

NEW MARKETS TAX CREDIT COALITION

THE TRUTH ABOUT NEW MARKETS TAX CREDIT PROGRAM

Facts: Federal community-development programs utilize the individual poverty rate as the standard metric.

- The family poverty rate is not an accurate measure of economic distress and undercounts the number of people living in poverty.
 - The family poverty measure would exclude 25 percent of the nearly 34 million people living in poverty in the United States, mainly by undercounting unrelated people who live together, most of whom are low income and elderly.
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Facts: By any reliable metric, NMTC investments target economically-challenged communities with over 90 percent occurring in highly-distressed areas and 100 percent in qualifying census tracts.

- Over 90 percent of NMTCs have gone to communities with distress levels in excess of government requirements for the program.
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Facts: The New Markets Tax Credit program is one of the most cost-effective ways to create jobs and drive investment in communities with high rates of poverty and unemployment.

- According to the U.S. Department of Treasury, the NMTC program has generated \$12 of investment for every \$1 of federal investment.
 - Using current Recovery Act standards, this program is responsible for creating or retaining an estimated 500,000 jobs at a fraction of the investment for other federal programs.
 - Currently \$50 billion in capital has been invested in some of the nation's most underserved communities. This figure excludes federal taxes generated by the economic activity associated with such projects.
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Facts: NMTC investments provide much needed capital to underserved communities and help spur urban and rural revitalization.

- The majority of Credits are used to invest in manufacturing, retail, and community-facility spaces where business can grow and expand.
 - Through NMTCs, starved small and medium-sized businesses – from bakeries and manufacturing facilities to community health centers and technology companies – receive financing on terms and conditions that are below market rate.
 - Results from surveyed Community Development Entities reaffirm that 90 percent offer below-market interest rates to their borrowers.
 - 64 percent cite more flexible repayment provisions.
 - 31 percent offer subordinated debt.
 - 27 percent of surveyed CDEs provide lower-than-market-rate origination fees.
 - NMTC program attracts private capital in a particularly difficult economy, and investments create thousands of full-time jobs and construction jobs.
 - NMTCs encourage private investors who may have never considered investing in high-risk areas to finance projects in economically-distressed communities.
 - According to a Government Accountability Office report, 88 percent of investors surveyed would not have made the investment in the low-income community without the Credit.
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Facts: 95 percent of total investments generated through NMTC were used to invest in non-hospitality projects.

- The majority of NMTC financing helps small businesses and projects – including housing, community, retail, or industrial – grow and thrive in underserved communities.
 - Only 5 percent of the total allocated Credits were used to subsidize hospitality projects.
 - While a limited number of NMTCs invest in hotels and museums, economic-development experts cite these as ‘on-ramps’ to jobs for lower-skill workers.
 - Jobs are vital to rebuilding low-income neighborhoods.
 - While the Blackstone Hotel in the west side of Chicago has received publicity, there are various notable projects that have been financed in close proximity to the hotel including the Charles T. Shaw Technology & Learning Center that houses the Henry Ford Academy, and a medical center in North Lawndale that will provide 50,000 medical and 20,000 dental visits annually and create hundreds of new permanent jobs and construction jobs.
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As a result of NMTCs, hundreds of thousands of construction and full-time jobs have been created, and financing provided for small and medium-sized businesses in hard-hit urban and rural areas.

We invite you to learn more at <http://nmtccoalition.org/10th-anniversary-report>.