

Lenders Coalition for Community Health Centers



New Market Tax Credits Support Community Health Centers

Community Health Centers are the Backbone of America's Health Safety Net

- Close to 62 million Americans do not have a regular source of primary health care – meaning that all too often their first interactions with the health care system are emergency rooms and hospitals. The nation's network of **community health centers** is our prime means of expanding access to preventative health care to these underserved families.
- There are nearly 1,400 community health centers operating 11,000 delivery sites in distressed rural and urban communities throughout the country, providing integrated, quality primary care to more than 22 million low-income Americans. **44% of community health centers serve rural communities.**
- They provide these services regardless of a patient's ability to pay, and they do so in a cost effective manner that produces an estimated **\$24 billion in annual health savings.**
- Community health centers served an estimated 28 million patients in 2018, and this number is expected to grow to 32 million patients by 2020.
- In order to serve this expanded patient population, several billions of dollars are needed to support the construction of new delivery sites and the expansion and rehabilitation of existing treatment centers.
- It is estimated that each \$1 billion of capital invested supports 2.4 million square feet of health center space, over 6,235 staff persons and nearly 1 million more patients annually.

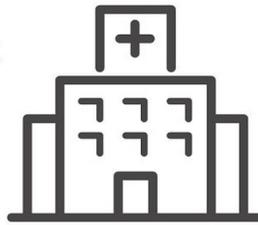
New Market Tax Credits Finance Community Health Centers

- Most community health centers lack access to financing from mainstream financial institutions, which perceive risks associated with the variable and short term nature of their funding and the often limited value of the facility as collateral.
- The *New Markets Tax Credit (NMTC)*, which provides a tax credit totaling 39% of the investment amount for private sector investments in businesses and real estate projects in low income communities, helps to mitigate this risk and has proven to be a highly effective tool for financing community health centers.

- NMTCs are awarded to community development entities (CDEs) on a competitive basis each year, and CDEs have steadily been increasing their investments in community health centers. In 2017, over 11% of all NMTC-financed projects were community health centers, compared with just under 4% in 2007. **Through 2017, \$3.6 billion of NMTC investments have financed 333 community health facilities that are serving 6.7 million patients annually.**



\$3.6 billion in
NMTC Allocation
\$5.2 billion in
Total Project Costs



333 facilities
financed
11,399,800
Square Feet



6.7 million patients
served annually

Examples of New Market Tax Credits Supporting Community Health Centers

- Mountain Park Health Center** in Tempe, Arizona offers family medicine, pediatrics, and women's health services. The **\$15.4 million** clinic will include 40 large exam rooms to accommodate families, strollers, and wheelchairs, laboratory space, and meeting space open to other community groups. **\$13.65 million in NMTCs** supported renovations of an existing, vacant building into a **32,000 SF** federally qualified health center which serves an **additional 13,000 patients per year**. In addition, **72 permanent jobs** and **60 construction jobs** were created in result of the project.



- Located in Warsaw, Missouri, **Harbor Village's** new **\$7.6 million facility** consists of a **23,313 SF** building located on 6.8 acres occupied by three service providers and includes flexible space for community meeting use. The three service providers include Katy Trail Community Health, a federally qualified health center, Pathways Community Health, a nonprofit providing community mental health and substance abuse treatment, and Care Connection for Aging Services, a provider of support services for the elderly. **\$7.5 million in NMTCs** were used to finance the development of the site. Over **3,500 new patients** are being served annually. In additional, **32 permanent jobs** were relocated and **24 new jobs were created**.

What Can Congress Do?

- NMTCs are scheduled to expire in 2019. They must be made a permanent part of the tax code.
- Congress should support legislation in the House (H.R. 1680) and the Senate (S. 750) that would make the NMTC permanent, with \$5 billion in tax credit authority per year, indexed to inflation.

The Lenders Coalition for Community Health Centers (LCCHC) is a coalition of 25 Community Development Financial Institutions (CDFIs) in support of federal policies and programs that support investments in Community Health Centers.

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The New Markets Tax Credit Coalition is a national membership organization with over 150 members that was founded in 1998 to advocate on behalf of the NMTC program. For more information, please contact Paul Anderson at Paul@rapoza.org.