

New Markets Tax Credit

for the 2017 Western Statewide Wood Energy Team Forum

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www.novoco.com



Agenda

Program & Background

Low-Income Communities

Qualified Active Low-Income Community Businesses

Qualified Low-Income Community Investments

What is the New Markets Tax Credit Program?



“New Markets Tax Credit”

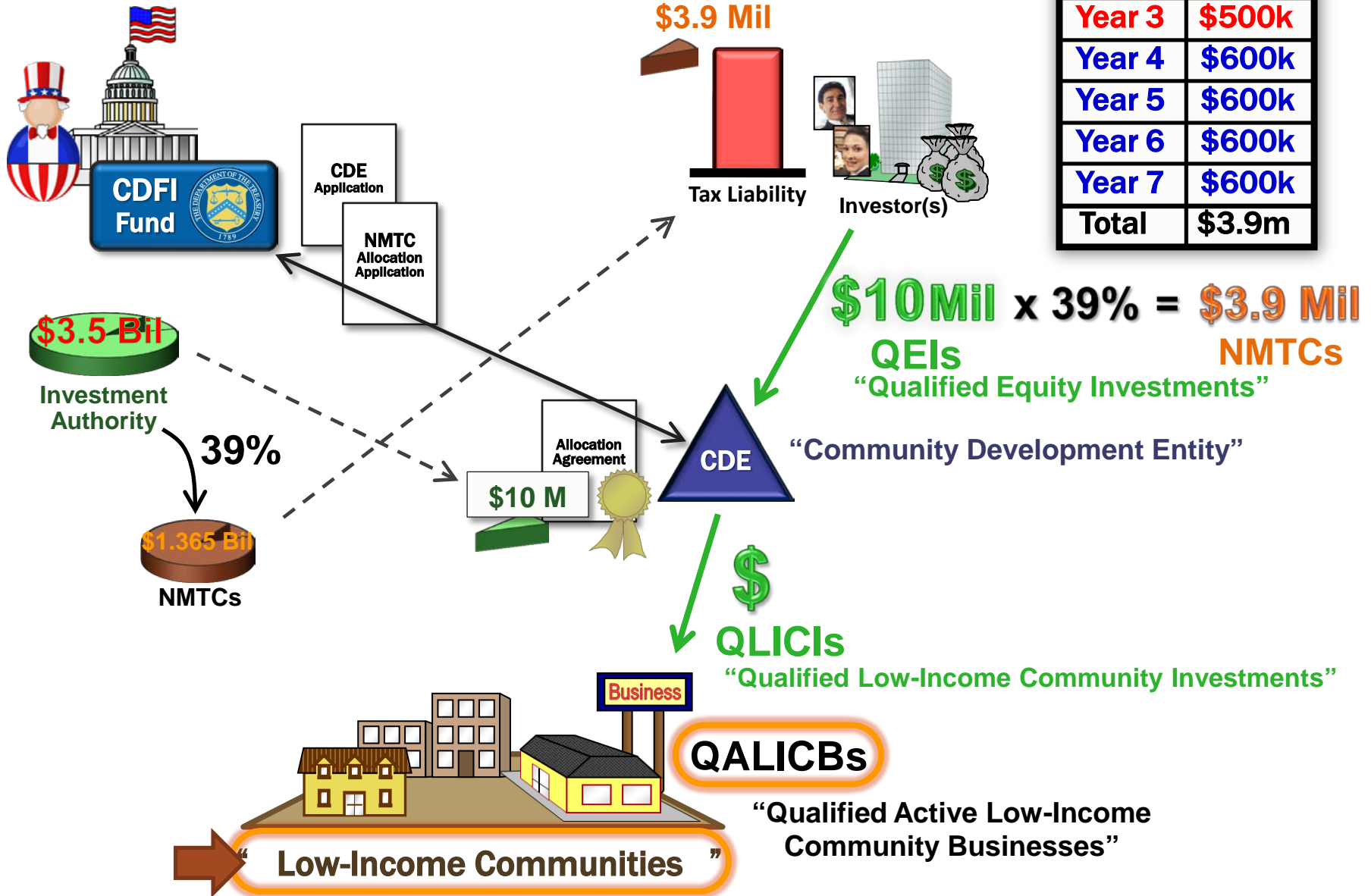


Low-Income Community



Thriving Community

Year 1	\$500k
Year 2	\$500k
Year 3	\$500k
Year 4	\$600k
Year 5	\$600k
Year 6	\$600k
Year 7	\$600k
Total	\$3.9m





Low-Income Communities

- **Low-Income Communities are census tracts where:**
 - Poverty rate exceeds 20%; **OR**
 - Median income is below 80% of the greater of:
 - Statewide median income or
 - Metropolitan area median income

CDFI Fund Mapping System (CIMS)

www.cdfifund.gov



Novogradac NMTC Mapping Tools

www.novoco.com



New Markets Tax Credit Resource Center

News

NMTC Basics

Legislation and Rulings

Guidance

Application and Allocation

Data and Tools

Related Programs

Research and Resources

Working Group

 My Account

 Subscription Center

Events Calendar

« October »

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16	17	18	19	20	21	22

Recent News

CDFI Fund Guarantees \$265 Million in Bonds for Low-Income Community Development

Wednesday, September 28, 2016

The Community Development Financial Institutions (CDFI) Fund today announced that two bonds totaling \$265 million were issued on behalf of four CDFIs in fiscal year 2016 through the CDFI Bond Guarantee program. The program makes long-term, fixed-rate capital available for developments in low-income urban, rural and native communities.

CDFI Fund Awards \$91.5 Million through Capital Magnet Fund

Thursday, September 22, 2016

The Treasury Department's Community Development Financial Institutions Fund today awarded 32 organizations more than \$90 million in grants for the development of affordable housing and community facilities in low-income communities through the Capital Magnet Fund. The 32 awardees collectively serve 37 states and the District of Columbia.

IRS Issues PATH Act Guidance on Bonus Depreciation Extenders

Friday, August 26, 2016

The Internal Revenue Service (IRS) today issued Revenue Procedure 2016-48 to provide guidance to taxpayers regarding certain extenders under the Protecting Americans from Tax Hikes Act of 2015 (PATH Act).



Novogradac 2016 New Markets Tax Credit Fall Conference

October 20, 2016 - 9:00am to October 21, 2016 - 12:00pm
New Orleans

[More Information >>](#)



THE DEFINITIVE GUIDE TO NEW MARKETS TAX CREDITS

Order your copy today at the Products section.

NMTC Mapping Tool



Find NMTC properties by zip code, census tract, and more.

[Learn More >>](#)

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SET LOCATION Search the Map Census Tract BG **Cong. District** Senate School District State District Metro

Legend [Hide Legend](#)

- Insufficient Data
- Severely Distressed - Primary
- Eligible
- Not Eligible

Shaded by:
Census Tract, 2010
Source: CDFI Fund and PolicyMap
[Clear Data Layer](#)

Sites [Hide Legend](#)

- CDE Investments
- Search

Legend [Hide Legend](#)

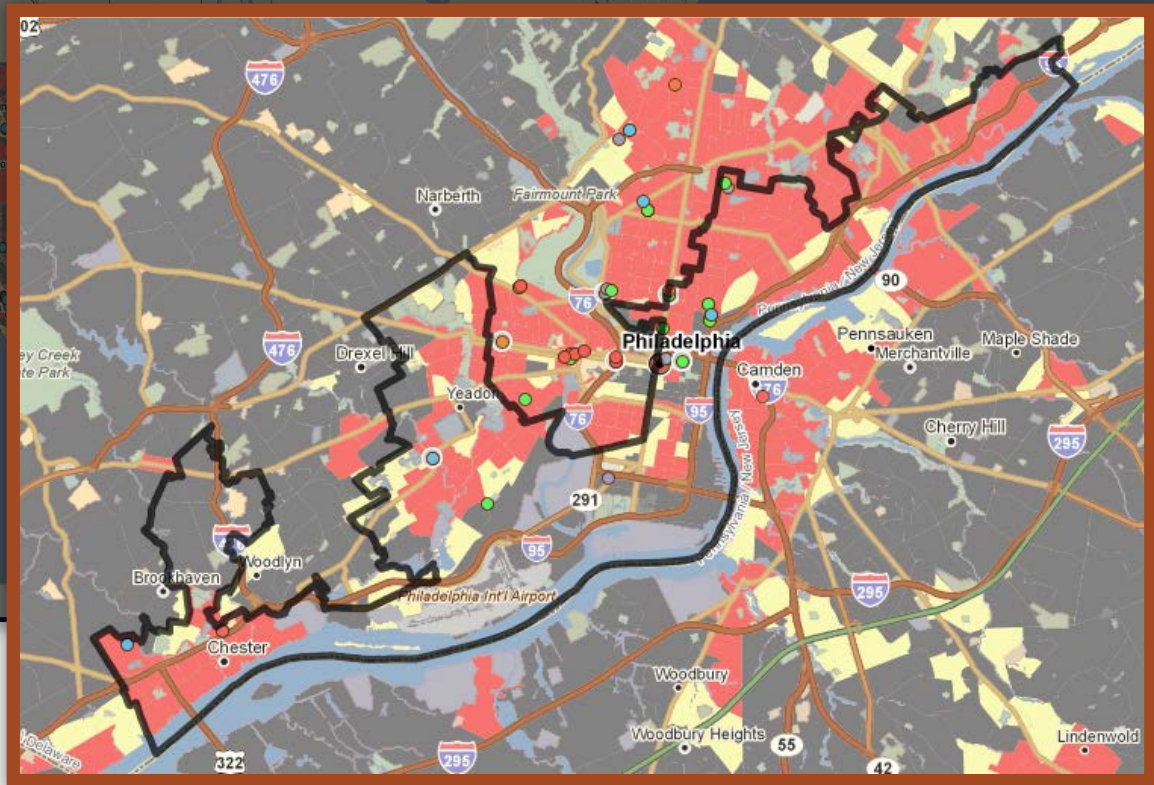
- Insufficient Data
- Severely Distressed - Primary
- Eligible
- Not Eligible

Shaded by:

Source: [CDFI Fund and PolicyMap](#)
[Clear Data Layer](#)

Sites [Hide Legend](#)

- CDE Investments
- Showing Sites By:
Original Loan/Investment Amount:
 Color Code All
 Less than \$1,000,000
 \$1,000,000 - \$2,999,999
 \$3,000,000 - \$5,999,999
 \$6,000,000 - \$9,999,999
 \$10,000,000 or more
- Search





Qualified Active Low-Income Community Businesses

Examples of QALICBs might include but are not limited to:

- Community centers
- Grocery Stores
- Health care facilities
- Charter schools
- Commercial rental real estate
- Biomass Facilities

Excluded Businesses include but are not limited to:

- Country club
- Golf course
- Massage parlor
- Hot tub facility
- Suntan facility
- Racetrack or other gambling facility
- Liquor store (predominant activity)
- A business which develops or holds *intangibles* for sale or license
- Certain *farming* businesses
- *Residential* rental real estate



Project Feasibility

Don't Spin Your Wheels: Can the Project Close?

- **Maximize Closing Probability – Upfront Due Diligence**
 - Secured all other capital sources besides NMTC subsidy
 - NMTC subsidy is gap financing
 - NMTC subsidy is estimated to cover 20% of project development cost
 - NMTC expertise of transaction team: attorneys and accountants
 - Proposed Structure
 - Realistic Closing Timeframe
 - Experienced Investment Coordinator
- **Delay or Failure to Close: Extremely Costly (time and money)**
- **Know When to Move On**

NEW MARKETS TAX CREDIT PROGRAM



New Markets Tax Credit Benefits

The NMT C Program incentivizes community development and economic growth through the use of tax credits that attract private investment to distressed communities. As of the end of FY 2016, the NMT C Program has:

- Generated \$8 of private investment for every \$1 of federal funding
- Created 178 million square feet of manufacturing, office, and retail space
- Financed over 5,400 businesses

[Download NMT C Program Fact Sheet \(English\)](#)

[Download NMT C Program Fact Sheet \(Español\)](#)

[View QEI Issuance Report \(October 2017\)](#)



NMTC Qualified Equity Investment Report

The CDFI Fund is pleased to be able to make available on its website the New Markets Tax Credit (NMT C) Qualified Equity Investment (QEI) Issuance Report (Report). The Report provides information on each entity that has not finalized all of its NMT C allocations, and it identifies, among other things, the total allocation amount received by each entity; the dollar amount of allocation authority that has been issued to investors; the amount remaining to be issued to investors; and the predominant markets to be served by each entity. The Report does not include information on entities that have received NMT C allocations but already finalized their entire allocation.

Name of Allocatee: Clearinghouse Community Development Financial Institution

Year of Award: 2015-2016

Service Area: Multi-State

Controlling Entity:

Contact Person: Mai Nguyen, (949) 334-2826,

mnguyen@clearinghousecdfi.com

Predominant Financing: Real estate financing; Community Facilities

Predominant Market Served: Arizona, California, Nevada, New Mexico

Innovative Activities: Identified States, Investing In Indian Country

Total Allocation: \$65,000,000.00

Amount Finalized: \$19,500,000.00

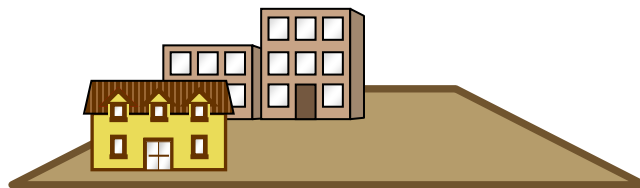
Amount Remaining: \$45,500,000.00

Non-Interest Commitment: 10%

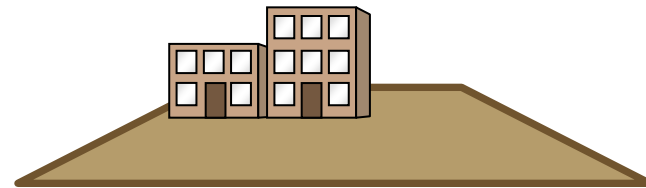
Area of Higher Distress

Examples but not limited to:

- Poverty rates greater than 30%
- Median family income less than 60%
- Unemployment rates at least 1.5 times the national average
- Federally designated Empowerment Zones, Enterprise Communities, or Renewal Communities
- Federally designated medically underserved areas, to the extent that QLICI activities will support health related services
- FEMA Disaster Areas



Low-Income Communities



Higher Distress Communities

Things to Highlight



- Non-metropolitan county
 - Based on 2010 Census data
 - OMB Bulletin 10-02
- Federally Native Areas:
 - Native American
 - Alaskan Native areas
 - Hawaiian Homelands
- Community Benefit and Impact
- Job Creation