



NEW MARKETS  
TAX CREDIT COALITION



# NEW MARKETS TAX CREDIT PROGRESS REPORT

**2020**

[nmtccoalition.org/progress-report](https://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

1155 15th Street NW, Suite 400 • Washington, DC 20005  
(202) 204-4500 • (202) 393-3034 fax • [www.nmtccoalition.org](http://www.nmtccoalition.org) • @nmtccoalition  
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

YVETTE ITTU\*  
President  
CLEVELAND DEVELOPMENT  
ADVISORS

## THE FOLLOWING PROVIDED GENEROUS FINANCIAL SUPPORT FOR THIS PUBLICATION:

*Cover image: The Bedford Union Armory redevelopment project in the Crown Heights community in Brooklyn. The project will provide 25,000 square feet in community space including a federally qualified healthcare center, affordable office space for non-profit organizations, and flexible new space to host community events. The new recreation space will offer affordable athletic and fitness resources for local families including basketball courts, a multi-sport court and swimming pool. The project is part of a 550,000 square foot real estate development featuring 415 units of quality mixed-income housing, 60% will be set aside as affordable. A portion of the housing units will be set aside for formerly homeless residents of New York.*

# 2020 NMTC PROGRESS REPORT



A report by the New Markets Tax Credit Coalition  
June 2020

# CONTENTS

7	INTRODUCTION
8	BY THE NUMBERS
10	ABOUT THE NMTC



In Spartanburg, SC, the Low Income Investment Fund financed the development of a mixed use, mixed income development providing 20 rental apartment units, 14,400 square feet of medical space, 5,000 square feet of office space for the Northside Development Corporation and 7 student rental units for Wofford College's Sustainability Program.

## VOICES FROM THE COMMUNITY

**"This is fantastic news for [Guardian Angel Settlement Associate]," said Otis Williams, St. Louis Development Corporation's executive director. "New Markets Tax Credits have been a tremendous tool for us as we seek to redevelop and strengthen the City's low-income neighborhoods."**

# INTRODUCTION

The 2020 New Markets Tax Credit (NMTC) Progress Report was prepared for the NMTC Coalition, a national membership organization of Community Development Entities (CDEs) and investors organized to advocate on behalf of the NMTC. Every year since 2005, the NMTC Coalition has surveyed 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.

More than sixty CDEs participated in the survey, and their data was supplemented by several other robust data sources along with our own extensive research on NMTC project impacts.

The 2019 survey findings show that program participants - from investors to community development organizations to the CDFI Fund - continue to improve and refine the program's efficiency and impact in low-income communities. When Congress enacted the NMTC, their intent was to deliver more private-sector investment to low-income communities. Two decades later, the NMTC is no longer simply a tool for delivering investment. The program has become one of the federal government's most effective tools for job creation and economic stabilization. It expands access to healthcare, education, and social services for millions of Americans each year. And it has unleashed an unprecedented deluge of investment in communities struggling with poverty for two generations.

As this paper goes to press, the unemployment rate just reached 20 percent. Now more than ever, policymakers need proven solutions like the NMTC.

## WHAT'S NEW

- This year's report includes an insert commemorating the 20th Anniversary of the NMTC. We have also setup an interactive online toolkit with maps, graphics, and data on the more than 6,000 projects financed by the NMTC since 2000.
- A deep dive into the process CDE use to select and prioritize projects.
- Analysis of more than 17,000 transaction-level records from a Department of Treasury FOIA request.
- Analysis of the NMTC's role in rejuvenating vacant, abandoned, and environmentally contaminated buildings.

## A WORD ABOUT OUR METHODOLOGY

As was the case in past reports, the 2020 report combines multiple data sources.

The primary source is survey data from 65 CDEs. We supplement that data with extensive online research on projects by every CDE with NMTC allocation available in 2019. We also integrated data from the Office of the Comptroller of Currency's National Bank Public Welfare Investment Authority as well as the Department of Treasury FOIA referenced above.

### URBAN COMMUNITY SCHOOL CLEVELAND, OH

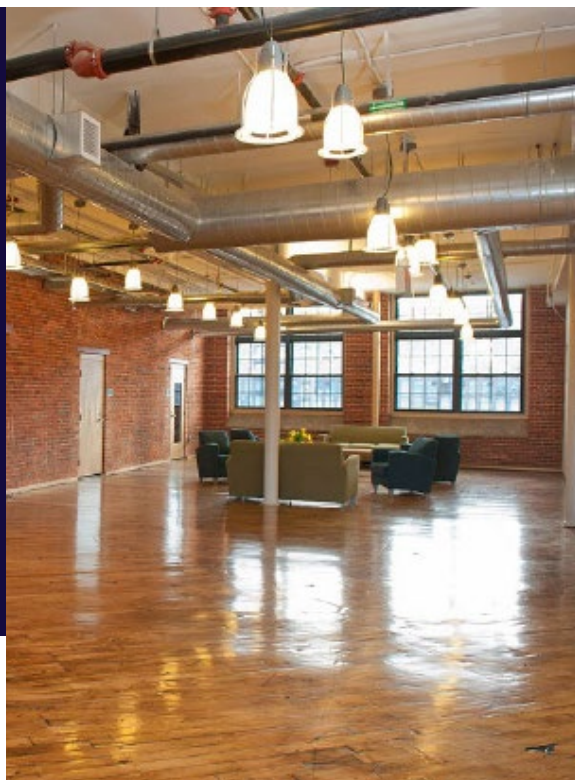
A 17,400 sq. ft. early childhood and parent development center, a 32,650 sq. ft. federally qualified health center with a 115 sq. ft. food bank and a 10,000 sq. ft. community facility for Urban Squash Cleveland which will provide school mentoring, meals and counseling.





# 2019

## BY THE NUMBERS



### PROJECTS

NMTC financing helped 288 projects move forward in 48 states, Puerto Rico, and the District of Columbia.



### INVESTMENT

CDEs used \$2.7 billion in NMTC allocation to deliver \$4.5 billion in total project investment to low-income communities.







---

## 57.4K JOBS

Including 35,440 permanent full-time-equivalent (FTE) jobs, and 21,973 construction jobs.



---

## 15.1M SQ. FT. OF SPACE

rehabbed or constructed thanks to NMTC financing.



---

## 1.7 MILLION PEOPLE SERVED

by NMTC-financed community facilities, including 1.1 million patients in healthcare facilities.



---

## 193 MANUFACTURING BUSINESSES

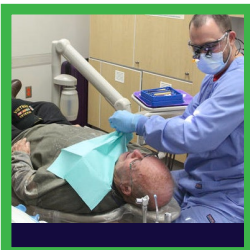
supported through new facilities and business incubators, creating 11,090 FTE manufacturing jobs.



---

## 26.5% OF FINANCING IN NON-METRO

counties and an additional 5 percent of projects in rural areas of metro counties.



---

## 52 HEALTHCARE FACILITIES

financed by the NMTC in 2019, including 26 Federally Qualified Health Centers.

## ABOUT THE NMTC

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

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

To learn more about the creation of the NMTC and the history of NMTC projects, see the NMTC Coalition's 20th Anniversary Report on Page X.

### LEGISLATIVE STATUS

The NMTC is not a permanent part of the tax code. The initial authorization provided 5 years of credit authority, and the program has been extended more than a half dozen times since then. The most recent extension came in December of 2019 when Congress provided a one-year extension and \$5 billion in annual allocation authority, an increase of \$1.5 billion over the longstanding baseline authorization level of \$3.5 billion.

## NMTC EXTENSION CAMPAIGN

The New Markets Tax Credit expires December 31, 2020. The bipartisan New Markets Tax Credit Extension Act of 2020 (H.R. 1680 and S. 850) would extend the program indefinitely and expand both the allocation level and investor base.



### S. 750

Introduced by Senators Roy Blunt (R-MO) and Ben Cardin (D-MD). Thirty-seven cosponsors as of 6/1/2020

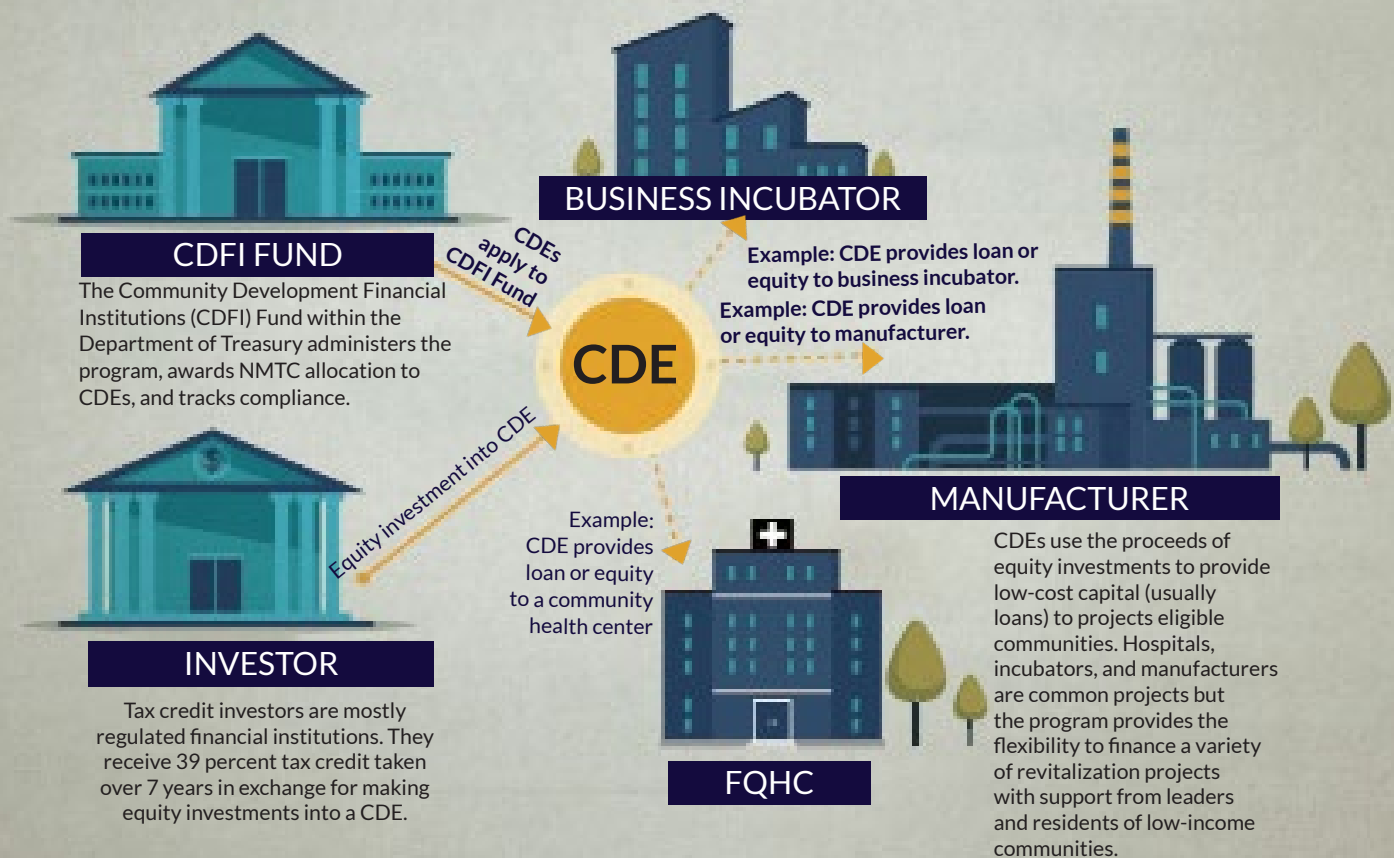
### H.R. 1680

Introduced by Representatives Terri Sewell (D-AL) and Tom Reed (R-NY). One-hundred twenty-six cosponsors as of 6/1/2020.

# HOW IT WORKS

## MOBILIZING CAPITAL FOR HIGH-IMPACT PROJECTS FOR TWO DECADES

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



## ADDRESSING THE CAPITAL GAP IN DISTRESSED COMMUNITIES

The NMTC provides gap financing, allowing investment to flow to areas underserved by conventional lenders, 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.

Example: Imagine a nonprofit needs \$15 million to construct a new facility and to meet growing demand, but they can only secure a combination of \$12 million from donors and conventional lenders. The NMTC fills the \$3 million gap and makes the expansion possible.

**\$15 MILLION TOTAL PROJECT COST**

**\$12 MILLION IN  
CONVENTIONAL FINANCING**

**\$3 MILLION  
GAP**



## 2020 NMTC Projects In the Pipeline

### Ribbon cuttings and projects financed in 2020 as this report goes to press

While the NMTC market slowed down a bit at the height of the stay-at-home orders in April of 2020, projects continued to close. Now more than ever, communities need access to patient, flexible financing for revitalization projects.



#### **Crescent Commons Cortland, NY**

The substantial rehabilitation and adaptive reuse of the Crescent Corset Company Building into Crescent Commons will provide new housing and nonprofit office opportunities to Upstate New York. The project was financed through NTCIC's Irvin Henderson Main Street Revitalization Fund.

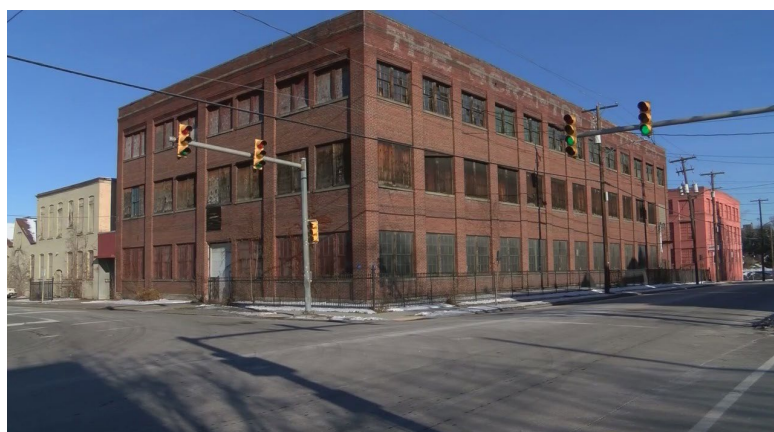
#### **Union Gospel Mission Salem, OR**

NMTC financing from Raza Development Fund helped Union Gospel Mission of Salem ("UGMS"), the largest provider of meals and shelter for the homeless in the Salem, build a new 57,220 sq. ft. facility.



#### **Audubon Metals Corsicana, TX**

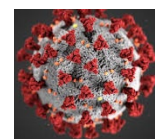
Corsicana, Texas, will soon be the location of a new manufacturing facility for an aluminum producer and metals processor, Audubon Metals, LLC. The project will bring 100 new jobs to the community.



#### **Scranton Counseling Center Scranton, PA**

Commonwealth Cornerstone Group provided financing in 2020 for the adaptive reuse of a historic cornerstone building in downtown Scranton. The rehabilitated building will be the site of Scranton Counseling Center's behavioral health clinic and administrative offices, as well as a pharmacy and primary health clinic to provide support services for the clinic's clients.

## Emergency NMTC Extension and COVID-19 Response



The NMTC has a 20-year track record of promoting revitalization in America's economically distressed rural and urban communities. These communities – which were struggling with high poverty and unemployment before the recent economic collapse – now face severe challenges in securing capital, challenges that pre-dated the pandemic.

Shortly before this report went to print, the NMTC Coalition has proposed a series of measures to help stabilize distressed communities besieged by the economic fallout from the pandemic. The Coalition recommended an increase in NMTC allocation of \$3.5 billion over three years along with several policies to help ensure the NMTC investor market remains competitive and highly liquid. Head to the Coalition's website to read the full proposal.



**NEW MARKETS**  
TAX CREDIT COALITION

[nmtccoalition.org/covid](https://nmtccoalition.org/covid)

## CRA Overhaul Roils Community Development Major CRA Changes

For the first time in more than 20 years, federal regulators made major changes to the Community Reinvestment Act (CRA). In May of 2020, the Office of the Comptroller of Currency (OCC) finalized new regulations for financial institutions to meet their obligations under CRA, the legislation enacted in 1977 to address racial discrimination in by the financial sector. While CRA certainly needed an update, the changes included in the final rule could present some challenges for the NMTC and other community development tax credits.

Bank investors are important partners in the NMTC program and provide the private sector capital necessary for CDEs to invest in meaningful community and economic development projects in underserved areas. For banks, CRA's investment test often served as a significant motivator for making tax credit investments.

The Coalition strongly opposed the draft rule published for comment in December of 2019. While the final rule is represents a marginal improvement, we are still concerned about the potential impact on NMTC investor demand.

The new regulations end the investment test and instead rely on a simplified, ratio-based system of metrics. The final rule also expands the range of eligible activities to such a degree as to reduce investor demand for NMTCs, depressing the price equity investors pay in exchange for the credit.

### VOICES FROM THE COMMUNITY

"CRA has been tremendously successful in delivering financial services to historically disadvantaged populations. With the right data-driven reforms, it can be even more effective. It needs a tune-up, not a facelift. We urge regulators to rethink this approach."

*-The New Markets Tax Credit Coalition in a letter to OCC, April 4, 2020*

## 2019 NMTC Projects

# 2019 Highlights

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



### GRUMA Corporation Food Hub, Grand Prairie, TX

NMTC financing from Texas Mezzanine Fund, MBS Urban Initiatives, The Valued Advisor Fund, and U.S. Bancorp CDE supported the purchase and installation of equipment used to create six production lines at GRUMA Corporation's food manufacturing facility. The company plans to employ more than 500 workers and operate around the clock to keep up with the consumer demand for its tortillas and tortilla chips.

### *Jobs and Investment*

- 288 projects totaling \$4.5 billion received \$2.7 billion in NMTC allocation (at a cost to the federal government of \$679 million).
- CDEs created 57,414 jobs in 2019, including 35,440 full-time equivalent (FTE) jobs and 21,973 temporary construction jobs. The federal cost per job comes to \$12,144.

### *Areas Targeted*

- Projects were located in nearly 200 cities in 48 states and territories.
- Eighty-seven percent of projects were located in severely distressed communities and 26.5 percent of NMTC-financing went to non-metropolitan counties with an additional 5 percent in rural areas of metropolitan counties.
- Five projects (1.7 percent) utilized the Target Population eligibility criteria. Those projects included a Meals on Wheels, a grocery store, a Detroit-based manufacturer, a youth center, and a homeless shelter.

### *Project Types*

- Manufacturing was the most popular use of NMTC allocation (25.9 percent of 2019 Qualified Low-Income Community Investments) followed by healthcare (16 percent), mixed-use (10.2 percent) and childcare, youth, and family services (10 percent).















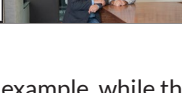
### *Components of Projects*

- NMTC financing supported 232 manufacturing and industrial businesses with working capital, new equipment, and 7 million sq. ft. of new space.
- The NMTC expanded healthcare, recreational options, food security, job training, and other social services for 1.7 million individuals, including 1.1M patients in healthcare facilities and 116k children in childcare, schools, recreational facilities, mentorship programs, and other youth-related social services.
- Fifty-five percent of projects included at least one community facility, nonprofit, or social service component. Those new community resources add up to over 300 nonprofits, health centers, childcare centers, libraries, community centers, and other community facilities.
- Excluding small business financing, ninety-eight percent of projects extended the benefits of the NMTC financing by including a Community Benefits Agreement (CBA). This is similar to 2018 when ninety-seven percent of projects included a CBA.
- NMTC financing supported the construction or renovation of 18.9 million square feet of real estate and the construction of 848 affordable housing units.



## 2019 NMTC Projects

## Project Types

PROJECT TYPE	PROJECTS		EXAMPLE
MANUFACTURING, WHOLESALE, ENERGY, AND INDUSTRIAL	83		ResinTech Camden, NJ
HEALTHCARE	36		Ivinson Memorial Hospital's Medical Clinic, Laramie, WY
PROJECTS SUPPORTING CHILDCARE, YOUTH, AND FAMILIES	29		Boys & Girls Club of Puerto Rico Multiple Sites, PR
MIXED-USE	26		Indigo Block Worcester, MA
GROCERY STORES AND HEALTHY FOODS	17		Fine Fare Brooklyn, NY
NONPROFIT HUBS AND MULTI-PURPOSE SOCIAL SERVICES CAMPUSES	16		Serve Denton Center Denton, TX
RETAIL, RESTAURANTS, AND SERVICE SECTOR	13		Ablem Food Services Bronx, NY
SCHOOLS	11		North Florida School of Special Education Jacksonville, FL
MUSEUMS, THEATERS, ARTS, AND CULTURE	10		American Indian Cultural Center Oklahoma City, OK
OTHER MISC. COMMUNITY FACILITY AND NONPROFIT PROJECTS	10		Fort Wayne Rescue Mission Fort Wayne, IN
COLLEGE OR VOCATIONAL TRAINING	9		Enable Utah Ogden, UT
BUSINESS INCUBATORS AND ENTREPRENEURIAL RESEARCH SPACE	9		EagleKnit Innovation Hub Milwaukee, WI
HOTELS AND TOURISM	4		Newport Hotel Newport, AR
HOUSING	3		East Liberty Housing Pittsburgh, PA
OTHER: MISC. SMALL BUSINESSES AND OFFICE SPACE	12		Interpres Building Solutions Springfield, MO

Note: Nearly thirty percent of these projects included multiple components. For example, while there were only 36 healthcare projects, several mixed-use projects, youth and families projects, and nonprofit hub projects included health clinics. While this data illustrates industry trends, the project components covered in the next pages provide a better picture of the program impact.

2019 Survey of CDEs

# Project Selection

(BOB - I NEED TO ADD THIS)





Jakes O.N.E. Market in Burlington, VT



Mitchell's Early Learning, Jacksonville, FL

SMALLBIZ



Pacific Safety Solutions, Vista, CA



Old Springfield Fire Station Restoration, Springfield, MO

## Jumpstarting Small Businesses



For over 80 years, the Historic Coronado Motor hotel (Yuma, AZ) has provided services to tourists and travelers while also providing jobs to the local community. NMTC financing from Prestamos CDFI, LLC, helped the hotel make building improvements and refinancing existing debt to improve business cash flow.

In 2019, NMTC Coalition Survey Respondents provided under \$2 million in total allocation to 91 small businesses in 2019. A plurality of the businesses (28) were manufacturing businesses.



**2.7K JOBS**

Small business projects in 2019 created and retained over 2,700 jobs, including 1,100 construction jobs and 1,600 FTE jobs.



**786K SQ. FT.**

The 91 projects provided more than 786,000 in new or renovated space for small businesses.



**\$301M IN CAPITAL**

The NTMC delivered \$301 million in total project financing to small businesses in 2019.

"We hope to empower these groups and create a home for heritage within the Des Moines community. But we're also proud to revive this historical landmark and bring additional revenue to the East Village."

-Tim Waddell, vice-chair of the Des Moines Heritage Trust, about the rehabilitation of the East Des Moines Union Depot



# 2019 Projects

## HEALTHCARE



The Charles B. Wang Community Health Center in Flushing, NY, consists of the construction of a new Federally Qualified Health Center that will serve as a primary care access point that provides medical, dental, mental health and enabling services to a severely distressed community. NMTC financing came from NYCR-CDE.

## Expanding Healthcare Access



Construction is underway at the Hill Country Health and Wellness Center, a federally qualified health center in Shasta County, CA. The project was made possible through NMTC financing from Nonprofit Finance Fund and the Corporation for Supportive Housing.



Futura CAHEC New Markets financed the Helping Up Mission Women's and Children's Center in Baltimore. The new, 131,557 sq. ft. facility will include up to 260 beds for a one-year, residential substance abuse recovery program for women and their children experiencing poverty, homelessness, and addiction, along with a commercial kitchen, clothing distribution center, childcare area, classrooms, multi-purpose meeting room, primary care/wellness center, mental health service area, and a workforce development and education center.

In 2019, 52 NMTC projects included expanded or renovated healthcare facilities in low-income communities, including 26 federally-qualified community health centers.



**1.1M PATIENTS**

NMTC financing expanded healthcare access for over one million patients in 2019.



**2.6M SQ. FT.**

NMTC projects financed nearly five million square feet of space for health clinics, hospitals, ICUs, and treatment centers.



**\$1.1B IN CAPITAL**

NMTC projects expanding healthcare access totalled \$1.1 billion in 2019 and created 11,800 FTE and 4,699 construction jobs in communities with an average poverty rate of 30 percent.

## VOICES FROM THE COMMUNITY

"As Lackawanna County's largest community behavioral health provider, this revitalized building will give the Scranton Counseling Center the sort of facility it needs to properly serve people in that region. It also will provide additional capacity to meet the growing needs of the area."

-Pennsylvania Governor Tom Wolf



# 2019 Projects

## MANUFACTURING

### Strengthening American Manufacturing



Italpollina USA Inc. a developer of organic biostimulant fertilizers, used NMTC financing from Dudley Ventures to construct and equip a 15,000 sq. ft. research & development facility on a seven-acre site across from its existing operations in Anderson, IN.



Invest Detroit financed the construction of a 109,188 sq. ft. expansion of MyLocker's existing headquarters to increase capacity for inventory storage, receiving, production, and shipping. The project will provide much needed room for growth of MyLocker's decoration and fulfillment business and more than double site employment.



In Philadelphia, PIDC Community Capital provided NMTC financing toward the acquisition and rehabilitation of Golaski Labs, a vacant former manufacturer, into a mixed-use space. The commercial space will be occupied a minority owned-restaurant restaurant, offices of a women-owned landscape architectural and engineering services, and P3 Impact Hub which will serve as an incubator for minority-owned businesses. The project will also house 35 apartments.

In 2019, 79 NMTC projects supported 232 manufacturing businesses ranging from food manufacturing to steel fabrication.



**11k FTE JOBS**

In 2019, NMTC financing created over 11,000 manufacturing jobs.



**7M SQ. FT.**

NMTC projects financed nearly seven million square feet of space for manufacturers.



**\$1.4B IN CAPITAL**

The NTMC delivered \$1.4 billion in total project financing to NMTC projects supporting manufacturing.

## VOICES FROM THE COMMUNITY

"Stonehenge's investment is a game changer that will not only allow us to grow now, but will also position us to remain competitive well into the future."

-Leo Stanko, CEO of OTW Safety, an advanced manufacturer hat designs, engineers and supplies high-quality safety barricades and is located in a highly distressed area of Satl Lake City.



## 2019 Projects

# SOCIALHUBS

Midwest Minnesota CDC financed the construction of a new 65,199 SF, state-of-the-art YMCA facility that will also host Winona Health, Red Cross and Live Well Winona organizations as tenants. The new YMCA facility is located across the street from Winona Health, a nonprofit full-service community healthcare system that provides clinical care to more than 40,000 individuals annually. The location is ideal for collaboration, facility sharing and referrals.

## Building Social Assets and Resilient Economies

NTCIC financed the rehabilitation of the vacant Philip Morris Blended Leaf Complex in downtown Richmond, Virginia into a new headquarters for Congregations Around Richmond To Assure Shelter (CARITAS). The new facility will allow the organization to greatly expand the capabilities of their existing services, while also creating new programs to more effectively serve their community.

U.S. Bancorp Community Development Corporation financed the renovation of a building to house community and office space for non-profit partners and new construction for a community food center in Denton, TX.

In 2019, the NMTC financed 16 nonprofit hubs providing low-cost space for nearly 50 social service providers and mission-driven organizations.



**3.9K JOBS**

In addition to expanding social services, nonprofit hub projects created over 2,300 FTE jobs and nearly 1,600 construction jobs.



**1M SQ. FT.**

The sixteen projects provided more than one million in new or renovated space for nonprofits, community food hubs, and other service providers.



**\$303M IN CAPITAL**

The NTMC delivered \$303 million in total project financing to 16 projects supporting nearly 50 social service organizations.

## VOICES FROM THE COMMUNITY

"Thank you to PATH for helping me start a new chapter in my life," she said.

-Taylor Schaffer, a participant in the People Acting To Help (PATH) vocational training program. The NMTC financed PATH's new headquarters in Philadelphia



# 2019 Projects

## YOUTH+FAMILIES



Florida Community Loan Fund financed the construction the new Belle Glade Teen Center, which provides a safe place for youth and teens after school. The new facility aims to significantly increasing high school graduation rates, promoting healthy lifestyles, and empowering youth to support the community of Belle Grande, FL.

## Supporting Youth and Families



With support from NMTC financing from MoFi, the Coeur D'alene Tribe is building a youth wellness center to address generational issues of poor graduation rates, crime, drug-use and suicide. The 32,200 square foot facility will provide recreation space, boys and girls club programs and behavioral counseling and is expected to serve over 1,500 youth per month.



Richmond, CA-based RYSE, Inc. is a community center and a safe space for young people that offers education and health programming, leadership skills, and career development at no charge. Opportunity Fund financed the renovation of RYSE's existing 6,600 square foot community center, the construction of a new 11,000 square foot expansion, and the creation of 24,000 square feet of new outdoor space.

In 2019, the NMTC financed 29 daycare centers, Boys and Girls Clubs, YMCAs, and other community facilities supporting early childhood education for over 63,000 youths.



**2.2K JOBS**

In addition to expanding opportunities for young people, these projects created over 700 FTE jobs and 1,500 construction jobs.



**625K SQ. FT.**

The 29 projects provided more than 625,000 in new or renovated space for children to learn and play.



**\$340M IN CAPITAL**

The NTMC delivered \$340 million in total project financing to YMCAs, Boys and Girls Clubs, and childcare facilities.

## VOICES FROM THE COMMUNITY

"We hope to empower these groups and create a home for heritage within the Des Moines community. But we're also proud to revive this historical landmark and bring additional revenue to the East Village."

-Tim Waddell, vice-chair of the Des Moines Heritage Trust, about the rehabilitation of the East Des Moines Union Depot

## 2019 NMTC Projects

# Investor Trends

### 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). In 2019, all qualified equity investments reported by survey respondents utilized the leverage structure.

When a CDE and a business work to finance an NMTC project through the leverage structure, they must secure an equity investor and sources of debt.

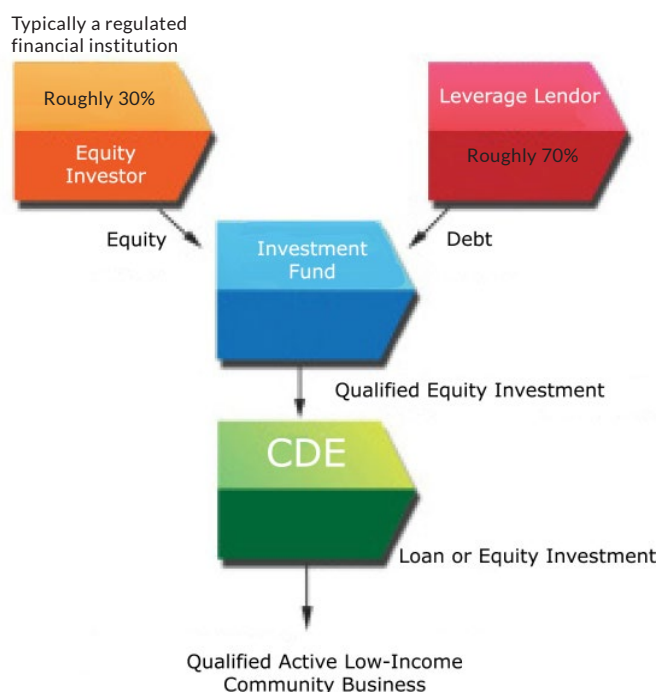
### SOURCES OF EQUITY

Regulated financial institutions have historically provided a majority of the equity for NMTC transactions, and 2019 was no exception. Ninety-seven percent of equity investments into the investment fund came from regulated financial institutions. The balance came from corporations.

### 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. The price paid by investors for NMTC in exchange for

NMTCs ranged between 73 and 91 cents, with an average price of 83.2 cents, down a bit from last year (86.5 cents).



### 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.

\*The Office of the Comptroller of Currency made major changes to CRA in 2020. For more, see page 13.



## 2019 NMTC Projects

# Community Characteristics

86 percent of NMTC projects were in areas of deep distress

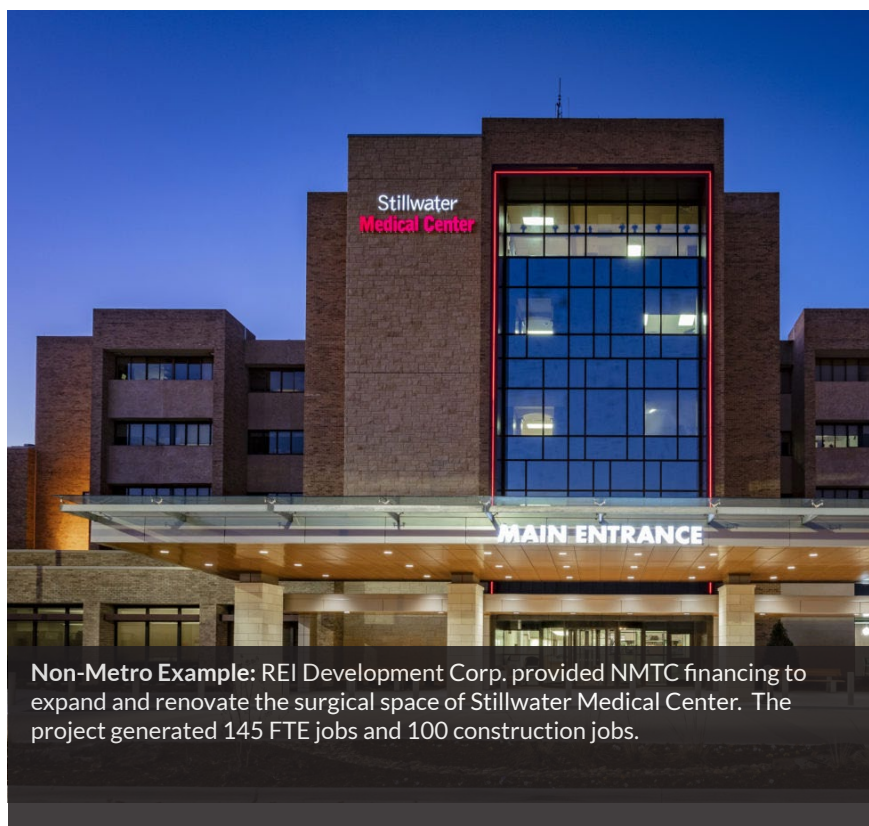
### CHARACTERISTICS OF COMMUNITIES RECEIVING INVESTMENTS

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. Eight-six percent percent of 2019 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.

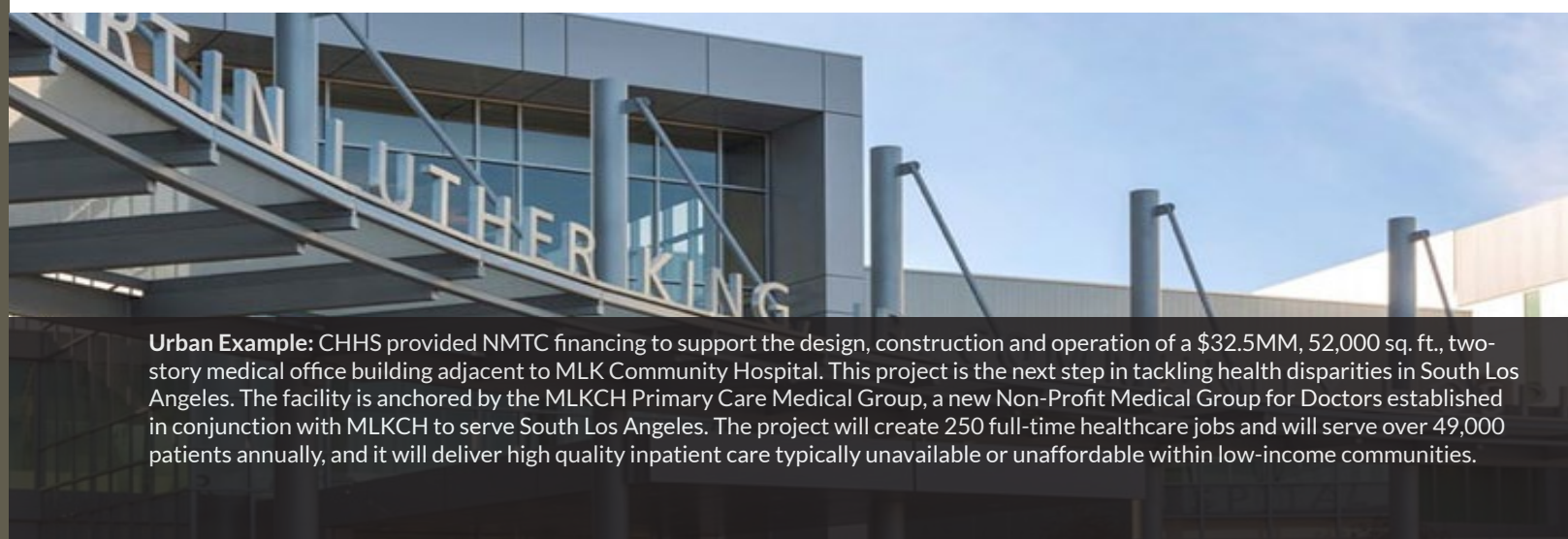
### RURAL TARGETING

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 six percent of 2019 survey respondents' projects were located in non-metropolitan counties.



**Non-Metro Example:** REI Development Corp. provided NMTC financing to expand and renovate the surgical space of Stillwater Medical Center. The project generated 145 FTE jobs and 100 construction jobs.



**Urban Example:** CHHS provided NMTC financing to support the design, construction and operation of a \$32.5MM, 52,000 sq. ft., two-story medical office building adjacent to MLK Community Hospital. This project is the next step in tackling health disparities in South Los Angeles. The facility is anchored by the MLKCH Primary Care Medical Group, a new Non-Profit Medical Group for Doctors established in conjunction with MLKCH to serve South Los Angeles. The project will create 250 full-time healthcare jobs and will serve over 49,000 patients annually, and it will deliver high quality inpatient care typically unavailable or unaffordable within low-income communities.

## 2019 NMTC Projects

# Tribes and Native Populations

10 projects directly supported low-income native populations with new jobs and expanded social services



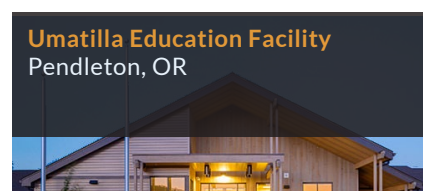
**Colville Tribal Treatment Facility**  
Keller, WA

The Confederated Tribes of the Colville Reservation used NMTC financing to build a new adult residential treatment center in the heart of its ancestral-land in Keller, WA. This new treatment center was designed to embody the culture and values of the Tribe, and to seek a model of healing, sustainability, and culture.



**GROW Technical School**  
Pine Ridge, SD

NMTC financing supported the construction of a Career Technical Education high school located within the Oglala Lakota Nation. Upon completion, the high school will be approximately 80,000 square feet, have a capacity of 400 students and graduate between 100 and 150 students each year with career readiness skills.



**Umatilla Education Facility**  
Pendleton, OR

The Confederated Tribes of the Umatilla Reservation is constructing a \$24.7 million, 68,818 square foot education facility on its reservation in northeast Oregon. With this investment, NCS will now be able to increase enrollment from 75 to 140 students. The facility includes 54,000 sq. ft. for early childhood education, after-school programming, language classes, and Tribal education department administration offices.



**Rocky Boy Health Center**  
Box Elder, MT

Construction of a new \$44.7 million, 93,000 sq. ft. comprehensive health center serving the Chippewa Cree Tribe and other community members in a very rural area. The new health center is replacing a prior facility elsewhere on tribal lands that was destroyed in a mud slide. Without this new facility, approximately 1,200 patients per year would be forced to travel 1-4 hours for heart, wound, diabetes and urgent care treatment.

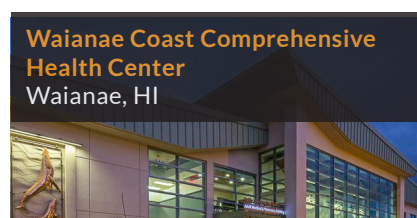


**CDA Youth Center**  
Worley, ID

The Coeur D'alene Tribe is building a youth wellness center to address generational issues of poor graduation rates, crime, drug-use and suicide. The 32,200 sq. ft. facility will provide recreation space, boys and girls club programs and behavioral counseling and is expected to serve over 1,500 youths per month.



**American Indian Cultural Center**  
Oklahoma City, OK



**Waianae Coast Comprehensive Health Center**  
Waianae, HI



**Nomlaki Administrative and Community Centers**  
Corning, CA

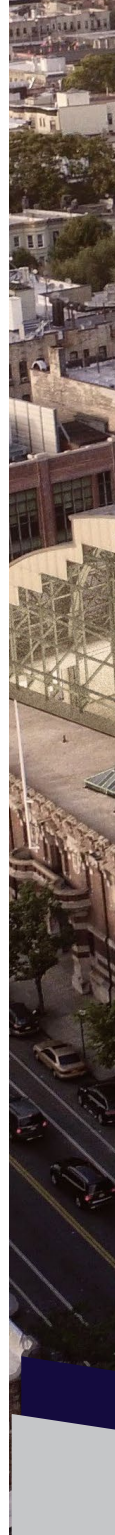
## VOICES FROM THE COMMUNITY

"We have almost 200 kids in our youth programs. And we don't have the space for them. We want our youth to have a place to call their own."

-Lovina Louie of the Coeur D'alene Tribe's healthcare organization, Marimn Health.









# NEW MARKETS TAX CREDIT 20th ANNIVERSARY REPORT

**2000-2020**

[nmtccoalition.org/20th-anniversary](https://nmtccoalition.org/20th-anniversary)

Documenting 20 years of revitalizing communities.



## NMTC 20th Anniversary Report

# Introduction



Above: President Bill Clinton signs the Community Renewal Tax Relief Act of 2000 into law on December 21, 2000 (Public Law 106-554).



# NMTC 20th Anniversary Report

## Timeline

### Implementation

#### The First Award Round and Projects

#### Statutory Changes

NMTC 20th Anniversary Report

# Economic Impact



NMTC 20th Anniversary Report

# A Maturing Program: Trends



NMTC 20th Anniversary Report

# A Maturing Program: Trends

*An annual snapshot of the New  
Markets Tax Credit Program*



**NEW MARKETS TAX CREDIT COALITION**

1155 15th Street Northwest  
Suite 400  
Washington, DC 20005

+1-202-204-4500  
[info@nmtccolalition.org](mailto:info@nmtccolalition.org)  
[www.nmtccolalition.org](http://www.nmtccolalition.org)

