

# New Market Tax Credits spurs Nashville revitalization projects

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By [Katy Smith](#) – Contributor

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Interfaith Dental Clinic gives low-income patients in Nashville and beyond the chance to smile proudly.

With the help of a program designed to support economic development in disadvantaged communities, Interfaith will be able to nearly double the number of smiles it serves to 5000 a year – and will create a hub for local nonprofits to boot.

The clinic is undertaking an \$8 million renovation of the 30,000-square-foot Aladdin Industries building on Murfreesboro Road, where it will be joined by Prevent Child Abuse Tennessee and Make-A-Wish Foundation of Middle Tennessee. “We envision a campus of nonprofits where we can share space and leverage some collaborative activity to reduce costs that fall outside our core mission,” said Dr. Rhonda Switzer-Nadasdi, CEO of Interfaith Dental Clinic.

The project is made possible through a New Markets Tax Credit investment by SunTrust Community Capital LLC, a subsidiary of SunTrust Banks, which makes investments in federal tax credit programs including the [Low-Income Housing Tax Credit](#) and the [New Markets Tax Credit](#)

program.

"Our primary role is to serve as the investor injecting private capital into these projects that otherwise wouldn't have access to this capital," said Chris Leutzinger, first vice president and New Markets Tax Credit relationship manager for SunTrust. "The project benefits from the upfront investment and the investor benefits from the stream of tax credits."

For a project to be eligible for New Markets Tax Credits, it must demonstrate that it will provide a significant, quantifiable community impact in low-income neighborhoods. These communities frequently have residents with poverty rates in excess of 30 percent, household incomes below 60 percent of area median income, or unemployment rates greater than 1.5 times the national rate.. "These are areas that desperately need investment," Leutzinger said.

The Interfaith Dental project will create an additional 24 permanent jobs on top of the 89 employees currently employed by the future tenants.

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#### Charter school benefits from tax credits

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Nashville's Metropolitan Development and Housing Agency has embarked on a \$700 million plan to create a mixed-income community in East Nashville to be called Envision Cayce after the public housing project it will replace. SunTrust is supporting the project by securing financing for a charter school to serve the new community.

"The education component is essential to a thriving community," said Robert Riggan, senior vice president for commercial banking at SunTrust Banks in Nashville. "This new charter school will be a focal point for the families of Envision Cayce."

The \$29 million new school, which is called Explore! Community School, is operated by the Martha O'Bryan Center and will serve 800 students in kindergarten through eighth grade once it's fully enrolled. Construction is expected to be completed in time to open for the fall 2019 school year.

The project would not have been possible without the \$11.3 million of tax credits, said Sabrina Miller, SunTrust vice president for commercial banking in Nashville.

"This is one way SunTrust is able to deliver private financing to support this type of project and make it a reality," Riggan said.

"MDHA is committed to creating a community that can be home to a range of incomes and is anchored by quality facilities," Leutzinger said. "Having equality education as a catalyst for revitalization was the big benefit we saw."

## Partnerships key

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As an investor, SunTrust has closed more than \$1.4 billion in New Markets Tax Credit projects, and SunTrust's CDE has been successful on 9 out of 11 of its applications to the U.S. Treasury for New Markets Tax Credit allocation, totaling \$578 million.

The bank chooses projects that align best with its mission themes of quality job creation, education and wellness, Leutzinger said.

To increase its reach, SunTrust partners with other community development entities to support the transactions. For the Interfaith Dental project, SunTrust partnered with Phoenix, Arizona-based Raza Development Fund. For the Envision Cayce project, its partners are San Francisco-based Low-Income Investment Fund and New York-based Nonprofit Finance Fund.

"We rely on partnerships to facilitate these transactions," Leutzinger said. "It allows us to dramatically increase our impact and the number of projects we can support throughout the SunTrust footprint."

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