



NEW MARKETS  
TAX CREDIT COALITION



# NEW **MARKETS** TAX CREDIT **New Member Briefing Report** Darrell E. Issa (R-CA50)

**CA50**

[nmtccoalition.org](http://nmtccoalition.org)

A report on the loans and investments in California's 50th CD and beyond  
Above: The Fallbrook Family Health Center

# NMTC IMPACT IN CA50

## INVESTMENT AND PROJECT EXAMPLES



# 11

## PROJECTS FINANCED IN CA50

11 NMTC projects have been financed in California's 50th Congressional District.



# \$65.8M

## IN TOTAL CAPITAL IN CA50

The NMTC delivered \$65.8M in total capital to businesses and revitalization projects in California's 50th Congressional District.



### Goodwill Industries of San Diego

*San Diego, CA*

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



### Fallbrook Family Health Center

*Fallbrook, CA*

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



# NMTC IMPACT IN CALIFORNIA

## JOBS AND INVESTMENT



**91.8K**

JOBS STATEWIDE

The NMTC created 91.8K California jobs.



**553**

PROJECTS FINANCED IN CALIFORNIA

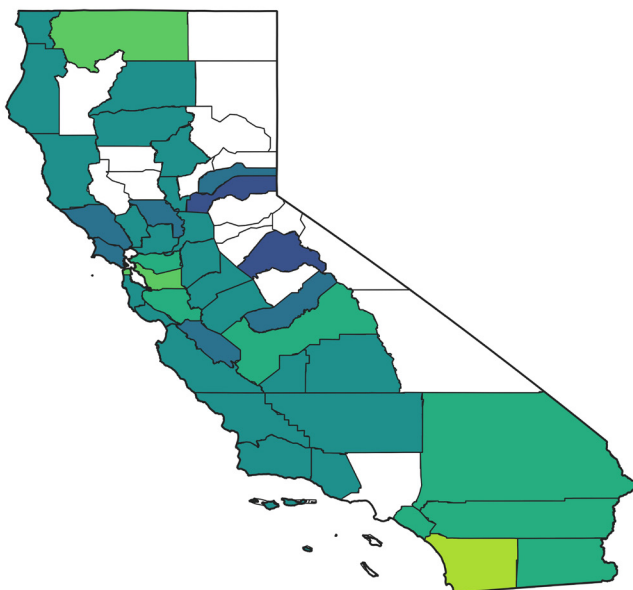
The NMTC made 553 California projects possible, including manufacturing expansions, business incubators, hospitals, vocational training centers, and daycare centers.



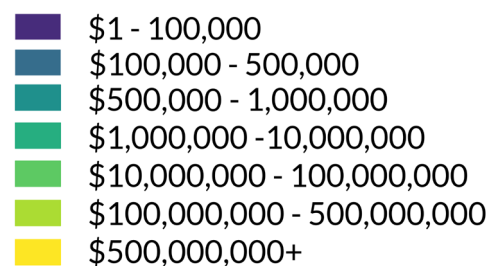
**\$8.1B**

IN TOTAL CAPITAL TO CALIFORNIA

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



NMTC Investment by County  
2003-2020 (2Q)

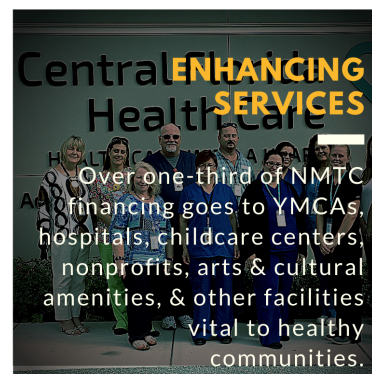


# ABOUT THE NMTC

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

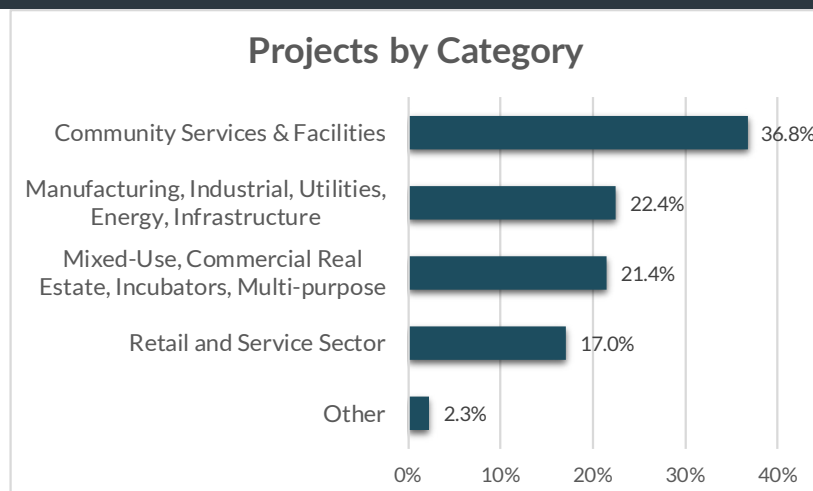
The New Markets Tax Credit (NMTC) is an important source of financing for businesses and community facilities in America's most distressed rural and urban communities. Congress authorized the NMTC in 2000 to bring down the cost of capital in communities outside of the economic mainstream. Taxpayers receive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

## ECONOMIC IMPACT



## INDEPENDENT EVALUATION

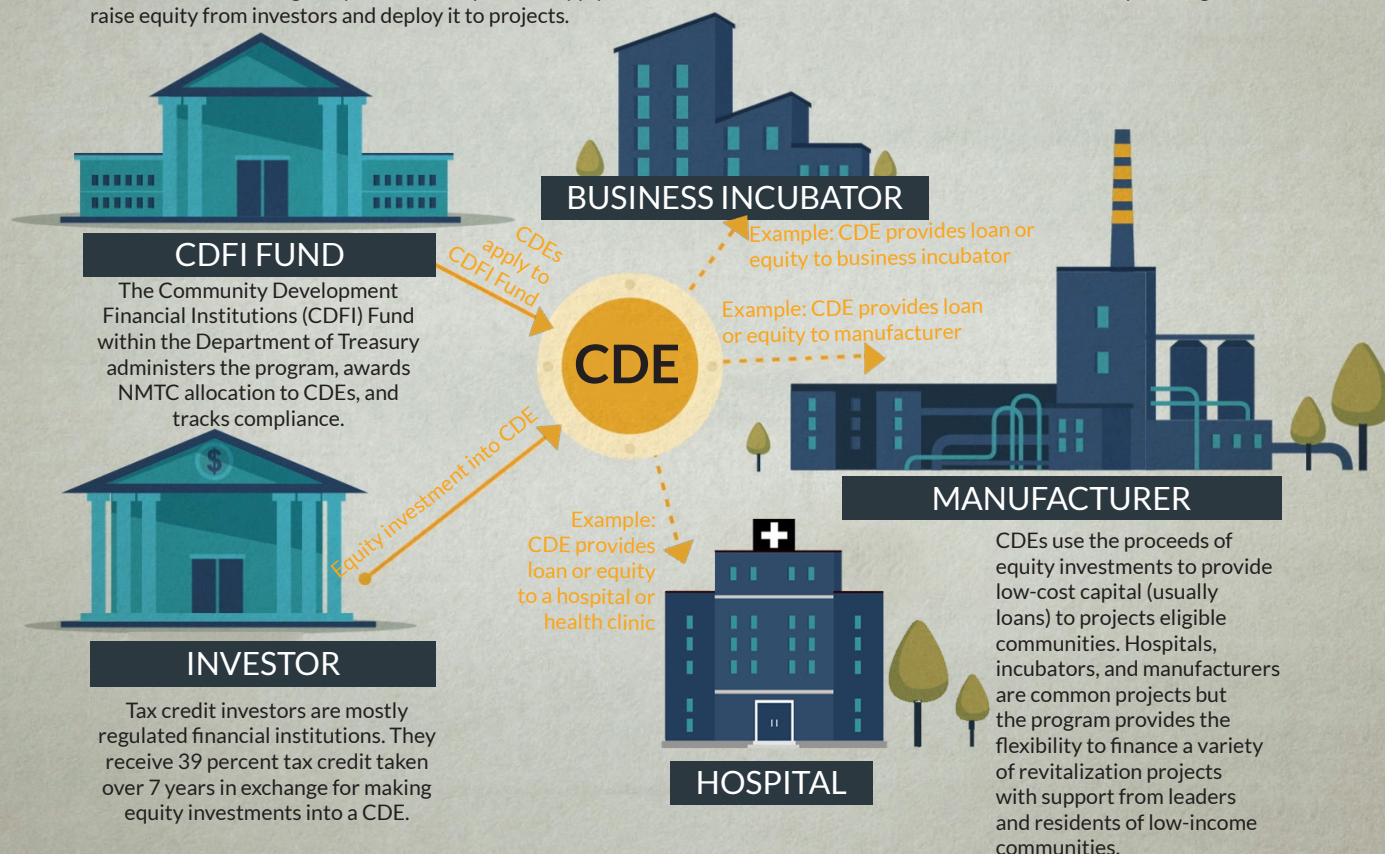
An independent compliance review by Summit Consulting found that program participants are significantly lowering the cost of capital for borrowers in low-income communities and exceeding statutory and regulatory requirements for the targeting of economic distress.



# HOW IT WORKS

## MOBILIZING CAPITAL FOR HIGH-IMPACT PROJECTS

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



### ELIGIBLE COMMUNITIES

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

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

### WHAT ABOUT RURAL?

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

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

### GAP FINANCING

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

#### \$15 MILLION TOTAL PROJECT COST

**\$12 MILLION IN  
CONVENTIONAL FINANCING**

**NMTC FILLS  
\$3 MILLION  
GAP**



# ONLINE RESOURCES

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



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