

## NMTC PROGRAM CENSUS DATA TRANSITION FAQs

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**1. What does the census data transition mean for the New Markets Tax Credit Program?**

From 2012 to 2017, the New Markets Tax Credit Program (NMTC Program) has used income and poverty data from the U.S. Census Bureau, 2006-2010 American Community Survey (ACS), to define NMTC Program eligible Low-Income Communities (LICs). Based on the NMTC Program authorizing statute, a Low-Income Community is defined as:

any population census tract where the poverty rate for such tract is at least 20 percent or in the case of a tract not located within a metropolitan area, median family income for such tract does not exceed 80 percent of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income.

To update the list of NMTC-eligible Low-Income Communities and Areas of Higher Distress, the CDFI Fund utilized the 2011-2015 ACS Low-Income Community eligibility data. The ACS previously replaced the decennial Census “long form” data as the source of tract-level data on income and poverty for all states, Puerto Rico, and the District of Columbia. The 2011-2015 ACS Low-Income Community eligibility data is available in tabular form on the CDFI Fund’s website as of October 31, 2017. The Island Areas of the United States (American Samoa, Guam, Northern Mariana Islands, and the US Virgin Islands) were not covered by 2011-2015 ACS and data from the 2010 Census is used.

**2. Will the CDFI Fund’s definition of Non-Metropolitan Counties change for the 2011-2015 ACS Low-Income Community eligibility data?**

The CDFI Fund will rely on Office of Management and Budget (OMB) Metropolitan Designation as of July 2015 (Bulletin 15-01) to define “Non-Metropolitan County” with respect to 2010 census tracts. The 2011-2015 ACS Low-Income Community eligibility data defines Non-Metropolitan Counties as counties not contained within a Metropolitan Statistical Area, as such term is defined in OMB Bulletin No. 15-01 and applied to the 2010 census tracts.

**3. Will there be a transition period for NMTC investments that were started under the 2006-2010 ACS data to be closed?**

Yes. The CDFI Fund recognizes that CDEs may have already begun to structure potential QLICs based on the older 2006-2010 ACS data.

CDEs using older 2006-2010 ACS data to qualify investments must use 2006-2010 ACS data to qualify Areas of Higher Distress, and must continue to use the older definition of Non-Metropolitan County based on OMB Bulletin OMB Bulletin 10-02 (released December 1, 2009).

CDEs with NMTC allocations under the calendar year (CY) 2017 round of the NMTC Program or prior rounds should use the following guidance regarding the data used to qualify potential investments made in the 50 states, the District of Columbia and Puerto Rico.

QLICIs closed (meaning an investment for which the CDE has distributed cash proceeds from a Qualified Equity Investment (QEI) to a Qualified Active Low Income Community Business (QALICB) **before October 31, 2017** must use 2006-2010 ACS data applied to the 2010 census tracts for determining Low-Income Community eligibility.

QLICIs closed **between October 31, 2017 and October 31, 2018** may use either 2006-2010 ACS data or 2011-2015 ACS Low-Income Community eligibility data applied to the 2010 census tracts for determining Low-Income Community eligibility.

QLICIs closed **on or after November 1, 2018** must use 2011-2015 ACS Low-Income Community eligibility data applied to the 2010 census tracts for determining Low-Income Community eligibility.

**4. Will the 2011-2015 ACS Low-Income Community eligibility data be uploaded into the CDFI Fund’s Community Impact Mapping System (CIMS3) for geo-coding of 2010 census tracts?**

Yes. The 2011-2015 ACS NMTC LIC data is expected to be available to view as a data layer in CIMS3 in November 2017. All users should use CIMS3 to find the appropriate census tract for a given address or project location. For additional guidance on using CIMS3 and geocoding addresses, please refer to the CIMS page on the CDFI Fund’s website and the current NMTC Compliance & Monitoring FAQ. The CIMS manual is available at the following link: <https://www.cdfifund.gov/Documents/CIMS%20USER%20FINAL%20Aug%2025%202017.pdf>

**5. How can I find a specific census tract in the 2011-2015 ACS Low-Income Community Eligibility data file?**

If you know the 11-digit census tract number, press “CTRL + F” to open the Find tool in Microsoft Excel. Then, enter the 11-digit tract in the Find box, and click “Find Next.” This will then highlight the census tract you are looking for in the document.

**6. Where can I find higher distress criteria for the 2011-2015 ACS *Low-Income Community eligibility data*?**

The “2011-2015 ACS Low-Income Community Eligibility” file includes information on the census tract’s poverty rate, area median income, unemployment rate, and non-metropolitan status. Information on locating other Areas of Higher Distress can be found in the current version of the NMTC Compliance & Monitoring FAQ on the CDFI Fund’s website.

**7. What information is included in the 2011-2015 ACS Low-Income Community eligibility data file released on October 31, 2017?**

The 2011-2015 ACS Low-Income Community eligibility data file includes the following fields:

- 2010 Census Tract Number FIPS code
- OMB Metro/Non-metro Designation, July 2015 (15-01)
- Does Census Tract Qualify For NMTC Program on Poverty or Income Criteria?
- Census Tract Poverty Rate percent (2011-2015 ACS)
- Does Census Tract Qualify on Poverty Criteria $\geq$ 20 percent?
- Census Tract Percent of Benchmarked Median Family Income ( percent) 2011-2015 ACS
- Does Census Tract Qualify on Median Family Income Criteria $\leq$ 80 percent?
- Census Tract Unemployment Rate ( percent) 2011-2015
- County Code
- State Abbreviation
- State Name
- County Name
- Census Tract Unemployment to National Unemployment Ratio
- Is Tract Unemployment to National Unemployment Ratio  $>1.5$ ?
- Population for whom poverty status is determined 2011-2015 ACS

More information on each of these fields will be contained in the “Data Notes” tab.

**8. I notice some census tracts in the file have poverty or median family income listed as “N/A.” What’s the reason for this?**

The 2011-2015 ACS Low-Income Community eligibility data set released by the U.S. Census Bureau for the 50 states, the District of Columbia and Puerto Rico contains less than 1 percent of tracts with no data on poverty or income. The 2010 Census data for the Island Areas of the United States has less than 1 percent of tracts with no data on poverty or income. A significant majority of these tracts have no population or a very low population. The Census Bureau was unable to estimate income or poverty for these tracts. The remainder has a population that is largely housed in group quarters, such as prisons or college dorms that are not included in the ACS income or poverty calculations.

**9. How will availability of the new 2011-2015 ACS eligibility data impact organizations applying for CDE certification?**

As of October 31, 2017, organizations applying for CDE certification **must** use 2011-2015 ACS eligibility data to identify eligible LICs and LIC Representatives in the 50 states, District of Columbia and Puerto Rico.

**10. How will availability of the new 2011-2015 ACS eligibility data impact currently certified CDEs that rely on eligible census tracts to maintain the Accountability requirement for CDE Certification?**

Currently certified CDEs must maintain accountability to their approved service area. It is incumbent on any certified CDE, from time to time, to review their board's accountability method to ensure compliance with the Accountability requirements of CDE Certification.

Certified CDEs must use 2011-2015 ACS Low-Income Community eligibility data applied to the 2010 census tracts to identify eligible census tracts in the 50 states, District of Columbia, and Puerto Rico for the purpose of maintaining compliance with the Accountability requirement of CDE Certification. For example, assume there is a certified CDE that has a three-person governing board, one of whom is an LIC Representative. This CDE is deemed to meet the Accountability requirement because more than 20 percent of its governing board is LIC Representative of the CDE's Service Area. The LIC Representative board member is a representative because (s)he is a resident of an eligible census tract (based on 2006-2010 census data) in the CDE's Service Area. The CDE is relying on the eligibility of this census tract to maintain its Accountability to the Service Area. If this census tract is no longer eligible based on 2011-2015 ACS Low-Income Community eligibility data applied to the 2010 census tracts, the CDE will have to adjust its method of accountability, which may include, but is not limited to, replacing or adding LIC Representative board members.

**11. How will availability of the new 2011-2015 ACS eligibility data impact currently certified CDEs that wish to modify their certified Service Area?**

Requests to modify certified Service Areas with submission dates between October 31, 2017 and October 31, 2018 may use either 2006-2010 ACS data or 2011-2015 ACS Low-Income Community eligibility data applied to the 2010 census tracts to identify eligible LIC Representatives in the 50 states, District of Columbia, and Puerto Rico.

Requests to modify certified Service Areas with submission dates between October 31, 2017 and October 31, 2018 may use either 2006-2010 ACS data or 2011-2015 ACS Low-Income Community eligibility data.

**12. Will there be any changes in the CDFI Fund's Community Investment Impact System (CIIS) reporting for projects that use the 2011-2015 ACS Low-Income Community eligibility data to qualify?**

The CDFI Fund will make updates to CIIS to allow users to report eligibility and distress information based on the 2011-2015 ACS Low-Income Community eligibility data. Specific guidance on the changes in certain fields will be released in the next version of CIIS.

**13. A county was considered Non-Metropolitan in the 2006-2010 ACS data, but is now listed as metropolitan in the 2011-2015 ACS Low-Income Community eligibility data. What is the reason for this change?**

When generating the 2011-2015 ACS Low-Income Community eligibility data (and 2010 census data for the Island Areas of the United States), the CDFI Fund defined Non-Metropolitan County based on OMB Bulletin No. 15-01 which has different definitions than OMB Bulletin 10-02. Thus, users will find that some counties considered Non-Metropolitan in the 2006-2010 ACS LIC data are now considered Metropolitan in the 2011-2015 ACS LIC data.

**14. Where can I find a list of tracts that are especially eligible based on the fact that they are located in High Migration Rural Counties?**

The NMTC Program supports activities in eligible Low-Income Communities (LICs), which are defined by statute as population census tracts with a poverty rate of 20 percent or greater or a median family income (MFI) at or below 80 percent of the applicable area median family income (26 USC §45D(e)).

Section 223 of the American Jobs Creation Act of 2004 (P.L. 108-357, 118 Stat. 1418) amended the definition of NMTC-eligible LICs to include, among other things, census tracts in High Migration Rural Counties with a median family income between 80 percent and 85 percent of the applicable area median family income. A High Migration Rural County is any non-metropolitan county which, during the 20-year period ending with the year in which the most recent census was conducted (1990-2010), has a net out-migration of inhabitants from the county of at least 10 percent of the population of the county at the beginning of such period.

The CDFI Fund has generated a list of 83 census tracts that, based on the 2011-2015 ACS Low-Income Community eligibility data, qualify as eligible for NMTC investment under this special provision included in the NMTC Excel spreadsheet table.

**15. My CDE plans to qualify a potential investment using the IRS Regulations on Targeted Populations under Section 45D(e)(2). Will the transition to the 2011-2015 American Community Survey data impact how I qualify this investment?**

The only aspect of the Target Population regulations that will be impacted by the transition from the 2006-2010 ACS data to the 2011-2015 ACS Low-Income Community eligibility data is the 120 percent income restriction. This restriction requires that, in order to be considered a QALICB under the Low-Income Targeted Population provision, an entity cannot be located in a population census tract for which the median family income exceeds 120 percent of, in the case of a tract not located within a Metropolitan Area, the statewide median family income, or in the case of a tract located

within a Metropolitan Area, the greater of statewide median family income or Metropolitan Area median family income.<sup>1</sup>

Consistent with the transition period outlined in Question 4 of this FAQ, any CDE that has been awarded NMTC allocation authority in the CY 2017 round or prior rounds can use the following guidance regarding the data used to qualify a potential Low-Income Targeted Population investment in the 50 states, the District of Columbia, and Puerto Rico:

QLICs closed **before October 31, 2017** must use 2006-2010 ACS data applied to the 2010 census tracts for determining if a Low-Income Targeted Population investment lies in a census tract that does not exceed 120 percent of the applicable median family income.

QLICs closed **between October 31, 2017 and October 31, 2018** may use either 2006-2010 census data or 2011-2015 ACS Low-Income Community eligibility data applied to the 2010 census tracts for determining if a Low-Income Targeted Population investment lies in a census tract that does not exceed 120 percent of the applicable median family income.

QLICs closed **on or after November 1, 2018** must use 2011-2015 ACS Low-Income Community eligibility data applied to the 2010 census tracts for determining if a Low-Income Targeted Population investment lies in a census tract that does not exceed 120 percent of the applicable median family income.

All CDEs that receive allocation authority must use the 2011-2015 ACS Low-Income Community eligibility data applied to the 2010 census tracts to determine if a Low-Income Targeted Population investment lies in a census tract that does not exceed 120 percent of the applicable median family income in the 50 states, District of Columbia, and Puerto Rico.

Since the Islands Areas of the United States (American Samoa, Guam, Northern Mariana Islands, and US Virgin Islands) were not covered by the 2011-2015 ACS, CDEs operating in the Island Areas of the United States must continue to 2010 Census data for the Island Areas of the United States to determine if a Low-Income Targeted Population investment is located in a census tract that does not exceed 120 percent of the applicable median family income.

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<sup>1</sup> This restriction does not apply to non-metropolitan tract with a population less than 2,000 or a metropolitan tract with a population less than 2,000 if more than 75 percent of the tract is zoned for commercial or industrial use. Please see the IRS Final Regulations: Targeted Populations Under Section 45(D)(e)(2).

**16. Whom can I contact if I have any additional questions?**

If you have general NMTC ACS data questions, you may contact the CDFI Fund Help Desk ([cdfihelp@cdfi.treas.gov](mailto:cdfihelp@cdfi.treas.gov)), 202-653-0421, option 3. If you have CIMS mapping questions you may contact the IT Help Desk ([ITHelpDesk@cdfi.treas.gov](mailto:ITHelpDesk@cdfi.treas.gov)), 202-653-0300.