

**Introduction**

Congress has an opportunity to provide resources to vulnerable, low-income communities dealing with the impact of the Coronavirus. It is clear that the pandemic will wreak havoc on local economies and low-income rural and urban communities will be the hardest hit.

These are the very communities that have benefited the most from the New Markets Tax Credit (NMTC). Through Sept. 2019, the NMTC delivered over $100 billion[[1]](#footnote-1) total project financing to over 6,000 projects. In 2019, eighty percent of NMTC activity is in highly distress communities that far exceed the statutory requirements for economic distress.

**Emergency Allocation for NMTC**

The CDFI Fund is currently evaluating the 2019 application round with awards scheduled for the summer. ***Congress should provide an emergency NMTC allocation of $1.5 billion to be added to the 2019 round.*** The CDFI Fund can administer the emergency round using existing applications and a supplemental questionnaire, a procedure they used when Congress provided an emergency NMTC authorization for the GO-ZONES in 2005.

While the proposed emergency allocation would be generally available to help communities meet a wide variety of needs, it is important to note NMTC’s track record in two particular areas of concern in the current environment.

**Health Care**

The healthcare system in low-income communities is the least prepared to deal with the fallout from the Coronavirus. As the disease overwhelms Intensive Care Units (ICUs) and increasingly monopolizes the resources of hospitals and testing overwhelms primary care physicians, the entire healthcare system could be stressed to its limit. The need will extend beyond ventilators and upgraded ICUs to basic healthcare equipment and infrastructure. Without additional healthcare capacity, doctors will be forced to put-off treatments for extended periods. When the pandemic recedes, health systems will be overwhelmed with demand for treatment, surgeries, and procedures postponed during the height of the crisis. This is particularly the case in high-poverty areas already struggling with poor health outcomes and inadequate facilities.

Congress can act now to help distressed communities meet the oncoming tsunami of demand by providing additional resources to community development organizations through the NMTC.

**NMTC Track Record on FQHCs:** The NMTC is one of the most important sources of funding for the financing and equipping of FQHCs. To date, over $3.9 billion in NMTC investments have supported the financing of 361 FQHC projects serving over 7.2 million patients in low-income communities.

**Financing for Small Businesses**

The Coronavirus is also threatening to destroy the fragile, hard-earned recovery of small businesses. Coalition members are sending us stories from across the country describing small businesses hitting their breaking point. An emergency allocation through the NMTC program would ensure investment dollars help stabilize the communities hardest hit by the pandemic.

**NMTC Track Record on Small Businesses:** Nearly half of NMTC transactions in 2017 were loans to small business loans for working capital or equipment purchase. To date, the NMTC has delivered $1 billion in capital to 1,684 small businesses with a median loan size of $475k.

March 12, 2019

1. NMTC Coalition analysis of CDFI Fund data (2003-2016), its annual survey of CDEs (2017-2018), and OCC data (2018-2019). [↑](#footnote-ref-1)