

# New Markets Tax Credits FAQs

## What are New Markets Tax Credits?

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate project located in low-income communities. The NMTC Program is administered by the Community Development Financial Institutions Fund (CDFI) and attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years.

Investments made into the CDEs are known as Qualified Equity Investments (QEIs) and are allocated to a range of qualifying businesses and projects referred to as Qualified Active Low Income Community Businesses (QALICBs). In 2013 the CDFI Fund awarded \$3.5 billion in New Markets Tax Credits to 87 CDEs for allocation to QALICBs across the country.

## Who qualifies for New Markets Tax Credits?

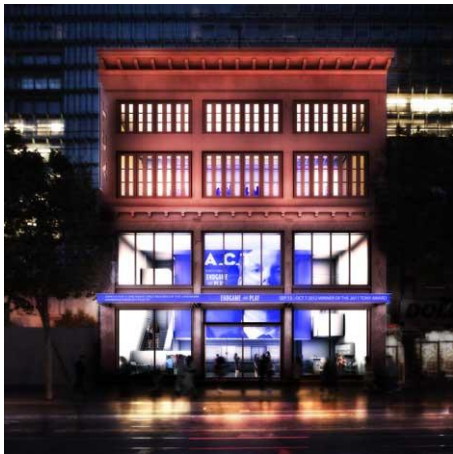
New Markets Tax Credits are offered to Qualified Active Low Income Community businesses that are located in a low income community and benefit targeted populations. A low income community is defined as a US census tract with a poverty rate of above 20% or with a median family income that does not exceed 80% of the area median income. Targeted populations are individuals or an identifiable group of individuals including and Indian tribe who (a) are low income persons or (b) otherwise lack adequate access to loans or equity investments.

## What role does ECB play?

ECB has substantial experience working with organizations to finance and develop facilities using the NMTC financing structure. In addition, as a result of our experience as both a developer and project manager on behalf of many nonprofit organizations and historic rehabilitation projects, we bring a depth of understanding and perspective on the larger development, financing, design and construction effort that we have found to be very helpful on these types of projects, even when we are primarily focused on just the tax credit financing.

ECB's typical role is to coordinate the efforts to secure the New Markets Tax Credit (NMTC) allocation from one or more Community Development Entities (CDEs), secure an investor for the NMTC equity, assist in structuring the financing transaction and help coordinate the final documentation and closing process for the financing.

# Completed New Markets Tax Credit Projects



## American Conservatory Theater/Strand

San Francisco, CA

### **\$35.6M NMTC Allocation**

ECB is managing the rehabilitation of the long-abandoned historic Strand Theater in San Francisco's Mid-Market neighborhood as a 280-seat second stage theater for the City's premier nonprofit theater company, American Conservatory Theater (A.C.T.). The project will serve as a performance venue and educational center to neighborhood school students and young actors, and will expand A.C.T.'s artistic and educational outreach to the surrounding minority and low income community in the Tenderloin and Central Market neighborhoods. ECB secured \$34 million in NMTC allocation from 3 CDEs and \$3 million in historic tax credit equity, and is providing project management and construction management services for A.C.T. The project financing closed in summer 2013.

- NMTC Investor – USBank – \$11 million
- Historic Tax Credit Equity Investor – Clearinghouse CDFI – \$3 million
- CDEs – Clearinghouse CDFI, NCCLF, San Francisco Community Investment Fund, USBCDC



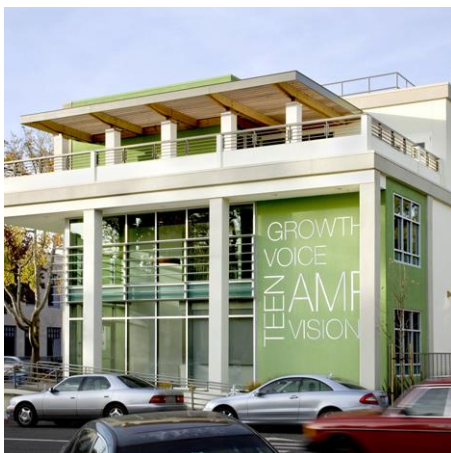
## Simpson Center for Girls

Oakland, CA

### **\$18M NMTC Allocation**

Girls Inc. of Alameda County is a nonprofit whose mission is to inspire all girls to be strong, smart, and bold. Girls Inc. provides year-round academic achievement and skills-building programs, as well as counseling services to over 7,500 girls and families. The new Simpson Center for Girls, in downtown Oakland's historic district, provides extensive educational programs and supports continued economic development in the surrounding low-income community. ECB secured \$18 million in NMTC allocation and \$2.2 million in historic tax credit equity and provided project management and construction management services to renovate the historic building for Girls Inc. Funding closed in August 2012; the project was completed in summer 2013.

- NMTC Investors – USBank and Bank of America – \$5.4 million
- Historic Tax Credit Investor – USBank – \$2.2 million
- CDEs – Clearinghouse CDFI, Bank of America



## YMCA Teen Center

Berkeley, CA

### **\$9.5M NMTC Allocation**

With a focus on academic achievement, career preparation, service learning and leadership development, the YMCA Teen Center aims to empower high school age youth to develop the life skills and competencies necessary to becoming responsible community members. The Teen Center advances education achievement for youth. ECB provided project management and NMTC financing services to the YMCA of the Central Bay Area for the development of the YMCA Teen Center in downtown Berkeley. The \$10 million project included leveraging the value of the existing building donated by PG&E in order to support increased NMTC financing. Project funding occurred in December 2009 and construction was completed in November 2010.

- NMTC Investor – Wells Fargo
- CDE – Wells Fargo



## Oxford Plaza and David Brower Center

Berkeley, CA

### \$41M NMTC Allocation

ECB completed the development of the \$75 million Oxford Plaza and David Brower Center project in Berkeley in 2009, combining a 50,000 square foot LEED Platinum office and conference center for environmental organizations, 12,000 square feet of restaurant and retail space, and 97 units of affordable housing over a 100 space underground public parking garage. A complex funding structure incorporates over 15 funding sources and \$41 million of New Markets Tax Credit allocation. Leveraged loan sources included Section 108 Loans, bank financing, grants, charitable contributions, and other public financing sources. Funding occurred in 2007 and the project was completed in 2009.

- NMTC Investor – USBank
- CDEs – Opportunity Fund, Clearinghouse CDFI, USBCDC (USBank)



## Ed Roberts Campus

Berkeley, CA

### \$41M NMTC Allocation

ECB was the Development/Project Manager for the Ed Roberts Campus (ERC), a new 80,000 square foot office building for disability rights organizations constructed at the Ashby BART station in Berkeley in 2010. The \$50 million project is a model for accessible design that is integrated with access to the BART station. ECB secured NMTC financing for a portion of the project that resulted in over \$8 million in net proceeds to fund tenant improvements and repayment of a portion of the funding the base building improvements. JP Morgan Chase was the NMTC investor utilizing the Targeted Populations provisions of the NMTC program.

- NMTC Investor – JPMorgan Chase
- CDEs – Northern California Community Loan Fund (NCCLF), National Development Council (NDC)



## East Bay Center for the Performing Arts

Richmond, CA

### \$14.6M NMTC Allocation

The East Bay Center for Performing Arts provides a rich and diverse performing arts educational program for youth in low-income communities throughout Richmond and the East Bay. ECB was the project manager for the East Bay Center's rehabilitation of the Winters Building as home for its new performing arts and education facilities and secured NMTC financing to fill the \$3 million funding gap for the Center's construction. Funding sources included the contribution of the building by the City of Richmond, an additional \$3.2 million in grants and a bridge loan from the City, grant funds from the California Cultural and Heritage Endowment (CCHE) and capital campaign funds raised by the East Bay Center.

- NMTC Investor – JPMorgan Chase
- CDEs – Local Initiative Support Corporation (LISC)



## Family House

San Francisco, CA

### **\$12.5M NMTC Allocation**

The Family House Inc provides temporary housing and support services to families whose children are undergoing treatment for cancer or other life-threatening diseases at the UCSF Benioff Children's Hospital in Mission Bay. The new Family House Mission Bay location was not within an NMTC qualified low income census tract so ECB secured \$12.2 million in NMTC financing using the Targeted Populations provisions in the NMTC regulations based on the fact that over 70% of Family House's employees were hired from low income households. The NMTC financing provided the critical subsidy to complete the project funding and the new facility is now under construction.

- NMTC Investor – Capital One
- CDEs – Northern California Loan Fund and Capital One



## Carson Block Building

Eureka, CA

### **\$6.8M NMTC Allocation**

The Northern California Indian Development Council (NCIDC) retained ECB to secure NMTC and Historic Tax Credit financing for the seismic upgrade, façade restoration and rehabilitation of the historic Carson Block Building in the historic downtown district of Eureka, California. The building provides affordable office space for NCIDC, which serves Native American tribes throughout Northern California. The state mandated seismic improvements to the historic masonry building will allow NCIDC to maintain occupancy of the building and offer affordable space to other nonprofit organizations and retail tenants that will help stimulate economic development in Eureka's downtown.

- NMTC Investor – USBank
- CDEs – Consortium America and California Statewide Community Development Corporation
- HTC Bridge Lender – Northern California Loan Fund



## Ravenswood Family Health Center

East Palo Alto, CA

### **\$38.9M NMTC Allocation**

ECB secured \$38.9 million in NMTC financing for construction of the new 40,000 square foot clinic facility for the Ravenswood Family Health Center, a Federally Qualified Health Center that serves the low income community of East Palo Alto. The project funding combined a \$5 million HRSA grant, proceeds from a capital campaign, and bridge loans from the Packard Foundation, LIIF and PCDC. The NMTC closing occurred in November 2014 during construction, with construction and occupancy scheduled to occur on time in April 2015.

- NMTC Investor – JP Morgan Chase
- CDEs – Opportunity Fund, PCDC and LIIF



## Boys & Girls Clubs of San Francisco, Fulton Street

San Francisco, CA

### \$30M NMTC Allocation

The Boys & Girls Clubs of San Francisco (BGCSF) provides recreation, education, mentoring and counseling activities for youth in San Francisco's most challenging low-income communities. ECB secured New Markets Tax Credit financing for the new Fulton Street Clubhouse with \$30 million in NMTC allocation. USBank was the NMTC equity investor and also provided up to a \$15 million bridge loan as part of the overall project financing that closed in July 2013.

- NMTC Investor – USBank
- CDE – San Francisco Community Investment Fund (SFCIF), Opportunity Fund and USBCDC



## SFJAZZ Center

San Francisco, CA

### \$41M NMTC Allocation

In addition to being a premier facility for jazz performance, the Center supports extensive educational programs to the community and has supported continued economic development in the surrounding low-income community. ECB secured \$41 million in NMTC allocation from four CDEs on behalf of the San Francisco Jazz Organization in order to complete the funding for the SFJAZZ Center at the corner of Franklin and Fell Street in San Francisco. ECB also assisted in securing a \$13 million bridge loan from First Republic Bank secured by existing capital campaign pledges. Funding occurred in 2011 and the project opened in January 2013.

- NMTC Investor – USBank
- CDE – San Francisco Community Investment Fund (SFCIF), Nonprofit Finance Fund (NFF), Northern California Community Loan Fund (NCCLF) and Clearinghouse CDFI



## San Francisco Wholesale Produce Market

San Francisco, CA

### \$23.2M NMTC Allocation

The first phase expansion and redevelopment of the San Francisco Wholesale Produce Market provides warehouse and distribution facilities for local produce companies, which will help ensure the long-term viability of a critical resource to the City in its role as a leader in the movement to promote healthy food and lifestyles. The San Francisco Market Corporation retained ECB to secure \$23.2 million in NMTC financing combined with a \$15 million loan. The project financing closed in June 2013.

- NMTC Investor – Bank of America
- CDE – San Francisco Community Investment Fund (SFCIF) and Bank of America



## College Track

San Francisco, CA

### **\$8.7M NMTC Allocation**

College Track provides education, mentoring, job training and counseling services to youth in low-income communities with a focus on preparing students for college admissions as often the first in their family to attend college. ECB secured \$8.7 million in NMTC allocation on behalf of College Track in 2011 in order to complete the funding for the College Track building in the Bayview Hunters Point neighborhood in San Francisco.

- NMTC Investor – USBank
- CDE – San Francisco Community Investment Fund (SFCIF)



## Chinatown YMCA

San Francisco, CA

### **\$17.5M NMTC Allocation**

ECB assisted the San Francisco YMCA in securing \$17.5 million in NMTC financing for the redevelopment of the historic Chinatown YMCA in downtown San Francisco. The YMCA advances education achievement for youth and provides recreational activities for the low-income community. The funding leveraged the existing building value, prior costs incurred over several years of predevelopment planning and capital campaign funds to maximize the net value of the NMTC equity. Funding occurred in January 2008 and the project was completed in 2010.

- NMTC Investor – USBank
- CDE – Renaissance Capital



## Bayview YMCA

San Francisco

### **\$5M NMTC Allocation**

ECB assisted the San Francisco YMCA in securing \$5 million in NMTC financing for the redevelopment of the Bayview YMCA in the Bayview district of San Francisco in 2008. The YMCA advances education achievement for youth and provides recreational activities for the low-income community. The funding leveraged the existing building value, prior costs incurred and capital campaign funds to maximize the net value of the NMTC equity.

- NMTC Investor – USBank
- CDE – Opportunity Fund



## Richmond Maritime Center

Richmond, CA

### \$9M NMTC Allocation

The Richmond Maritime Center is an historic World War Two era daycare center located in the poverty-stricken Iron Triangle neighborhood. The dilapidated building was completely rehabilitated and historically restored and now serves the community as a preschool, public park interpretive center, and home to a local non-profit organization, Richmond Community Foundation. The project has supported continued economic development in the surrounding low-income community. ECB was retained by the Rosie the Riveter Trust to secure NMTC and Historic Tax Credit (HTC) financing for the rehabilitation of the historic Maritime Center building in Richmond, which was already under construction but short of funding. ECB secured approximately \$9 million in NMTC allocation from NCCLF and negotiated the terms of the NMTC and HTC equity investment with JPMorgan Chase. Financing closed in November 2010 and the project was completed in August 2011.

- NMTC and Historic Tax Credit Investor – JPMorgan Chase – \$4.9 million
- CDE – Northern California Community Loan Fund (NCCLF)



## Richmond Oil House/Rosie the Riveter Visitor Center

Richmond, CA

### \$6.8M NMTC Allocation

ECB was retained by the City of Richmond to assist in securing NMTC and HTC financing for Rosie the Riveter visitor center to be operated by the National Park Service at the historic Ford Plant at Point Richmond. The Visitor Center embraces and celebrates the history of Richmond and advances cultural education. ECB worked with project developer, Orton Development Inc., to structure the project funding. Bank of America provided the NMTC allocation and served as the investor for both the NMTC and HTC. Funding closed in March 2011, securing \$6.8 million in NMTC allocation.

- NMTC and Historic Tax Credit Investor – Bank of America – \$2 million
- CDE – Bank of America



## Freight and Salvage

Berkeley, CA

### \$13M NMTC Allocation

Freight and Salvage is a nonprofit community arts organization dedicated to the promotion and understanding of traditional and roots music, which also supports extensive educational programs to the community. ECB was retained by the Berkeley Society for the Preservation of Traditional Music to secure NMTC financing for the recently completed construction of the new Freight and Salvage performance venue in Berkeley's downtown arts district.

- NMTC Investor – Wells Fargo
- CDE – Wells Fargo



## Family House

San Francisco, CA

### **\$12.5M NMTC Allocation**

The Family House Inc provides temporary housing and support services to families whose children are undergoing treatment for cancer or other life-threatening diseases at the UCSF Benioff Children's Hospital in Mission Bay. The new Family House Mission Bay location was not within an NMTC qualified low income census tract so ECB secured \$12.2 million in NMTC financing using the Targeted Populations provisions in the NMTC regulations based on the fact that over 70% of Family House's employees were hired from low income households. The NMTC financing provided the critical subsidy to complete the project funding and the new facility is now under construction.

- NMTC Investor – Capital One
- CDEs – Northern California Loan Fund and Capital One



## Carson Block Building

Eureka, CA

### **\$6.8M NMTC Allocation**

The Northern California Indian Development Council (NCIDC) retained ECB to secure NMTC and Historic Tax Credit financing for the seismic upgrade, façade restoration and rehabilitation of the historic Carson Block Building in the historic downtown district of Eureka, California. The building provides affordable office space for NCIDC, which serves Native American tribes throughout Northern California. The state mandated seismic improvements to the historic masonry building will allow NCIDC to maintain occupancy of the building and offer affordable space to other nonprofit organizations and retail tenants that will help stimulate economic development in Eureka's downtown.

- NMTC Investor – USBank
- CDEs – Consortium America and California Statewide Community Development Corporation
- HTC Bridge Lender – Northern California Loan Fund



## Ravenswood Family Health Center

East Palo Alto, CA

### **\$89.9M NMTC Allocation**

ECB secured \$38.9 million in NMTC financing for construction of the new 40,000 square foot clinic facility for the Ravenswood Family Health Center, a Federally Qualified Health Center that serves the low income community of East Palo Alto. The project funding combined a \$5 million HRSA grant, proceeds from a capital campaign, and bridge loans from the Packard Foundation, LIIF and PCDC. The NMTC closing occurred in November 2014 during construction, with construction and occupancy scheduled to occur on time in April 2015.

- NMTC Investor – JP Morgan Chase
- CDEs – Opportunity Fund, PCDC and LIIF





## Historic Tax Credit Projects

In addition to the above NMTC and HTC transactions, ECB has been involved as developer or project manager/financial consultant on numerous Historic Tax Credit transactions totaling over \$35 million in historic tax credit equity:

- **Cavallo Point**  
ECB was the developer and project manager for the \$100 million 142 room hotel and conference center at Fort Baker in Sausalito.
- **38 Keyes Avenue**  
ECB was the developer for the historic rehabilitation of the 60,000 square foot conversion of the 6th Army Headquarters to office space in the Presidio.
- **Thoreau Center Sustainability**  
ECB was the developer for conversion of the historic Letterman Hospital in the Presidio to a center for nonprofit organizations.
- **Shriners Hospital**  
ECB was the development manager for conversion of the historic Shriners Hospital on 19th Avenue to a senior housing/assisted living facility.
- **Fort Mason Center**  
\$25 million rehabilitation of the historic Pier 2 at Fort Mason Center for theater, event and educational space.
- **The Bay School of San Francisco**  
John Clawson was a founding board member and coordinated the overall development and financing for the new high school in the Presidio.