New Markets Tax Credit

PROGRESS REPORT

2014

An annual report by the
New Markets Tax Credit Coalition

FEATURING:
A Special Report on Rural Investments

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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 is managed by Rapoza Associates, a public interest lobbying, policy analysis, and government relations firm located in Washington, DC that specializes in providing comprehensive legislative and support services to community development organizations, associations and public agencies. This report was prepared by Rapoza Associates. Paul Anderson was the principal author.

NMTC COALITION BOARD

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By the Numbers

Every year, the NMTC Coalition sends a survey to all CDEs that have received a NMTC allocation. The survey requests information on each CDE's NMTC activity in the previous calendar year. The Coalition's most recent survey of CDEs covered NMTC activity in 2013. The following survey findings bolster the case that the NMTC continues to serve effectively drive capital to areas of economic distress, creating jobs and economic opportunity.

* * * * *

This year, sixty-four CDEs representing $17.1 billion in total allocation (2003-2013) responded to the survey reporting on their NMTC activity in calendar year 2013. Those respondents reported:

- $2.1 billion in Qualified Equity Investments;
- $2.0 billion in Qualified Low Income Community Investments;
- $4.9 billion in total project financing;
- 280 businesses receiving NMTC financing;
- 100% of NMTC investments were made in qualified low income communities;
- 80% of NMTC investments were made in severely distressed communities;
- 56% of NMTC investments were made in communities with unemployment rates at least 1.5 times the national average;
- 54,643 jobs were created by projects closing in 2013, including:
    - 25,268 full-time jobs;
    - 29,375 construction jobs; and
- $2.7 billion in NMTC-qualified projects or businesses in the pipeline for 2014.

ALL THIS ADDS UP TO...

an unprecedented level of investment in communities that have been left out of the economic mainstream. For many rural and urban communities, the NMTC is the principal source of financing for credit starved small and medium sized businesses or revitalization projects. The NMTC is responsible for the creation of thousands of jobs in areas of high unemployment and poverty.

Stepping Stones Children's Museum, Norwalk, CT
Photo by Jeff Kennedy Associates.

Introduction

The 2014 *NMTC Progress Report* was prepared by the New Markets Tax Credit Coalition (The Coalition), a national membership organization of Community Development Entities (CDEs), investors, and other community development professionals organized to advocate on behalf of the New Markets Tax Credit (NMTC). The report highlights findings from the Coalition's most recent survey of CDEs with NMTC allocations. The survey collected data from CDEs on their progress raising capital and making loans and investments in calendar year 2013 with the NMTC.

This, the Coalition's tenth annual *NMTC Progress Report*, is designed to inform policymakers and practitioners on how the NMTC works and document the latest successes of the NMTC in contributing to the recovery of urban and rural communities.

Our findings show that the NMTC continues to serve as an effective incentive for community revitalization. Reported job creation numbers reinforce recent job creation analysis by the CDFI Fund, as well as the conclusions of the Coalition's 2012 *NMTC Economic Impact Report*. In total, CDE survey respondents created 54,000 jobs in 2013, which represents a significant share (2 percent) of the 2.3 million net jobs created in America in 2013.[1]

As the Urban Institute noted in its extensive 2013 evaluation of the NMTC Program:

> "In its early years, the NMTC program operated as intended—encouraging investments in low-income areas for a diverse range of community- and economic-development projects associated with varying results. The most prevalent results were provision of advantageous financing, real estate development in low-income areas, additions to local tax bases, and job creation or retention. NMTC projects also added to or expanded community amenities, services, and facilities and supported small businesses and organizations."

The NMTC financed new equipment at an industrial facility in Erie, PA.
Photo courtesy of PNC Financial Services Group.

The exterior of INDUSTRY Denver, financed by the NMTC and completed April of 2014. Photo by Kimberly Wolff.

About the New Markets Tax Credit

HISTORY

In December of 2000, President Bill Clinton signed the Community Renewal Tax Relief Act of 2000 (P.L. 106-554) into law. This legislation established the New Markets Tax Credit (NMTC), which was designed to provide a modest tax incentive in order to increase the flow of private capital to communities long overlooked by market forces. While today's economy differs significantly from the 2000 economy, the challenge of attracting investment capital to underserved areas persists and has intensified over the last few years, as America first weathered and then recovered from the worst recession in generations.

The basis for the NMTC is that business success depends on access to capital. There is substantial evidence that low and moderate income areas are underserved by private sector capital. This lack of capital stifles entrepreneurs and impedes business growth leading to urban decay and economic stagnation, despite opportunities for investment and business expansion.

Between 2003 and 2012, investment in NMTC financed businesses totalled over $60 billion,[2] of which more than $31 billion was NMTC capital, with the balance coming from other sources. Those NMTC financed businesses directly generated 561,873 jobs, including 207,550 full-time jobs and 354,323 construction jobs.[3] NMTC financing cost the federal government $8 billion in revenue lost,[4] resulting in a cost per job of less than $20,000.

The NMTC is not a permanent part of the Internal Revenue Code. The NMTC program has been extended four times (2007, 2009, 2011, and 2013). The most recent NMTC extension expired on December 31, 2013, and, as this report goes to press, Congress is in the process of debating another extension of the NMTC and other expired corporate tax provisions. In April of 2014, the Senate Finance Committee favorably reported the EXPIRE Act (S. 2260), a bill that would extend expired tax provisions including the NMTC for 2014 and 2015. That legislation awaits consideration on the Senate floor. In the House, a bipartisan effort is underway to extend the NMTC. Representatives Jim Gerlach (R-PA) and Richard Neal (D-MA) introduced extension legislation (H.R. 4365) in March of 2014 and as this report goes to press, Gerlach and Neal's bill has been cosponsored by more than fifty members of the House of Representatives.

Leaders of the Senate NMTC Extension Legislation (S. 1133)

"A New Markets Tax Credit investment in Wheeling, West Virginia helped bring the Wheeling Stamping Building back to life. The building was once a bustling hub of the metal stamping industry. After deteriorating and sitting dormant for decades, the New Markets Tax Credit helped finance the restoration of the building that created 300 construction jobs. Now, the building houses 350 full-time employees in a community that needs good jobs."

-Senator Jay Rockefeller (D-WV)

"The New Markets Tax Credit Program has already had a positive impact in Missouri, leading to more than $2 billion in investments and thousands of jobs. I'm glad to support this bipartisan bill to make this tax credit permanent so that we can continue to encourage investment, growth, and job creation in low-income communities nationwide."

-Senator Roy Blunt (R-MO)

Golden Belt Complex in Durham, NC.

How It Works

The New Markets Tax Credit (NMTC) is a place-based, anti-poverty and community revitalization tool. Unlike some programs that subsidize a specific economic activity or business sector (such as the creation of affordable housing), the NMTC is designed to target narrowly defined geographic locations: census tracts that meet specific criteria of economic distress in terms of poverty or median income.

In order to deliver capital to these underserved "new markets," the NMTC authorizing statute created a new category of investment intermediaries, Community Development Entities (CDEs).

COMMUNITY DEVELOPMENT ENTITIES

CDEs are the investment vehicle for the NMTC. An organization must be certified as a CDE by the Community Development Financial Institutions (CDFI) Fund within the Treasury Department before it can apply for an allocation of NMTCs. To qualify as a CDE, an organization must:

- Be a domestic corporation or partnership at the time of the certification application;
- Demonstrate a primary a mission of serving or providing investment capital for low-income communities or low-income persons; and
- Maintain accountability to residents of low-income communities through representation on a governing board of or advisory board to the entity.

Most CDEs are affiliates of mission-driven, nonprofit organizations; for-profit entities; affiliates of state or local government; or private financial institutions.

APPLYING FOR AN ALLOCATION OF NMTCs

Once certified, a CDE can apply to the CDFI Fund for an allocation of NMTCs. The CDFI Fund issues an allocation application on an annual basis. As this publication goes to print, there have been 10 allocations awarded by the CDFI Fund totaling over $36 billion in allocation authority. Competition for NMTC allocations is steep. CDE applications are scored in four areas:

- Community Impact: The extent to which a CDE targets economically distressed communities, has the active participation of community representatives and can demonstrate programmatic impacts;
- Business Strategy: A CDE must describe and quantify the level of economic distress in the target area and demonstrate how it plans to provide financial products and services that address the needs of the community;
- Capitalization Strategy: A CDE must demonstrate that it has investors committed to investing in the CDE or a strategy for securing investments; and
- Management Capacity: A CDE must demonstrate that it has the experience and the staff and partners to execute an effective NMTC strategy.

The CDFI Fund has historically received enough highly rated applications that, in order to be successful, applicants must exceed the minimum standard set for raising and deploying capital, and for serving areas of high economic distress, as identified by law and regulation. The CDFI Fund has established a set of higher benchmarks which have helped drive NMTC investment into areas of greater need, as the NMTC Coalition's survey data demonstrates year after year.

When a CDE is awarded an allocation of Credits, it must sign an allocation agreement with the CDFI Fund, giving it the authority to market the NMTC to investors and implement the NMTC business strategy proposed in the CDE's allocation application.

SECURING PRIVATE INVESTORS

Once a CDE receives an allocation and signs its allocation agreement, a CDE can secure investors to make Qualified Equity Investments (QEIs) in the CDE in exchange for the Credit.

NMTC investors claim a 39 percent tax credit over seven years, five percent annually for the first three years and six percent in years four to seven. The seven-year clock starts once a QEI is made in the CDE. Investors may not redeem or otherwise cash out their investments in a CDE prior to the conclusion of the seven-year credit period without penalty.

The CDEs must use "substantially all" (defined as 85 percent) of the proceeds from the QEIs to make Qualified Low-Income Community Investments (QLICIs) within one year of issuing a QEI.

A QLICI can be any of the following:

1. Any capital or equity investment in, or loan to, any qualified active low-income community business;
2. A loan purchased by a CDE from another CDE which is a QLICI;
3. Financial counseling and other services to any qualified, active low-income community business, or to any residents of a low-income community; and
4. Any equity investment in, or loan to, other CDEs.[5]

The NMTC statute defines a low income community as a census tract where the individual poverty rate is at or above 20 percent or the median family income is at or below 80 percent of the area median income. In addition to the placed-based definition, NMTC projects can meet the eligibility requirements if they target underserved populations, (see page 27 for more details). Data and maps showing the location of eligible census tracts are available on the CDFI Fund website (cdfifund.gov).

According to the *Urban Institute's New Markets Tax Credit Program Evaluation (2013)*, data from the CDFI Fund indicates that 97 percent of QEI dollars were invested as QLICIs into low income community businesses with the balance (3 percent) going to fees, expenses, compliance and administrative costs.

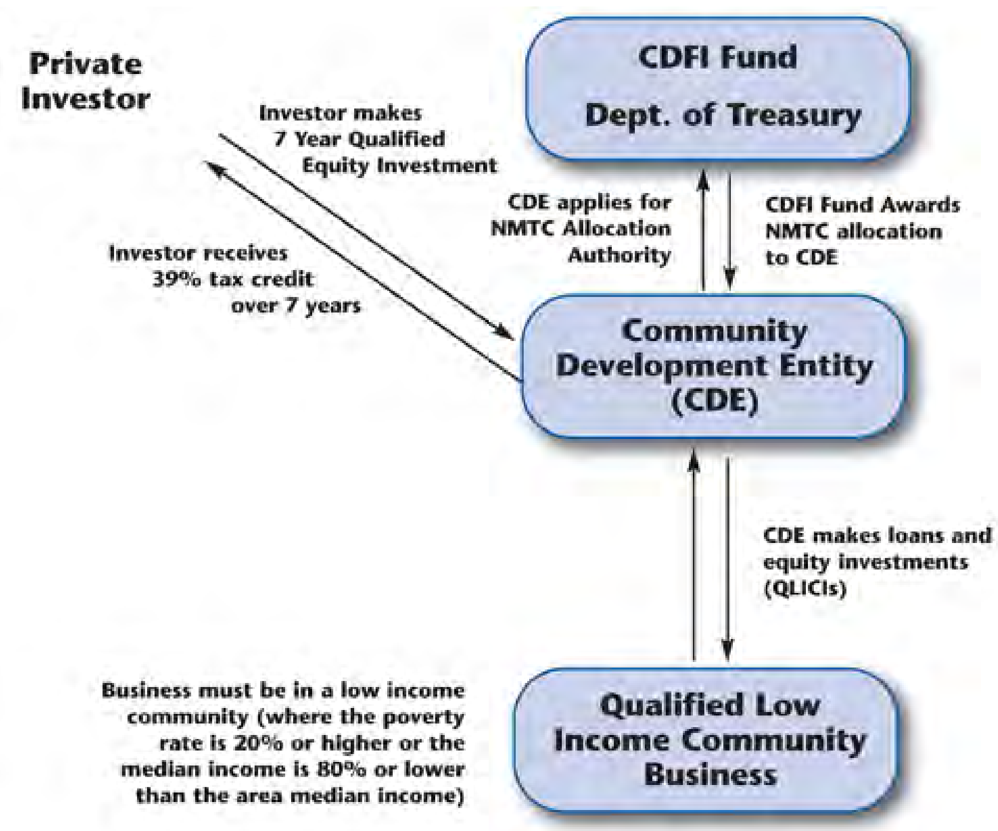
USES OF NMTC INVESTMENTS

QLICIs most typically involve loans or investments in qualified businesses. A CDE can invest in or loan to other CDEs, purchase qualified loans from other CDEs, or provide financial counseling to qualified businesses or community resident. While "substantially all" (85 percent or more) of a CDE's investments must be targeted to the low income service area identified by the CDE, there is significant flexibility in the types of businesses and development activities that NMTC investments support – including community facilities such as child care or health care facilities and charter schools, manufacturing facilities, for-profit and nonprofit businesses, and home ownership projects. Specific examples of businesses financed through New Markets include a peanut manufacturer in North Carolina, manufacturer of biofuels in New Hampshire, community health center in Oregon, high-tech business incubator in Colorado, daycare center in Illinois, grocery store in Ohio, and worker training facility in Michigan. More examples of NMTC projects can be found at the end of this report (Case Studies) as well as on the NMTC Coalition's project map on the Coalition website at nmtccoalition.org/map.

FEDERAL OVERSIGHT OF THE NMTC

The CDFI Fund administers the NMTC. This includes CDE certification, the allocation of NMTCs, and monitoring CDE compliance once Credits are awarded. The CDFI Fund tracks NMTC investment data - including jobs, investment amounts, and locations - through its Community Investment Impact System. The Internal Revenue Service (IRS), also under the Treasury Department, is responsible for issuing guidance on NMTC investments and monitoring taxpayer compliance.

Figure 1: How the New Markets Tax Credit Works



NMTC DEMAND

CDE demand for NMTC allocations continues to far outstrip the availability of Credits. Between 2003 and 2013, CDEs requested nearly $282 billion in allocation authority while the CDFI Fund only awarded $36.6 billion in NMTC allocation. Allocation demand has averaged more than 7 times the availability of the Credits, as show in Table 1.

Table 1:
NMTC Allocation Authority and CDE Demand by Year (2003-2013)

Year	Demand	Available Allocation Authority	Number of Awards
2003	$26,000,000,000	$2,500,000,000	66
2004	$30,000,000,000	$3,500,000,000	63
2005	$23,000,000,000	$2,000,000,000	41
2006	$28,300,000,000	$4,100,000,000	63
2007	$28,300,000,000	$3,900,000,000	61
2008	$27,900,000,000	$5,000,000,000	102
2009	$21,300,000,000	$5,000,000,000	99
2010	$22,500,000,000	$3,500,000,000	99
2011	$26,700,000,000	$3,600,000,000	70
2012	$21,900,000,000	$3,500,000,000	85
2013	$25,800,000,000	$3,500,000,000	TBD
TOTAL	$281,700,000,000	$36,600,000,000	749

Source: CDFI Fund NMTC application demand data (2003-2013)

The 2013 CDE Survey:

An Annual Snapshot of NMTC Activity

Since 2005, the Coalition has conducted an annual survey of CDEs that have received at least one NMTC allocation. This survey requests information on CDEs' NMTC activity in the previous calendar year. The survey data collected provides an annual snapshot of NMTC activity, and it provides up to date information on impacts and trends to policymakers and practitioners.

The Coalition's most recent survey collected data on NMTC activity in the 2013 calendar year. Survey findings continue to indicate that the NMTC is an effective tool for driving capital to areas of economic distress, creating jobs, and revitalizing both urban and rural communities.

A total of 64 CDEs responded to this year's survey. As of May 2014, these survey respondents had received a total of $17.1 billion in NMTC allocations throughout the course of the program, or nearly 50 percent of total allocation awarded as of February of 2014. In 2013, these CDEs raised more than $2.1 billion in QEIs and deployed nearly $2 billion in NMTC financing to 280 businesses in 46 states and the District of Columbia. In 2013, CDEs nationwide deployed $3.9 billion in QEIs. As such, these survey respondents represent a substantial share of the activity in the program (see Table 2).

CDE Survey of 2013 NMTC Activity
Table 2: By Service Area, Allocation History, QEIs and QLICIs in 2013

Service Area	Number of CDEs Responding to the Survey	Total Allocation (2003-2012)	QLICIs (2013)	QEI (2013)
Local	9	$881,000,000	$115,213,623	$135,782,264
Multi-state	13	$2,626,000,000	$402,850,730	$468,606,561
Statewide	11	$1,484,000,000	$206,431,500	$260,069,167
National	31	$12,169,000,000	$1,262,858,813	$1,209,263,057
Total	64	$17,160,000,000	$1,987,354,666	$2,073,721,049

Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1, 2003 – December 31, 2013

When applying for an allocation, CDEs must identify their target market as local, statewide, multi-state, or national. National CDEs comprised nearly half of survey respondents. These organizations constituted nearly three-fourths of the total Credit authority represented in the survey, the largest share of capital raised ($1.3 billion out of $2.1 billion), and well over half of the financing dollars (QLICIs) reported (see Charts 2 and 3).

Congressman Pat Tiberi (R-OH), Chairman of the Subcommittee on Select Revenue Measures of the House Ways and Means Committee and longtime supporter of the New Markets Tax Credit

NMTC: CATALYST FOR EFFECTIVE PUBLIC-PRIVATE PARTNERSHIPS

There are three key factors to consider when looking at the NMTC investment environment.

1. The NMTC provides a modest subsidy as compared to some other targeted federal tax credits. As noted previously, NMTC investors receive a federal tax credit equal to 39 percent of the total Qualified Equity Investment in a CDE, and the Credit is realized over a seven-year period. Therefore, taxpayers investing in the NMTC look for solid business deals that will yield economic return beyond the tax subsidy;
2. Since the inception of the NMTC, regulated financial institutions have constituted the principal source of investment capital for the Credit. The *2014 NMTC Progress Report* indicates this trend continues with CDEs reporting that 50.9 percent of the QEI investment dollars secured in 2013 came from regulated financial institutions (see Table 3); and
3. NMTC investments are not exempt from the Alternative Minimum Tax (AMT), which restricts the size of the investor market and puts NMTC at a competitive disadvantage with other similar federal tax credits that are exempt from AMT. There is anecdotal evidence that the AMT requirement is an impediment to participation of regional and community banks, as well as other individual and corporate investors with an interest in the Credit.

CDE Survey of 2013 NMTC Activity
Table 3: Sources of QEI Investment Dollars (both debt and equity)

Source	Total
Regulated financial Institution	50.9%
Private foundation	5.7%
Unregulated financial institution	4.6%
Debt from the equity investor	3.6%
Insurance company	1.0%
Venture capital fund	0.5%
Other private for-profit entity	20.1%
Other (none of the above)	13.6%

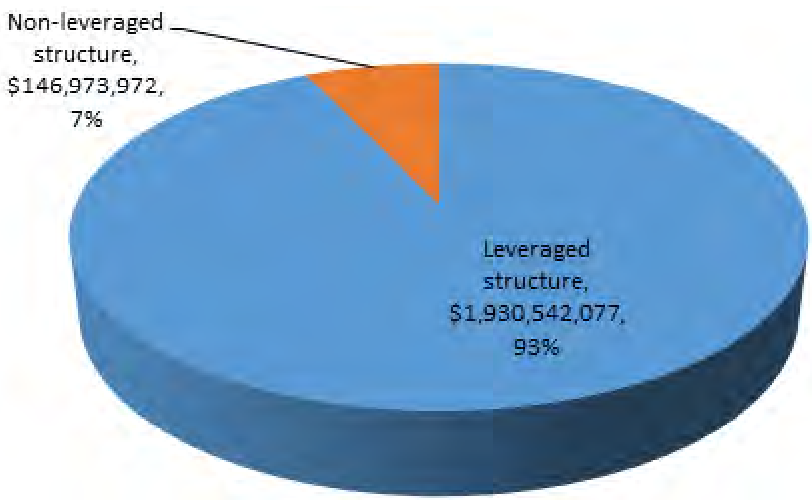
Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1 – December 31, 2013

‘LEVERAGE’ INVESTMENT STRUCTURE

In 2003, to improve and diversify the investor market and provide CDEs with additional tools to attract capital investment to distressed communities, the Internal Revenue Service (IRS) issued a ruling related to investing equity in a CDE in exchange for the NMTC. IRS Ruling 2003-20 clarified how an investment structure could be set up, as an intermediary entity between the NMTC investor and the CDE, to secure Qualified Equity Investments (QEIs). The intermediary entity, structured as an LLC or partnership, can receive equity investments from NMTC investors as well as debt from other sources, and all of the LLC’s funding (debt and equity) is then invested as a QEI into the CDE. The CDE can then pass the federal tax credits to the LLC (its QEI investor), which, as a flow-through entity can pass the entire tax credit up the chain to its equity investor. The IRS ruling endorsed this investment structure now commonly referred to as ‘leverage’.

The leveraged structure, which is widely used (see below), enables CDEs to raise equity alongside debt from entities, including those without federal tax liability, such as public and private nonprofit entities, pension funds, and state and local governments, thereby increasing the sources of capital available for NMTC investments. In 2013, 93 percent of qualified equity investments reported by survey respondents utilized the leverage structure (see Chart 4).

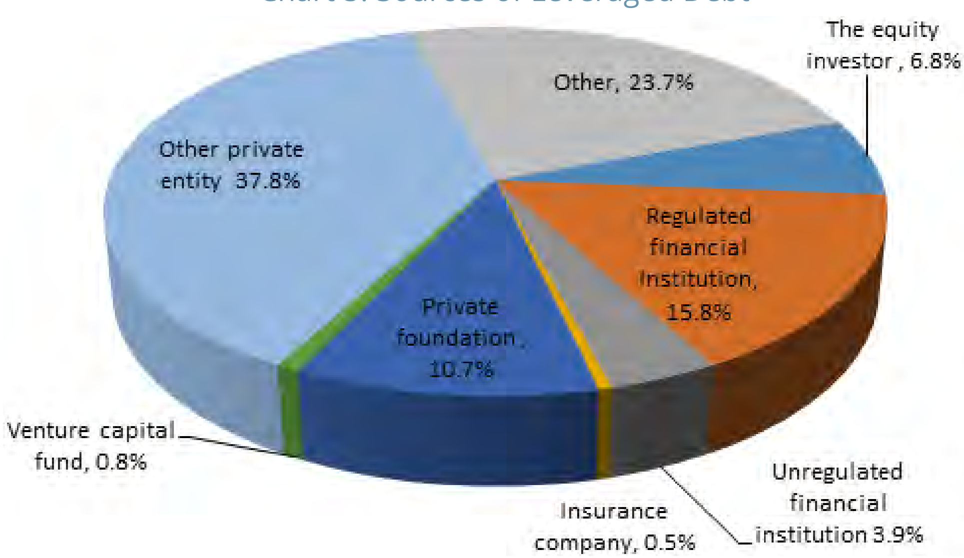
CDE Survey of 2013 NMTC Activity
Chart 4: Leveraged Structure vs Non-Leveraged Structure



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1 – December 31, 2013

The survey found that CDEs using the leveraged structure are looking to a variety of sources for their leveraged debt, including the NMTC equity investor, a financial institution other than the equity investor, a charitable donor, the project sponsor or another private entity (see Chart 5).

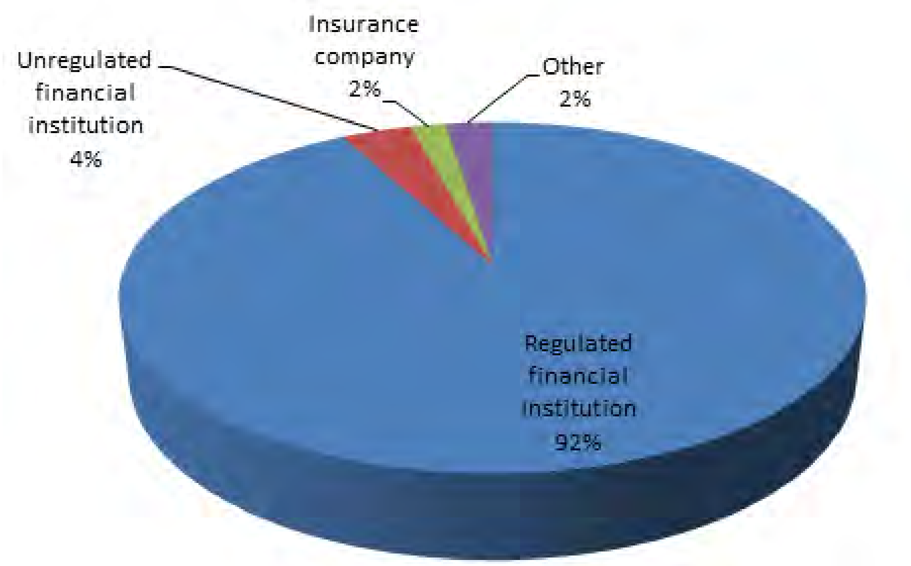
CDE Survey of 2013 NMTC Activity
Chart 5: Sources of Leveraged Debt



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1 – December 31, 2013

Equity investments made through the leveraged structure came almost exclusively (92 percent) from regulated financial institutions (see Chart 6).

CDE Survey of 2013 NMTC Activity
Chart 6: Sources of Equity Through the Leveraged Structure

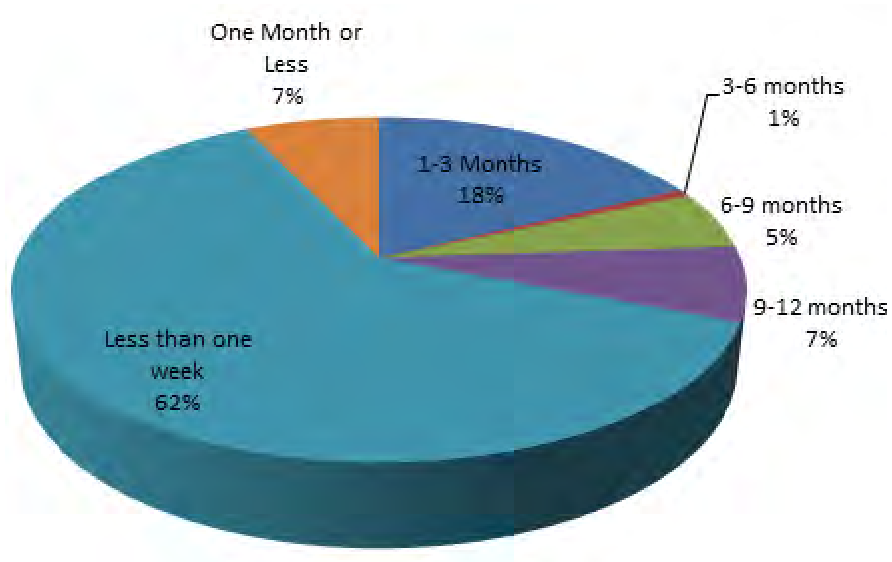


Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1, 2003 – December 31, 2013

DEPLOYING INVESTMENTS

As in past years, CDEs responding to the survey deployed their QEIs at a faster rate than required by law and the standard set by the CDFI Fund. According to the respondents, in 2013, 62 percent of the capital raised through QEIs was deployed in less than one week and 69 percent was deployed in a month or less (see Chart 7).

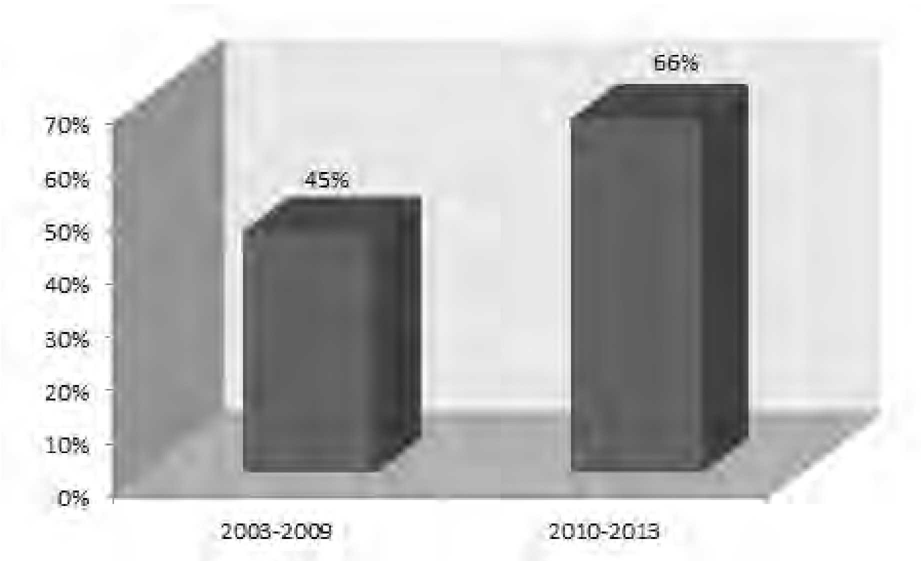
CDE Survey of 2013 NMTC Activity
Chart 7: Time Frame for Deploying NMTC Capital by Percent of CDEs



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1, 2003 – December 31, 2013

Over the course of the program, CDEs have achieved significant efficiencies and increased the pace with which they deploy capital into low income communities. Between 2003 and 2009, 47 percent reported that it took less than one week to deploy capital. Between 2010 and 2013, CDEs deployed 66 percent of their capital in less than one week (see Chart 8).

Historic Trends
Chart 8: Time Frame for Deploying NMTC Capital by Percent of CDEs
Percent of CDEs reporting "less than one week" to deploy capital



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1, 2003 – December 31, 2013

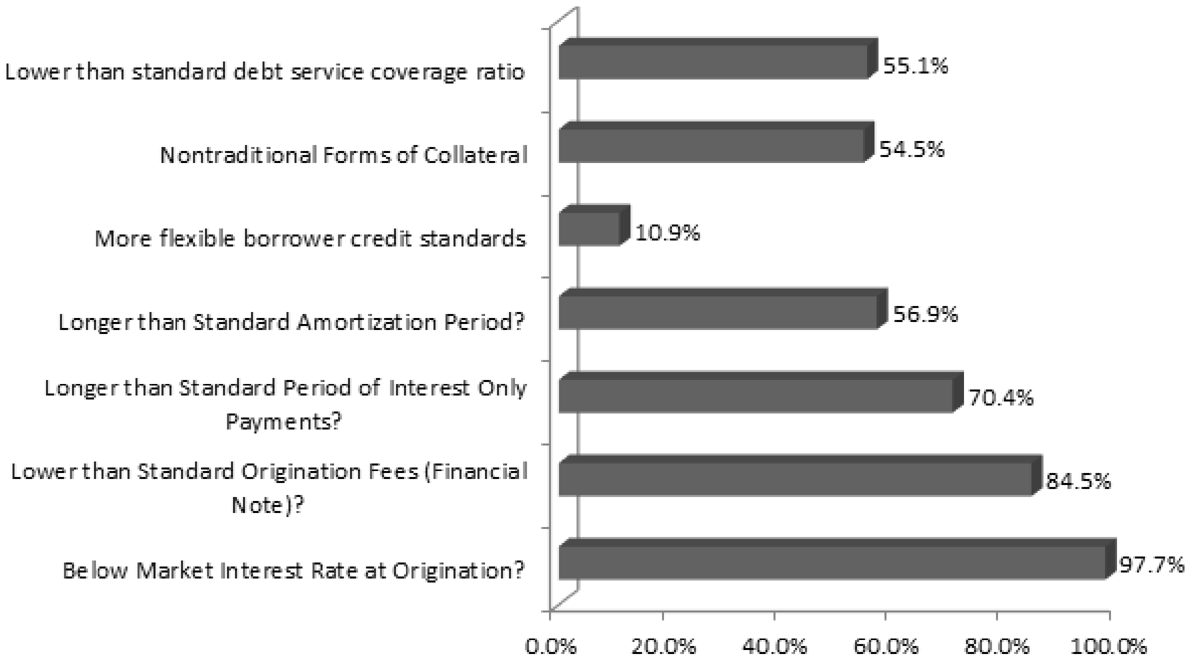
CDEs were asked to look forward to 2014 and report on their expected activity. In 2014, survey respondents anticipate making 394 investments, totaling well over $2.7 billion.

LENDING AND INVESTMENT

Survey respondents were asked to report on the financial products they made available through the NMTC. As noted, CDEs make financing available to businesses through Qualified Low Income Community Investments (QLICIs), which are principally loans and investments in businesses located in low income communities. In 2013, the survey respondents made 633 QLICIs, providing nearly $2 billion in financing to 329 qualified businesses (some businesses received two or more separate QLICIs) in low income communities. Of that number, 94 percent of QLICIs were in the form of a loan to a business.

Respondents' loans included a variety of below market and/or nontraditional features. Chart 9 highlights the range of below market and non-traditional features associated with NMTC debt products. Financing debt with below market interest rates, longer than standard terms, lower than standard origination fees, and longer than standard interest only payments were the most common features of debt products.

CDE Survey of 2013 NMTC Activity
Chart 9: Features of NMTC Financial Products Offered by CDEs
Percent of 2013 Projects (out of 273 total projects)



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1, 2013 – December 31, 2013

TYPES OF BUSINESSES FINANCED

All businesses eligible to receive financing under the NMTC are called Qualified Active Low-Income Community Businesses (QALICBs). To qualify as a QALICB, a business must be located in a low-income community, as well as conduct business and derive at least 50 percent of its income in a low-income community.

Survey respondents were asked to provide a description of the types of businesses financed, choosing from one of 33 categories. More than half (53.5 percent) of NMTC projects fall into one of three categories: manufacturing or industrial, mixed-use, or health care facility (see Table 4). Businesses categorized as "other" typically include service providers, loan funds, and operational businesses that do not fit the categories listed in Table 4 on Page 22.

Leaders of the House NMTC Extension Legislation (HR 4365)

“The New Markets Tax Credit is putting people to work and helping transform communities here in southeastern Pennsylvania.”

-Congressman Jim Gerlach (R-PA)

"Holyoke has benefited greatly from New Markets, with financing also going toward the Massachusetts Green High Performance Computing Center and the Holyoke Health Center."

-Congressman Richard Neal (D-MA)

CDE Survey of 2013 NMTC Activity
Table 4: Types of Businesses Financed, Jobs Created, and Total Project Costs

Business description	Businesses	Percent	Total project cost	FTE jobs	Construction jobs
Mixed use	39	13.9%	$1,053,031,851	3981	5590
Retail store	5	1.8%	$333,915,039	2121	8674
Grocery store	11	3.9%	$177,358,886	1042	1147
Pharmacy or health store	2	0.7%	$10,964,000	20	
Furniture or home furnishings store	1	0.4%	$2,500,000	2	
Building material, hardware, garden equipment, or supplies store	1	0.4%	$120,000	3	0
Hotel or other accommodation	7	2.5%	$156,174,073	398	713
Restaurant	3	1.1%	$772,900	18	25
Food services, caterers	1	0.4%	$13,987,500	94	94
Health care facility	46	16.4%	$726,580,104	6716	3834
Elementary or secondary school (non-charter)	2	0.7%	$20,095,721	61	150
Charter school	17	6.1%	$384,643,345	686	1645
Housing	1	0.4%	$10,486,032	5	75
Other educational service or facility (university, vocational training, etc)	5	1.8%	$113,047,387	260	461
Human or social service or facility	12	4.3%	$153,591,189	373	969
Child care center	2	0.7%	$27,683,420	89	162
Performing art, cultural, entertainment, recreation or other amenity	11	3.9%	$167,843,016	370	1796
Information technology	1	0.4%	$47,164,916	364	270
Finance and insurance	1	0.4%	$150,000	5	0
Professional (e.g. legal, accounting, architectural, advertising, PR), scientific, and technical	4	1.4%	$54,570,176	678	290
Administrative, support, office/business services	2	0.7%	$6,038,799	20	59
Transportation or warehousing	4	1.4%	$54,182,367	163	208
Wholesale trade	12	4.3%	$79,730,731	212	225
Manufacturing or industrial	65	23.2%	$1,008,551,275	5082	1611
Utilities (e.g. gas, electric power, energy, water and sewage)	5	1.8%	$77,919,826	297	46
Agriculture, forestry, timberlands, fishing and hunting	3	1.1%	$19,559,029	976	6
Other	17	6.1%	$217,839,282	1233	1325
Grand Total	**280**	**100.0%**	**$4,918,500,864**	**25,268**	**29,375**

The National Development Council, Community Reinvestment Fund and the Local Initiatives Support Corporation partnered to provide New Market Tax Credit financing to the Houston Food Bank. Photo source: The Houston Food Bank

Rep. Gary Peters (D-MI) visits the Gateway Marketplace in Detroit, Michigan.
Photo from the website of Represenative Gary Peters.

Impact of NMTC:

Jobs, Investment and Amenities in Distressed Communities

The primary purpose of the NMTC is to provide communities with the patient flexible capital needed to create jobs and spur revitalization. Because of the NMTC's flexibility, community impacts are diverse and wide ranging.

For the second consecutive year, CDE survey respondents were asked to report on the impact of project-level investment activities during calendar year 2013. CDEs detailed the impact of each project, the amount of investment, and the characteristics of the surrounding community.

Survey findings reinforce the impact data collected 2003-2012 by the CDFI Fund, data modeled by the NMTC Coalition's *NMTC Economic Impact Report* (December 2012), and the Urban Institute's recent report on the NMTC. The findings show that the NMTC continues to serve as an effective tool for job creation and revitalization in some of our nation's most economically challenged communities.

JOBS IMPACT

Survey respondents reported on full-time jobs (permanent jobs contributing the operation of a business) and construction jobs

CDE Survey of 2013 NMTC Activity
Table 5: Jobs Created by NMTC Projects Closing in 2013

Type of Jobs	Number of jobs
Full-time Jobs	25,268
Construction Jobs	29,375
Total Jobs	**54,643**

(jobs serving the construction or renovation of real estate). Respondents reported creating 20,251 full-time jobs and 27,570 construction jobs in 2013, for a total of 47,821 jobs (see Table 5 on the previous page).

Of the 25,268 full-time jobs created, more than half (15,779) were created in three sectors: industrial or manufacturing, healthcare, and mixed-use. More than 75 percent of the construction jobs (18,098) were generated by real estate projects involving the construction or renovation of mixed-use developments, healthcare facilities, and retail space.

COMMUNITY AMENITIES

The NMTC was not only designed to help businesses secure the resources they need to create jobs, but also to enhance community revitalization efforts by financing community facilities and other important amenities.

Because of a dearth of available capital, residents of low-income communities often lack adequate access to healthy food, healthcare facilities, or cultural amenities that more affluent communities take for granted. Nonprofit service providers in underserved communities face tremendous difficulties securing the capital needed to finance the development of affordable office space or expand their facilities to serve more residents.

Nearly 40 percent of projects financed in 2013 by survey respondents involved community facilities, such as schools, healthcare centers, or retail facilities. This tracks closely with past investment trends. An analysis of past CDFI Fund data from 2003 to 2011 shows that about one-third of NMTC financing - or nearly $1 billion annually - goes toward the construction or rehabilitation of community facilities.

Community Amenities Reported in the 2013 Survey of CDEs:

- 2,469 housing units
- 46 healthcare facilities
- 17 charter schools
- 12 human or social service or facilities
- 11 performing arts centers or cultural amenities
- 11 supermarkets
- 2 elementary or secondary schools (non-charter)
- 5 educational facilities (university or vocational training)
- 2 childcare centers

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. Nearly two-thirds of projects reported by CDE survey respondents involved some community benefits agreement.

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

- Creating a minimum number of jobs with quality wages and benefits for local residents;
- Supporting community college and high school partnerships or investing in the community through apprenticeship, training programs, and internships;
- Holding 20 percent of newly renovated real estate space at below market rent for the use of local nonprofits; and
- Making streetscape and landscape improvements.

CHARACTERISTICS OF COMMUNITIES RECEIVING INVESTMENTS

One hundred percent of financing under New Markets must go to census tracts with high rates of poverty (at or above 20 percent) or low median incomes (below 80 percent of the area median income). By definition, all NMTC projects are in low income communities. This survey confirms that CDEs continue to make investments in more highly distressed communities than the law requires.

Figure 3: Poverty and Unemployment in America

In the summer of 2013, the Census Bureau reported that for 2012, 46 million people in the United States were living below the poverty line. According to the Department of Labor and the Bureau of Labor Statistics, the unemployment rate averaged 7.35 percent in 2013.

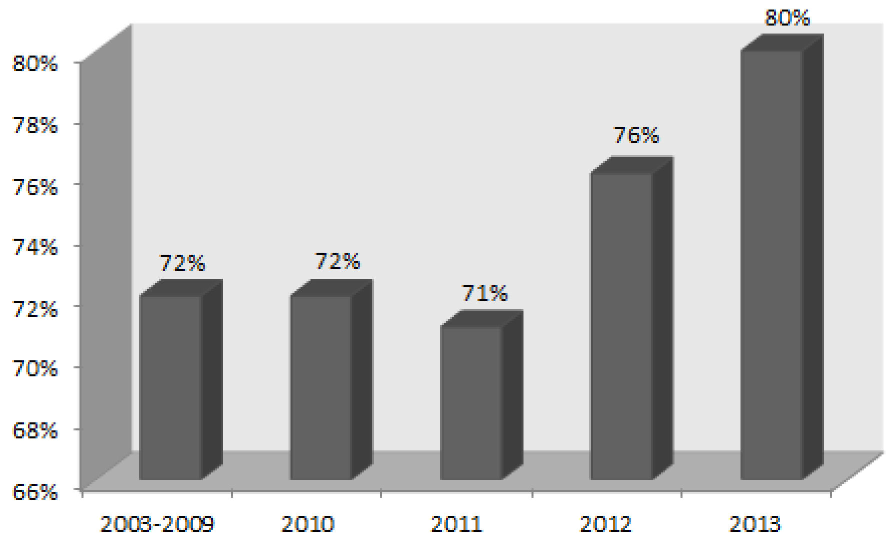
The survey data shows that CDEs are making investments in communities that far exceed the poverty or income thresholds for NMTC investments (see Table 7). For example, 55.3 percent of NMTC investments reported were located in communities where the poverty rate exceeded 30 percent, 55.8 percent were in communities with unemployment rates 1.5 times the national average, and 61.1 percent of investments were in communities where the median income is 60 percent of the area median income (see Table 6).

CDE Survey of 2013 NMTC Activity
Table 6: Investments in Areas of Higher Distress

Community Characteristic	Percent of QLICIs (dollars)
Poverty rates greater than 30%	55.3%
Median income less than 60% of area median income	61.1%
Unemployment at least 1.5 times the national average	55.8%
Severe distress (one or more of the above characteristics)	79.8%

2013 survey respondents reported an increase in their targeting of high distress communities (See Chart 11), up to 80 percent from 76 percent in 2012.

CDE Survey of 2003-2013 NMTC Activity
Chart 11: Investments in Areas of Higher Distress



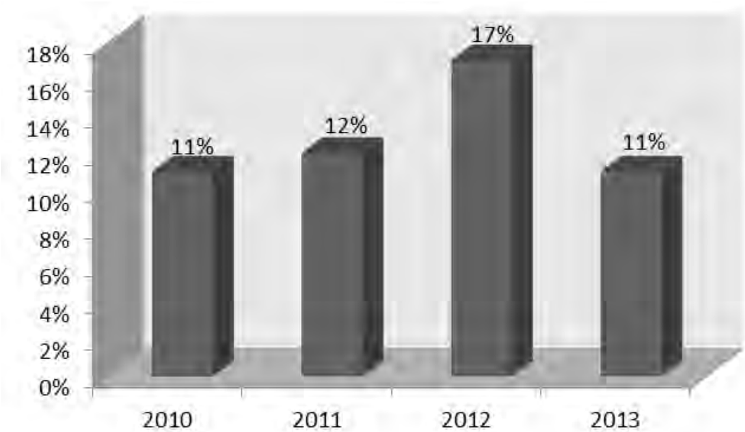
CDEs were particularly adept at creating jobs in communities experiencing an unemployment crisis (with unemployment rates 1.5 times the national average), creating 26,551 of the 54,643 total jobs (nearly 50 percent) in those communities.

USE OF TARGETED POPULATIONS

The American Jobs Creation Act of 2004 (PL 108-357) included a provision expanding the definition of a NMTC-qualified, low-income community to include Targeted Populations, 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." This change was particularly important for CDEs working in rural communities where pockets of poverty are not apparent when looking strictly at the poverty rate or area median gross income of a census tract. The strict census tract targeting also created a challenge for CDEs in urban areas where a business may be located just outside of a qualified low-income census tract even though the business activity clearly benefits a low-income population through employment and/or services.

The Coalition's last four surveys show that, more than 10 percent of projects have used targeted projects as an eligibility factor (See Chart 12).

CDE Survey of 2010-2013 NMTC Activity
Chart 12: Projects Utilizing Targeted Populations



When compared to the greater universe of NMTC projects, Target Populations projects are more likely to involve mixed-use developments. In fact, two-thirds of Targeted Populations projects reported in the 2013 survey involved a mixed-use development.

"Freeport Press (above) is an excellent example of the impact smart investments can have in rural communities," said Senator Sherrod Brown (D-OH).
Photo from the Finance Fund.

SPECIAL REPORT

Creating Economic Opportunity in Rural America

Rural economies present unique obstacles to revitalization, including a lack of economic diversity and investors, the limited availability of credit, the seasonal nature of employment, and geographic isolation. In the Coalition's *2006 NMTC Progress Report*, we asked "What about Rural?" and described the initial concerns surrounding the NMTC's ability to deliver capital to eligible rural communities. Since we first posed the question in 2006, there is evidence that the NMTC has a unique capacity to overcome these barriers and deliver capital to some of the country's most distressed rural communities. The Credit has made a significant impact in rural America, creating tens of thousands of jobs, financing over 600 businesses and facilities, and boosting local economies.

In 2006, Congress enacted The Tax Relief and Health Care Act of 2006 (P.L. 109-432), which amended the NMTC statute to ensure that non-metropolitan communities were allocated a proportional share of QLICIs. The CDFI Fund defined "non-metropolitan counties" as those counties that are not contained within a Metropolitan Statistical Area,[6] according to the most recent census.

There is evidence that the 2006 provision started a trend toward more investment in rural communities, as investment in non-metro counties has picked up in recent years, averaging 22 percent between 2010 and 2013 after averaging 17 percent between 2003 and 2009. This percentage is roughly proportional to the overall rural share of the population, which is about 20 percent.

ECONOMIC IMPACT IN RURAL COMMUNITIES (2003-2011)

The impact of NMTC investments in rural communities has been significant. An analysis of CDFI Fund data between 2003 and 2011 shows that the NMTC delivered $3.5 billion in capital to non-metro census tracts, leveraging an additional $3.5 billion from other sources for a total of $7 billion in capital investment to over 600 rural businesses. These NMTC investments created more than 67,000 jobs, including nearly 47,000 full-time jobs and over 20,000 construction jobs. In fact, despite the fact that only 20 percent of NMTC investments go to rural communities, more than 30 percent of the full-time jobs created by the NMTC are in rural communities.

NMTC IN SMALL TOWN AMERICA

The NMTC has created jobs in some of America's smallest communities where a sizeable investment in a new plant or facility creates a disproportionate economic impact.

Between 2003 and 2011, the NMTC generated a total of 18,539 jobs in towns with 5,000 or fewer residents. For example, the NMTC created 100 permanent jobs and 20 construction jobs at the Maniilaq Nursing Home in Kotzebue, Alaska, population 3,332.

Table 7: NMTC job creation (2003-2011), metro vs non-metro census tracts:

Metro or Non-Metro?	FTE jobs	Construction jobs	Total jobs
Metro	109,695	284,219	**393,914**
Non-Metro	46,922	20,814	**67,736**
Both*	1,608	1,950	**3,558**

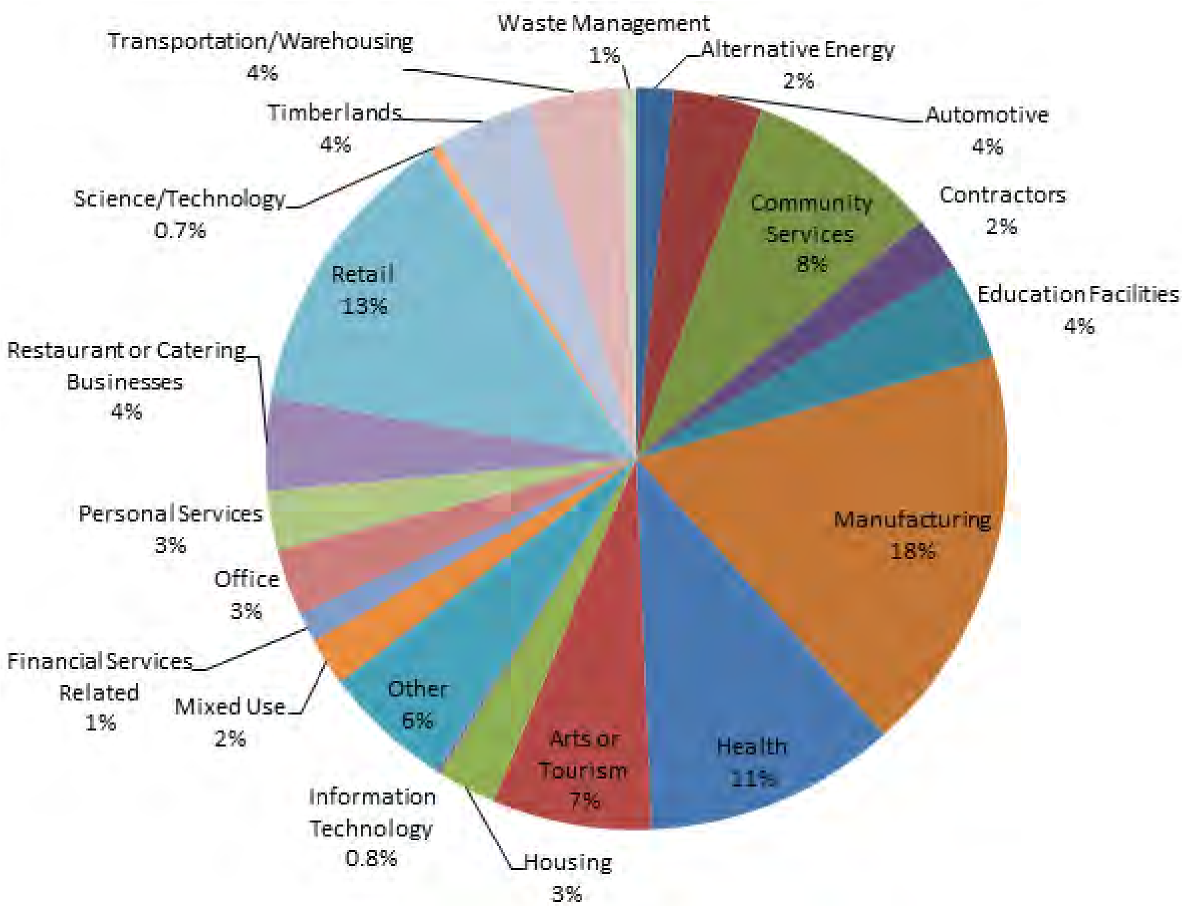
*some projects span metro and non-metro census tracts

Source: NMTC Coalition analysis of 2003-2011 CDFI Fund NMTC Transaction Data

Construction of a new manufacturing facility in Barnwell, South Carolina created 499 construction jobs and 116 new direct jobs. Photo from the NMTC Coalition's "NMTC At Work" report (Dec. 2012).

In addition to economic development, the NMTC helped rural communities address two persistent challenges: the access to healthcare and the loss of manufacturing jobs. In fact, between 2003 and 2011, manufacturing businesses and healthcare facilities were two of the most popular industries for rural NMTC investments.

Chart 13: NMTC Financed Businesses in Non-Metro Communities by Industry (2003-2011)



Source: New Markets Tax Credit Coalition analysis of CDFI Fund NMTC Transaction data, 2003-2011

FINANCING RURAL MANUFACTURING BUSINESSES

Over the last two decades, the statistics are bleak for rural manufacturing employment. Nationwide, rural communities have lost hundreds of thousands of manufacturing jobs. For example, a study by the University of Arkansas indicated that between 2000 and 2010, rural areas of Arkansas lost more than 53,000 manufacturing jobs.

The NMTC has helped many rural communities create or retain manufacturing jobs by providing financing to manufacturers for new facilities and equipment. Between 2003 and 2011, the Credit delivered over $1.4 billion in total project financing to 110 rural manufacturing projects, including: a butter manufacturer in New Ulm, Minnesota; a designer and manufacturer of electric heating equipment and controls in Cuba, Missouri; and a manufacturer of TV parts that created 270 jobs and retained an additional 200 jobs in rural Iowa. Eighteen percent of NMTC projects in rural communities involved manufacturing.

FINANCING RURAL HEALTHCARE FACILITIES

Rural residents have higher rates of age-adjusted mortality, disability, and chronic disease than their urban counterparts, and they also have less access to doctors and healthcare providers. According to research by the Stanford University, despite rural communities accounting for about 20 percent of America's population, less than 10 percent of physicians practice in these communities.[7]

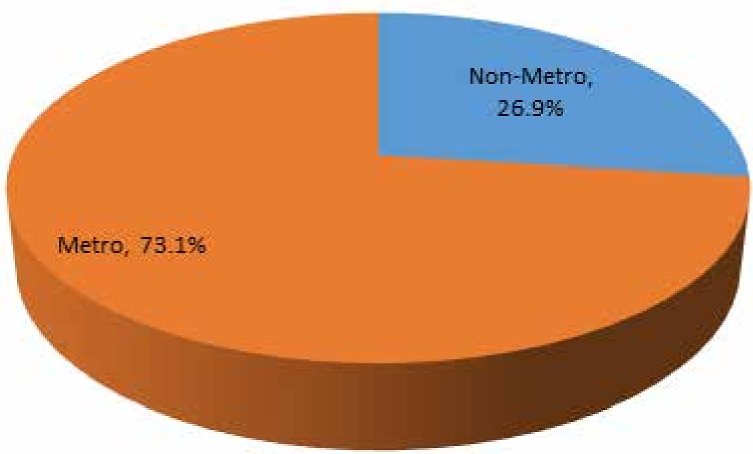
The NMTC has helped rural communities increase healthcare access, financing 68 rural healthcare facilities or clinics, totaling $536 million in project costs between 2003 and 2011. Examples of these projects include the Speare Memorial Hospital in the medically underserved community of Plymouth, New Hampshire, and the Delta Memorial Hospital in Dumas, Arkansas. Eleven percent of rural NMTC projects involved healthcare facilities.

The NMTC helped finance the construction and upgrade of the Delta Memorial Hospital. Photo from the NMTC Coalition's "NMTC At Work" report (Dec. 2012).

2013 SURVEY RESULTS

In 2013, survey respondents reported a total of $809 million (26.9 percent) of the NMTC financing went businesses in located in non-metro areas (see Chart 14), and these projects accounted for $1.1 billion in total project costs.

CDE Survey of 2013 NMTC Activity
Chart 14: Dollar Amount in QLICIs by Metro and Non-Metro Area (in millions)



Source: New Markets Tax Credit Coalition, survey of NMTC allocatee activity January 1 – December 31, 2013

Survey respondents reported 7,584 jobs created in non-metro census tracts in 2013, including 4,173 full-time jobs and 3,411 construction jobs.

CASE STUDIES

New Markets Tax Credit Success Stories from

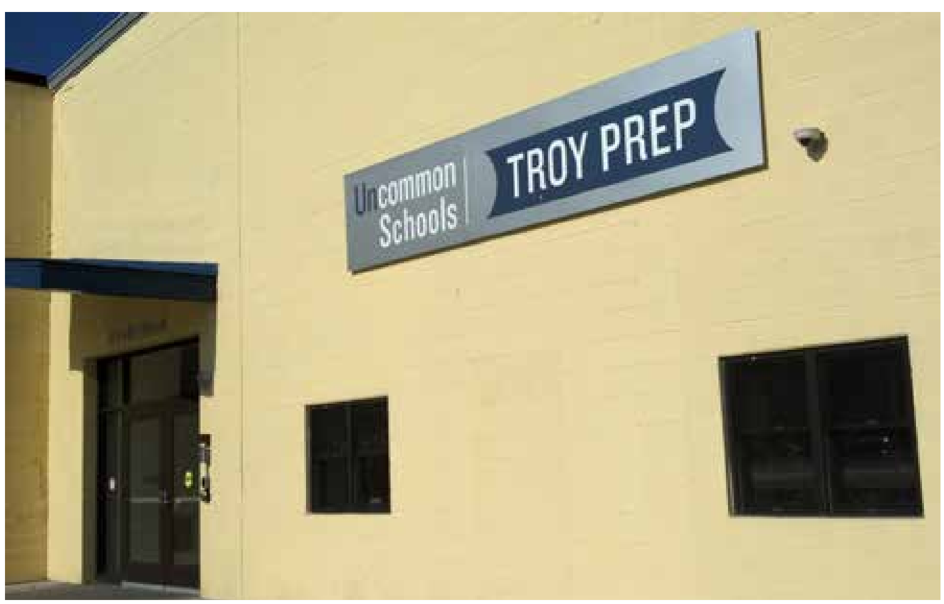
New York, South Carolina, Colorado, and Michigan

Troy Preparatory Charter School

Troy, New York

Troy, New York is located on the western edge of Rensselaer County and on the eastern bank of the Hudson River. The city has a 23 percent poverty rate, nearly twice the national average. Among the biggest challenges facing families in Troy, is access to quality education. The city's public schools are among the lowest performing in the state, and only 38 percent of residents have earned a high school diploma.

Troy Preparatory Charter School (Troy Prep) is part of the Uncommon Schools, a network of outstanding urban charter public schools closing the achievement gap and preparing low-income students to graduate from college. Opened in 2009, Troy Prep's students quickly outperformed local district averages on state assessments for reading and math. In 2010, Troy Prep sought to build a new campus for its elementary and middle schools to grow from 100 to 500 students in six years. Securing appropriate, affordable facilities is one of the key in overcoming obstacles to charter school growth, particularly those seeking to grow enrollment over several years. To finance the $8.9 million project, the Low Income Investment Fund (LIIF) provided a $5.8 million allocation of New Markets Tax Credits and a $1.3 million leveraged loan through the JPMorgan Chase Initiative for High-Performing Charter Schools, enabling Troy Prep to retrofit an existing facility to serve their growing school. JPMorgan Chase provided an additional $2.9 million loan for the project. The NMTC financing will help keep Troy Prep's debt service low as it works to increase its enrollment. In addition, Troy Prep was able to secure a higher level of debt financing at a lower rate than it would typically be able to obtain, enabling the school to afford a permanent facility and invest its revenues back into its academic programming.



NMTC ALLOCATEE

- Low Income Investment Fund
- San Francisco, CA

COMMUNITY PROFILE

- Troy, NY
- Poverty rate of 23%

PROJECT HIGHLIGHTS

- Construction of a school facility
- Total Project Cost: $8.9 million
- NMTC: $5.8 million
- Investor: Chase
- Jobs: 18 new permanent jobs for instructional staff and 70 construction jobs.

Troy Prep's new facility opened in 2011. The school now provides its 324 students, 92 percent of whom receive free or reduced-price lunch, with a rigorous academic program to prepare them for college and beyond. The project created 18 new permanent jobs for instructional staff and 70 construction jobs.

Continental Tire the Americas, LLC

Sumter, South Carolina

Continental Tire the Americas, LLC is an international automotive supplier and tire producer. In 2011, the company decided to locate a new one-million-square-foot, state-of-the-art plant in Sumter County, South Carolina, a severely distressed community with a 17.3 percent poverty rate and an unemployment rate of 12.1 percent.

Continental's new facility provides much needed job creation and economic stimulus to the economically depressed community of 40,500 in the form of 1,600 new full-time, permanent jobs over two phases of development. The first phase of the project, of which construction and hiring are underway, will allow the plant to increase production capacity to approximately five million tires per year by 2017. The second phase is expected to bring the plant's full production capacity to approximately eight million tires per year by 2021. Phase 1 project costs total $324 million and, altogether, Continental will invest more than $500 million into the Sumter plant. It is projected that the plant's presence and operations will leverage an additional 3,300 indirect jobs and over $670 million in related economic activity in the area. In 2012, Urban America LLC provided $10 million in NMTC financing, which bolstered NMTC commitments from four other Community Development Entities: Chase New Markets Corporation, Community Reinvestment Fund, People Incorporated, and the National Development Council/HEDC, which when combined, totaled $58.9 million, providing the funding necessary for Phase I of the Continental plant to move forward.

Construction of the new facility, which became operational in 2014, generated approximately 854 full-time, construction jobs. Continental is also offering full-time, high entry-level and managerial-level wages and comprehensive benefits. Entry-level wages begin at $14.66 per hour, over 25 percent higher than the area's median wage. The company also intends to offer job training through ReadySC, a division of the South

Image from ReadySC.org, a website setup to connect South Carolinans to employment opportunities at Continental

NMTC ALLOCATEE

- Urban America LLC
- New York, NY

COMMUNITY PROFILE

- Sumter, SC
- 17.3% poverty rate
- Unemployment 1.5 times national average

PROJECT HIGHLIGHTS

- Manufacturing facility
- Total Project Cost: $324 million
- NMTC: $58.9 million
- Co-Allocatees: Chase New Markets Corporation, Community Reinvestment Fund, People Incorporated, National Development Council
- Investor: Chase
- Jobs: 854 construction, 1,600 permanent

Carolina Technical College System. Through an agreement with Sumter County, an RFP process will identify local construction companies and will utilize qualified Women Minority Business Enterprise vendors.

This Continental Tire plant ranks as one of the most environmentally sensitive tire production facilities in the world. Their production includes incorporating pollution control and monitoring systems, eliminating the use of harmful solvents in the majority of the production process and reducing energy consumption through use of innovative heat recovery energy reuse technology.

"It's a great day in South Carolina when we break ground on a new facility for a world-class company like Continental. This is progress and we continue to celebrate that Continental Tire has chosen South Carolina for this $500 million investment that, along with the expansion of their Lancaster County headquarters, will create new jobs in our state."
-South Carolina Governor Nikki Haley at a groundbreaking ceremony

Stout Street Health Center

Denver, Colorado

The Stout Street Health Center has been a nationally recognized model of integrated healthcare for the homeless for over 25 years, serving more than 8,700 people a year. The center provides acute and primary medical, mental health, and oral health care to Denver's downtown homeless population. It was established in 1985 by the Colorado Coalition for the Homeless (CCH) as the city's first healthcare facility dedicated to serving the homeless.

When CCH needed a loan to finance a new facility and expand access to these critical medical services, Building America CDE, a subsidiary of the AFL-CIO Housing Investment, stepped in to provide $8.5 million in New Markets Tax Credit (NMTC) financing for the construction of a 50,000-square-foot replacement facility across the street from the present clinic. U.S. Bancorp Community Development Corporation provided another $8.5 million in NMTC financing to help this project move forward. The new Stout Street Health Center will be part of a $35.3 million mixed-use development which includes 78 units of mixed-income and supportive housing developed by the CCH's subsidiary, Renaissance Property Management Corporation. The integration of supportive housing and expanded health care at one site furthers CCH's proven approach of serving the multi-faceted needs of its clients.

"Not only does this project represent hundreds of good jobs for our members, but it is also going to bring quality healthcare and housing to many of Denver's homeless individuals," said Neal Hall, Business Manager of the Colorado State Building and Construction Trades Council. Construction of the new facility will allow the center to increase the number of people it serves by approximately 75 percent for a total of up to 15,500 people served each year. The project also reinforces CCH's policy of serving the multifaceted needs of its clients by leveraging the development of supportive housing at the Renaissance Stout Street Lofts, which will have 78 units for formerly homeless and low-income families and youths. Residents will have access to such services as counseling, life skills training, financial literacy, and employment assistance. "The investment from Building America has been critical, and along with the work of U.S. Bank and other partners, it really pro-

Photo by Jordan Loyd Photography

NMTC ALLOCATEE

- Building America CDE, Inc.
- Washington, DC

COMMUNITY PROFILE

- Denver, CO
- Poverty rate: 34.8%, Median Family Income: 33.7% and Housing Hot Zone

PROJECT HIGHLIGHTS

- Mixed use development including mixed-income housing and healthcare center for the homeless
- Total Project Cost: $35.3 million
- NMTC: $17 million ($8.5 million from BACDE and $8.5 million from USBCDC)
- Co-Allocatee: U.S. Bancorp Community Development Corporation
- Investor: U.S. Bancorp Community Development Corporation
- Jobs: An estimated 210 union construction jobs, 70 new permanent positions created and 100 existing healthcare and related jobs retained.

vides the equity that we need in order to leverage other grants in the community, in order to build this $35 million project," said John Parvensky, President of the Colorado Coalition for the Homeless.

The entire development will be union-built, creating an estimated 210 union construction jobs. Another 190 local jobs will also be generated by the construction. When completed, the Stout Street Health Center will create 70 new permanent positions while retaining 100 existing healthcare and related jobs.

ABOUT BUILDING AMERICA

Building America CDE was established as a subsidiary of the AFL-CIO Housing Investment Trust (HIT) in 2010. The U.S. Treasury Department's CDFI Fund certified Building America as a Community Development Entity, making it eligible to offer federal New Markets Tax Credits to investors. Building America was awarded $35 million of these tax credits in 2011 and received a second allocation of $50 million in 2012. Building America's parent company, the HIT, is a fixed-income investment company registered with the Securities and Exchange Commission. It manages $4.6 billion in assets for over 350 investors, which include union and public employee pension plans. The HIT invests primarily in government and agency insured and guaranteed multifamily and single family mortgage-backed securities. The HIT is one of the earliest and most successful practitioners of socially responsible, economically targeted investing, with a 50-year track record that demonstrates the added value derived from union-friendly investments.

Project rendering by the Colorado Coalition for the Homeless

The Gateway Marketplace

Detroit, Michigan

When the Gateway Marketplace opened in 2013, it was the first major retail project within the City of Detroit in decades. The new retail center provided healthy food options along with dining and shopping selections to local residents, created jobs, and eliminated a 36-acre Brownfield site on a parcel of land that was dormant for years.

This revitalization project was financed by the Michigan Economic Growth Authority, a loan from the General Retirement System of the City of Detroit, and $57.6 million in critical New Markets Tax Credit financing, provided by National New Markets Fund, Invest Detroit CDE, National Community Investment Fund, Wayne County-Detroit CDE, and Liberty Financial Services. The development of the Gateway Marketplace was completed in two phases and was 95 percent preleased upon opening.

The Marketplace is located in a neighborhood designated by the U.S. Department of Agriculture as a federal food desert and was surrounded by three additional food deserts. The Meijer Supercenter includes a gas station, drive-thru pharmacy and a 1,000 square foot Huntington National Bank branch. Meijer also offers free in-store access to clinical-services pharmacist and a free prescription program which provides select medications at no cost. The retail center also includes two banks, a pet supplies store, a vision optical store, three casual dining options, two shoe stores and four apparel stores.

It is doubtful that the Gateway Marketplace retail development, which generated much-needed jobs and revenue for Detroit, would have come to fruition without NMTC financing. "New Markets Tax Credits are a critical financing tool to deliver projects that would not otherwise be developed," said Dave Blaszkiewicz, president of Invest Detroit, at an April 2014 roundtable discussion in Detroit. “We still need ways to bridge the financing gaps. The economics

NMTC ALLOCATEE

- Invest Detroit CDE
- Detroit, MI

COMMUNITY PROFILE

- Detroit, MI
- 40% poverty rate
- Median income 30% of Area Median Income
- Unemployment rate of 37.2%
- USDA Food Desert

PROJECT HIGHLIGHTS

- Construction of retail center
- Total Project Cost: $58.5 million
- NMTC: $57.6 million
- Co-Allocatees: National New Markets Fund, National Community Investment Fund, Wayne County – Detroit CDE, Liberty Financial Services
- Investor: U.S. Bancorp Community Development Corporation
- Jobs: 326 construction jobs and 634 permanent retail jobs

don't deliver the projects. We need additional incentives." The roundtable included U.S. Representative Gary Peters (D-MI) and Don Graves, director of President Obama's Council on Jobs and Competitiveness.

Detroit Gateway Park Outlet Mall, LLC purchased the land for development in 2004. The project was delayed after the economic downturn in subsequent years. In 2008, the Detroit Economic Growth Corporation identified interested anchor tenants and was given authorization to develop a Tax Increment Financing (TIF) plan to assist the project. Detroit Gateway Park Outlet Mall, LLC hired REDICO in 2010 to manage the project which broke ground in May 2012. Construction was completed in July 2013. "A lot of people questioned the viability of this project, but you can see the viability. Meijer has said, 'We're hitting it out of the park,'" said Ken Till, senior vice president of development at REDICO.

The Gateway Marketplace project helps mitigate the nearly $1.5 billion of retail leakage that occurs each year when Detroit residents shop outside of the city. It is estimated that the Gateway Marketplace will bring more than $1.7 million of annual sales to the community. This project provided jobs for neighborhood residents in a census tract with 37.2 percent unemployment; 51 percent of the 326 Gateway Marketplace construction jobs were performed by Detroit residents and 30 percent of the contracts were awarded to Detroit-based businesses. In addition to the construction jobs, 634 permanent retail jobs were created.

NMTC TIMELINE

2000

December • NMTC Program signed into law as part of the Community Renewal Tax Relief Act of 2000 (PL 106-554)

2001

December • IRS released temporary NMTC regulations
• CDFI Fund issued CDE certification application

2002

October • First-round allocation applications submitted to CDFI Fund with a $26 billion in demand for $2.5 billion in available allocations

2003

March • CDFI Fund awards $2.5 billion in first-round allocations
October • Second-round allocation applications submitted to CDFI Fund with a $30 billion demand for $3.5 billion in available allocations

2004

March • IRS released revised temporary NMTC regulations
May • CDFI Fund awards $3.5 billion in second-round allocations
October • American Jobs Creation Act of 2004 (PL 108-357) passed with a provision expanding the definition of a low income community to include a Targeted Population
December • Third-round allocation applications submitted to CDFI Fund with a $23 billion demand for $2 billion in available allocations
• IRS releases final NMTC regulations

2005

July • CDFI Fund awarded $2 billion in third-round allocations
December • Gulf Opportunity Zone Act of 2005 (PL 109-135) signed into law providing an additional $1 billion in NMTC allocation authority for CDEs working in communities affected by Hurricane Katrina – (GO Zone)

2006

March • CDFI Fund announced plans to award the first $600 million in Credits targeted to CDEs working in qualified communities in the GO Zone
June • CDFI Fund released fourth-round allocations and $600 million in Credits for the Go Zone
• IRS released a notice on Targeted Populations
December • Tax Relief and Health Care Act of 2006 (PL 109-432) is signed into law with language to ensure that non-metro communities secure a proportional allocation of NMTC investments

2007

March • Fifth-round allocation applications submitted to CDFI Fund with $28 billion in demand for $3.5 billion in available allocations

April • New Markets Tax Credit Extension Act of 2007 (HR 2075/S 1239) is introduced by Representatives Neal (D-MA) and Lewis (R-KY) and Senators Rockefeller (D-WV) and Snowe (R-ME)

October • CDFI Fund awarded $3.5 billion in fifth round allocations and $400 million in allocations for the GO Zone

2008

February • President Bush calls for one-year extension of the NMTC in his Fiscal 2009 Budget

March • Sixth-round allocation applications submitted to the CDFI Fund with $21 billion in demand for $3.5 billion in available allocations

October • CDFI Fund awarded $3.5 billion in sixth-round allocations

2009

February • The American Recovery and Reinvestment Act (ARRA) was signed into law adding $3 billion in NMTC allocation authority equally divided between 2008 (sixth-round) and 2009 (seventh round) bringing the annual NMTC allocation authority to $5 billion

April • Seventh-round allocation applications submitted to the CDFI Fund with $23 billion in demand for $5 billion in available allocations

May • CDFI Fund awarded $1.5 billion in 2008 allocations made available through ARRA to 32 CDEs

August • New Markets Tax Credit Extension Act of 2009 (HR 2628) is introduced by Representatives Neal (D-MA) and Tiberi (R-OH)

December • New Markets Tax Credit Extension Act of 2009 (S 1583) is introduced by Senators Rockefeller (D-WV) and Snowe (R-ME)

• The House passed the Tax Extender Act of 2009 (HR 4213) with language extending the NMTC through 2010 with $5 billion in NMTC allocation authority

2010

February • President Obama's 2011 Budget calls for a two-year extension of the NMTC, through 2011, with AMT relief for NMTC investors

April • CDFI Fund releases eighth-round allocation applications for $5 billion in allocation authority

June • Eighth-round allocation applications submitted to the CDFI Fund with $23.5 billion in demand

September • The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (111-312) provides a two-year extension of the NMTC (2010 and 2011) with annual credit authority of $3.5 billion (the pre-ARRA allocation level)

2011

February • President Obama's FY 2012 Budget calls for a one-year extension of the NMTC, through 2013 with $5 billion in NMTC allocation authority, and AMT relief for NMTC investors;

April • CDFI Fund awarded $3.5 billion in 2010 allocations to 99 CDEs

May • New Markets Tax Credit Extension Act of 2011 (S 996) is introduced by Senators Rockefeller (D-WV) and Snowe (R-ME)

June • Ninth-round allocation applications submitted to the CDFI Fund with $23.5 billion in demand

July • New Markets Tax Credit Extension Act of 2011 (HR 2655) is introduced by Representatives Gerlach (R-PA) and Neal (D-MA)

2012

February • President Obama's FY 2013 Budget calls for a two-year extension of the NMTC with $5 billion in NMTC allocation authority per year, and AMT relief for NMTC investors

March • CDFI Fund awarded $3.6 billion in allocations to 70 CDEs

August • Senate Finance Committee marks up tax extenders package that includes two-year extension of the NMTC with $3.5 billion in annual allocation authority

2013

January
- NMTC is extended for 2 years (2012/2013) as part of the American Taxpayer Relief Act (P.L. 112–240). Extension provides $3.5 billion in annual allocation authority

April
- President Obama's FY 2014 Budget calls for a permanent extension of the NMTC at a level of $5 billion in annual allocation authority

June
- The CDFI Fund awarded $3.5 billion in allocations to 85 CDEs.
- New Markets Tax Credit Extension Act of 2013 (S 1133) is introduced by Senators Rockefeller (D-WV) and Blunt (R-MO)

2014

March
- The President's FY 2015 Budget called for a permanent extension of the NMTC at a level of $5 billion in annual allocation authority
- New Markets Tax Credit Extension Act of 2014 (HR 4365) is introduced by Representatives Gerlach (R-PA) and Neal (D-MA)

CITATIONS:

1. Bureau of Labor Statistics, net jobs created.
2. NMTC Coalition Preliminary Estimate of Total Project Costs 2003-2012
3. CDFI Fund FY 2013 Agency Financial Report
4. Based on Joint Committee on Taxation estimates.
5. See Treas. Reg. §1.45D-1(d)(1)(iv).
6. Metropolitan areas contain core counties with one or more central cities of at least 50,000 population or with a Census Bureau defined urbanized area and a total area population of 100,000 or more, as well as fringe counties that are economically tied to the core counties. All other counties are considered to be non-metropolitan.
7. “Healthcare disparities & barriers to healthcare.” Stanford University of Medicine, 2010.

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