $250 million of new investment and created nearly 750 new jobs. Pullman Park is providing new retail goods and services to Pullman, Roseland and the Greater Calumet Region, including a 150,000 square foot Walmart, featuring a full-service grocery; more than 70,000 square foot of new retail space anchored by a Ross Dress for Less, a Planet Fitness, and an Advocate Health Care.

CNI's work in Pullman has proceeded at such a pace that the organization expanded beyond the neighborhood to nearby Bronzeville and Englewood.

About Chicago Neighborhood Initiatives
CNI was formed as a stand-alone tax-exempt Illinois nonprofit in 2010, following the acquisition of its predecessor financial institution by U.S. Bank. At the time, CNI's balance sheet was approximately $10 million and it was mainly focused on the strategic revitalization of a 180-acre brownfield site in Pullman on Chicago's far south side and restoration of historic rowhomes in the surrounding neighborhood.

Through the years, CNI's reach has extended to other neighborhoods that remain underserved by for-profit developers and banks, primarily on Chicago's South Side, including Englewood (site developer for Whole Foods) and Bronzeville (co-developer of Mariano's grocery store and joint venture partner in GRIT Chicago – recently awarded with the phased redevelopment of the former Michael Reese hospital site). CNI has also been charged with the role of lead developer of the Pullman National Monument Visitor and Welcome Center. In 2012, CNI broadened its economic development offerings to include a CDFI certified by US Treasury to make microloans to unbankable entrepreneurs (to date CNI has deployed approximately $2 million loans – CNI's borrowers are 85% African American-owned businesses) and has deployed $80 million in federal and state New Markets Tax Credits into community facility and industrial real estate projects.

Pullman was once named "The World's Most Perfect Town." Learn more about Pullman's rich history at nmtccoalition.org/Pullman

An annual snapshot of the New Markets Tax Credit Program

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