FACT SHEET

NEW MARKETS TAX CREDIT PROGRAM

COMMUNITY REVITALIZATION

By Rewarding Private INVESTMENT

Historically, the lack of investment in our nation's low-income communities has resulted in dormant manufacturing facilities, inadequate education and healthcare facilities, vacant commercial properties, and lower property values. Many of these communities find it difficult to attract the necessary capital from private investors.

The New Markets Tax Credit Program (NMTC Program) was established by the Community Renewal Tax Relief Act of 2000 and made permanent in 2025 through the One Big Beautiful Bill. This program helps economically distressed communities attract private capital by providing investors with a federal tax credit. Investments made through the NMTC Program are used to finance both businesses and real estate development, breathing new life into neglected and underserved low-income communities.

HOW DOES THE NMTC PROGRAM WORK?

Through the NMTC Program, the CDFI Fund allocates tax credit authority to Community Development Entities (CDEs) through a competitive application process. CDEs are financial intermediaries through which private capital flows from an investor to a qualified business located in a low-income community. CDEs use their authority to offer tax credits to investors in exchange for equity in the CDE. Using capital from these equity investments, CDEs can make loans and investments to businesses operating in low-income communities with better interest rates and terms and more flexible features than the conventional market. In exchange for investing in CDEs, investors receive a tax credit worth 39% of their original CDE equity stake, which is claimed over a seven-year period.

HOW DO LOW-INCOME COMMUNITIES BENEFIT?

The NMTC Program supports a wide range of business and project types such as manufacturing, food, retail, affordable housing, healthcare, technology, energy, education, and childcare. Communities benefit from the jobs associated with these investments, as well as greater access to community facilities and commercial goods and services.

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Since the inaugural round in 2002 through the end of 2025, the NMTC Program has awarded $91 billion to certified CDEs, resulting in the creation or retention of more than 950,000 jobs. It has also supported the construction of 106.2 million square feet of manufacturing space, 111.3 million square feet of office space, 68 million square feet of retail space, and nearly 15,000 affordable housing units. As these communities develop, they can become even more attractive to investors, catalyzing a ripple effect that spurs further investments and revitalization.

HOW DO BUSINESSES BENEFIT?

The NMTC Program helps businesses operating in or serving low-income communities access flexible and affordable financing. Investment decisions are made at the community level, and typically 95% of NMTC investments into businesses provide more favorable terms and features than the traditional market typically offers, including lower interest rates, subordinated debt, lower origination fees, higher loan-to-values, lower debt coverage ratios, and longer maturities. To see which CDEs have received NMTC allocation authority, please visit our searchable awards database at www.cdfifund.gov/awards.

AN EFFICIENT AND EFFECTIVE USE OF FEDERAL DOLLARS

For every $1 invested by the federal government, the NMTC Program attracts more than $8 of private investment. The NMTC Program catalyzes investment where it's needed most – over 80% of New Markets Tax Credit investments have been made in economically distressed communities. These investments revitalize underserved communities and generate economic growth.of New Markets Tax Credit investments have been made in highly distressed areas. These are communities with low median incomes and high rates of unemployment, and the NMTC investments can have a dramatic positive impact.

FIND OUT MORE

Visit our website: www.cdfifund.gov/nmtc

Learn about CDE Certification: www.cdfifund.gov/cde

Call our help desk for support: (202) 653-0421

Email us your questions: cdfihelp@cdfi.treas.gov