



New Markets Tax Credit (NMTC) Public Data Release

FY 2003 to FY 2019 Summary Report

December 2021

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

www.cdfifund.gov

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NMTC Program and Summary Report Overview



- The New Markets Tax Credit Program (NMTC Program) permits investors to receive a credit against Federal income taxes for making qualified equity investments (QEIs) in designated Community Development Entities (CDEs). Substantially all of the QEIs must in turn be used by those awarded NMTC allocations (Allocatees) to provide investments in low-income communities. The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period.
- The CDFI Fund requires all Allocatees that have been awarded NMTC allocations to submit an annual report detailing how they invested QEI proceeds in low-income communities.
- These reports must be submitted to the CDFI Fund by the Allocatees, along with their audited financial statements, within six months after the end of their fiscal year.
- All NMTC investments by Allocatees must meet statutory qualifications for their investors to be able to claim the tax credit.
- The vast majority of NMTC investments are made within statutorily defined “Low-Income Communities.”
 - In addition to making investments located in Low-Income Communities, Allocatees can rely on other statutory provisions designed to target certain areas or populations, including provisions for Rural Counties, and Low-Income Targeted Populations.

The data represented in this summary report and accompanying data file was submitted by Allocatees prior to September 30, 2020.

NMTC Program Allocations



Through **17 application rounds** of the NMTC Program, the CDFI Fund has made **1,354 awards**, allocating a total of **\$66 billion in tax credit authority** to CDEs through a competitive application process. This includes \$3 billion in Recovery Act allocations and \$1 billion of special allocation authority to be used for the recovery and redevelopment of the Gulf Opportunity Zone.

Since the NMTC program's inception, the CDFI Fund has allocated tax credit authority to **427 Organizations** headquartered in **45 states, the District of Columbia, Guam, and Puerto Rico.**

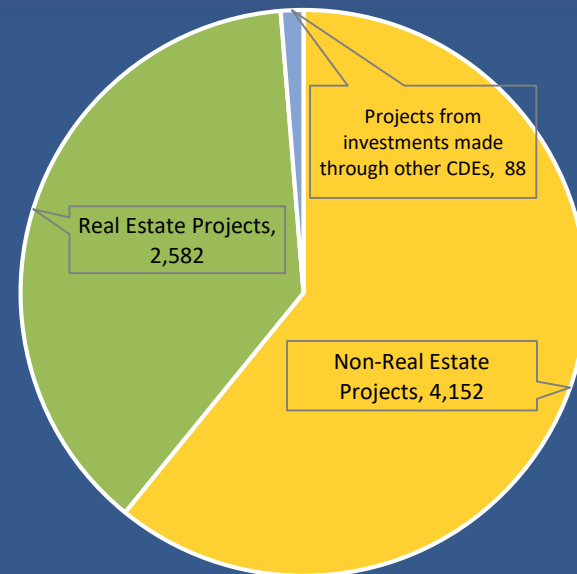
NMTC Investments by QALICB Type: Real Estate and Non-Real Estate QALICBs



Allocatees generally invest in QALICBs that fall into one of two categories: real estate and non-real estate.

Real Estate QALICBs are entities whose predominant business activity (e.g. more than 50% of gross income) is the development (including construction of new facilities and rehabilitation/enhancement of existing facilities), management, or leasing of real estate that will be sold or leased to third parties. **Non-Real Estate QALICBs** are entities whose predominant business activity includes all types of business activities other than those listed for Real Estate QALICBs. A small fraction of investments are directed towards other unrelated CDEs that have not received their own tax credit allocation. Based on program activities reported through FY 2019, QEI proceeds were directed to 6,822 projects –through both Real Estate, Non-Real Estate QALICBs and investments made through other CDEs.

- 4,152 projects (52.0% percent) were Non-Real Estate QALICBs or operating businesses. These businesses received \$29,106,458,918 in NMTC investments (60.9% percent).
- 2,582 projects (46.3% percent) were Real Estate QALICBs or operating businesses. These businesses received \$25,920,633,628 in NMTC investments (37.8% percent).
- 88 projects (1.6% percent) were CDEs or operating businesses. These businesses received \$897,032,221 in NMTC investments (1.3% percent).

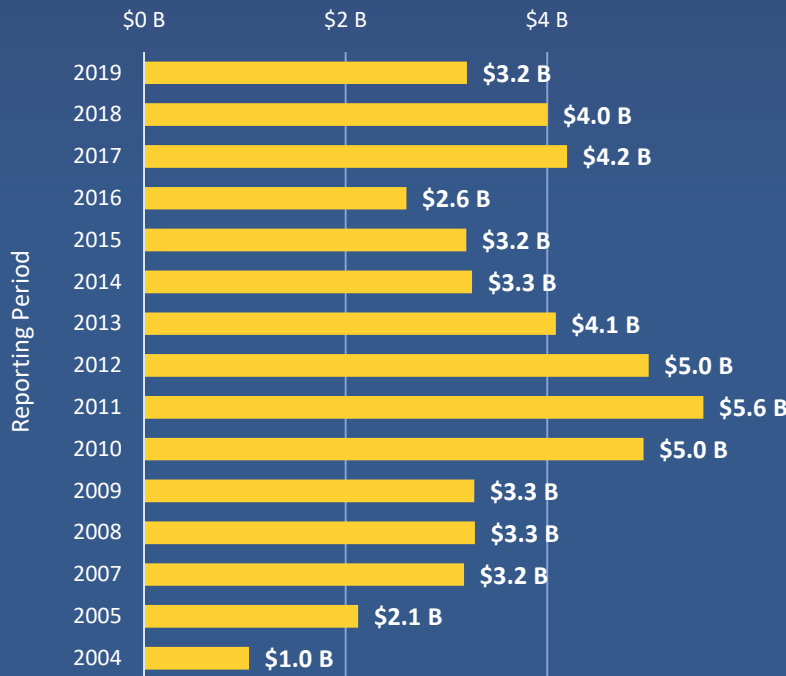


NMTC Investments by Reporting Period

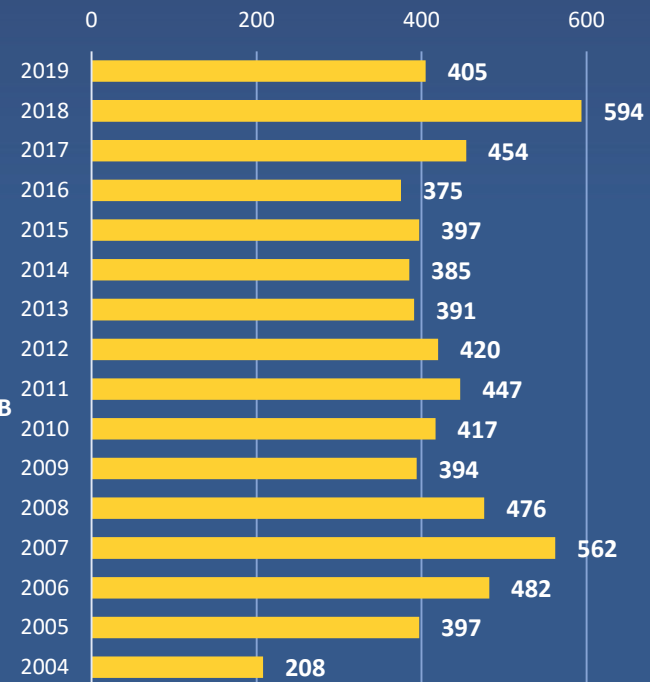


Based on program activities reported through FY 2019, Allocatees disbursed a total of **\$55.9 billion in QEI proceeds to 6,822 QALICBs.**

NMTC QLICIS BY REPORTING PERIOD



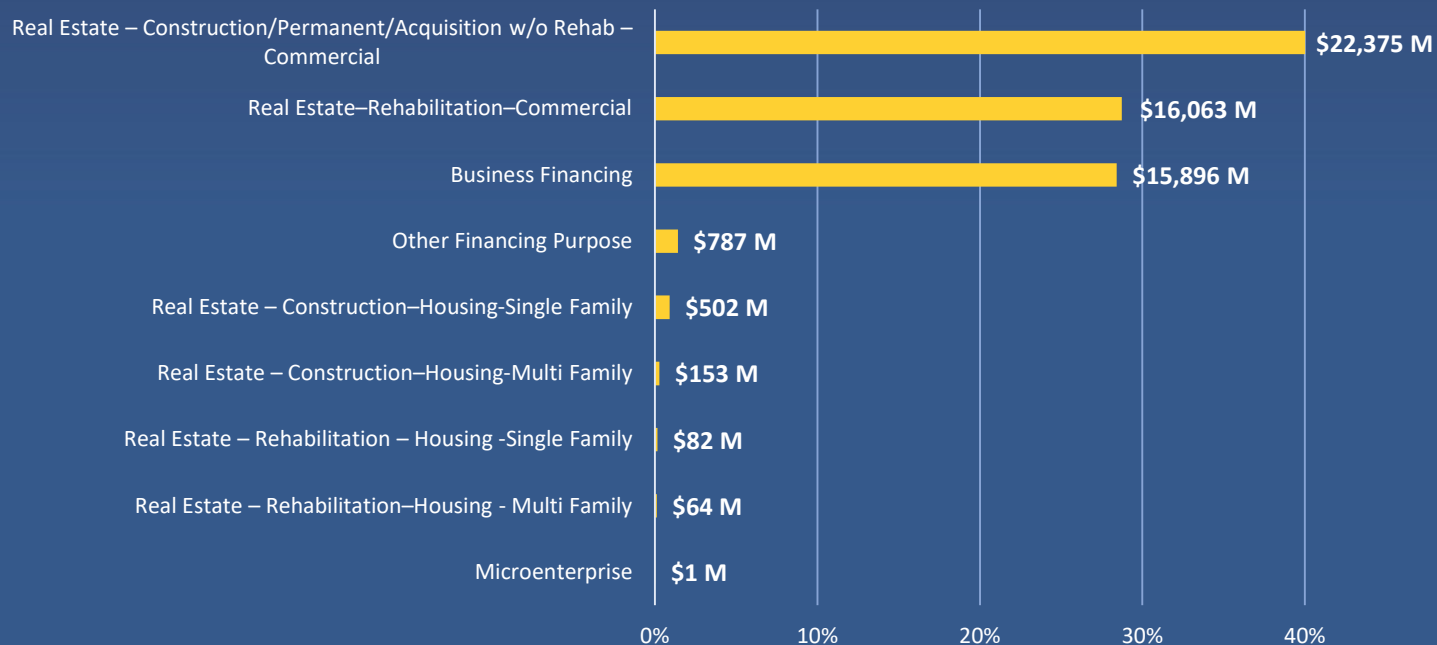
NMTC PROJECTS BY REPORTING PERIOD



NMTC Investments by Purpose



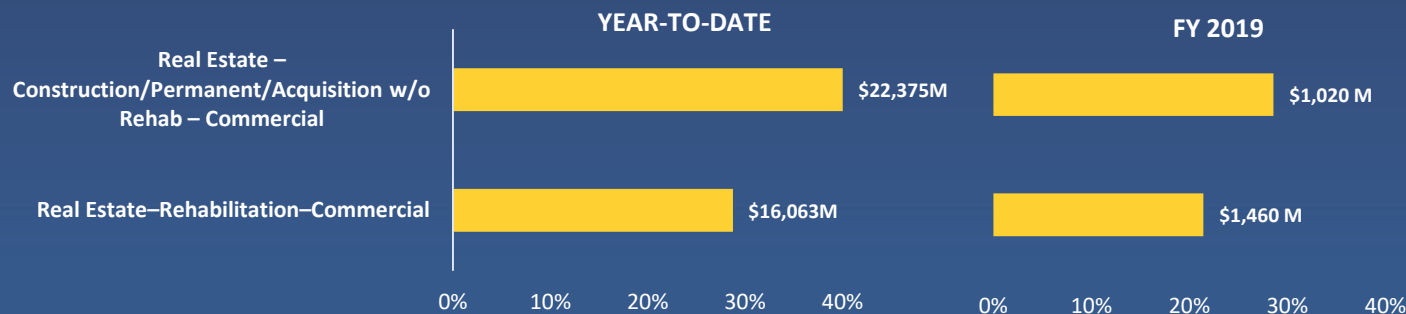
According program activities reported through FY 2019, the top three purposes for NMTC financing were **Commercial Real Estate Construction, Commercial Real Rehabilitation And Business Financing.**



NMTC Investment Outcomes by Purpose: Commercial Real Estate Construction and Rehabilitation



Through the FY 2019 reporting period, NMTC financing has been used to construct or rehabilitate over **200 million square feet of commercial real estate**. In FY 2019, NMTC financing helped to create over **13 million square feet of commercial real estate space**.

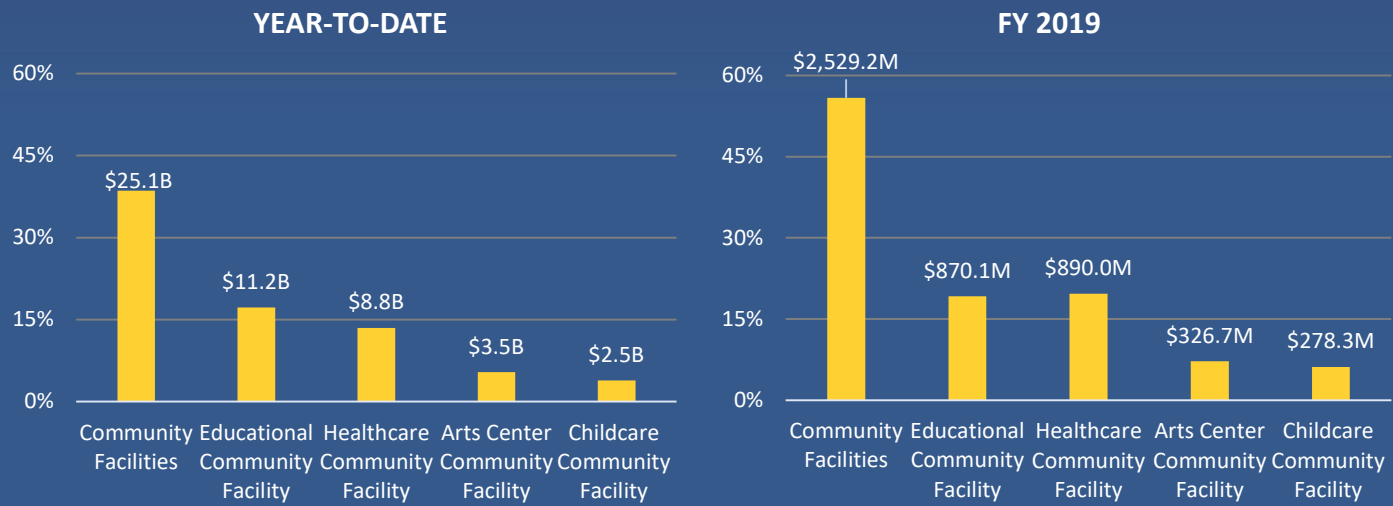


Type of Real Estate	Sq. Ft. Year-to-date	Sq. Ft. FY 2019
Manufacturing	63,686,924	6,991,687
Office	98,173,710	3,694,663
Retail	69,583,944	2,427,960

NMTC Investment Outcomes by Purpose: Real Estate Investments in Community Facilities



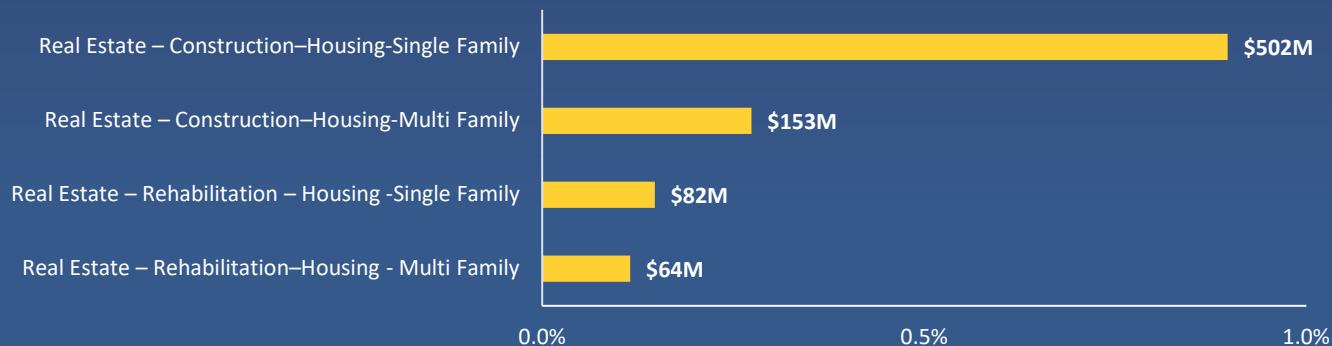
Through FY 2019, nearly 40 percent of QLICs with a real estate related purpose were investments in community facilities including those that provide services for community education, childcare, healthcare and arts centers. To date, over \$25 billion in investments has gone to real estate projects in community facilities. In FY 2019, over 55% of QLICs with a real estate related purpose, which totaled more than \$2.5 billion, were investments in community facilities.



NMTC Investment Outcomes by Purpose: Housing Construction and Rehabilitation



Historically, less than 2% of NMTC financing has been used for the construction or rehabilitation of single or multi-family housing. Through the FY 2019 reporting period, approximately ten thousand units of housing have been created with about two-thirds of the units being reported as affordable housing.

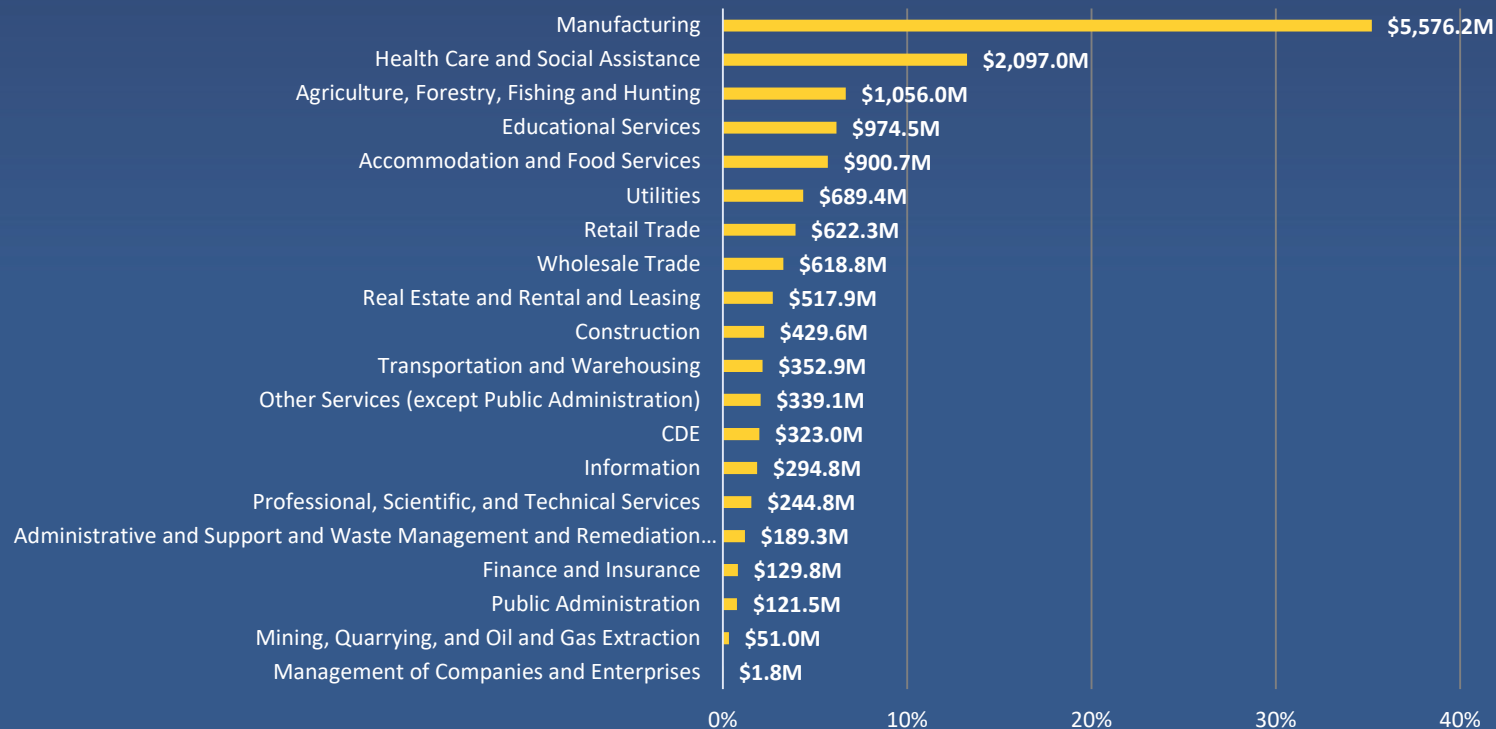


Type of Housing	Number of Units Year-to-date	Number of Units FY 2019
Affordable Housing Units – Rental	6,568	138
Affordable Housing Units – Sale	9,152	162

NMTC Investment Outcomes by Purpose: Business and Microenterprise



Approximately one-third of all NMTC investments were in the form of loans to operating businesses. Below is a breakout of businesses receiving NMTC financing by their 2-digit NAICS* designation. Through FY 2019, the top category of operating business receiving NMTC financing was manufacturing.



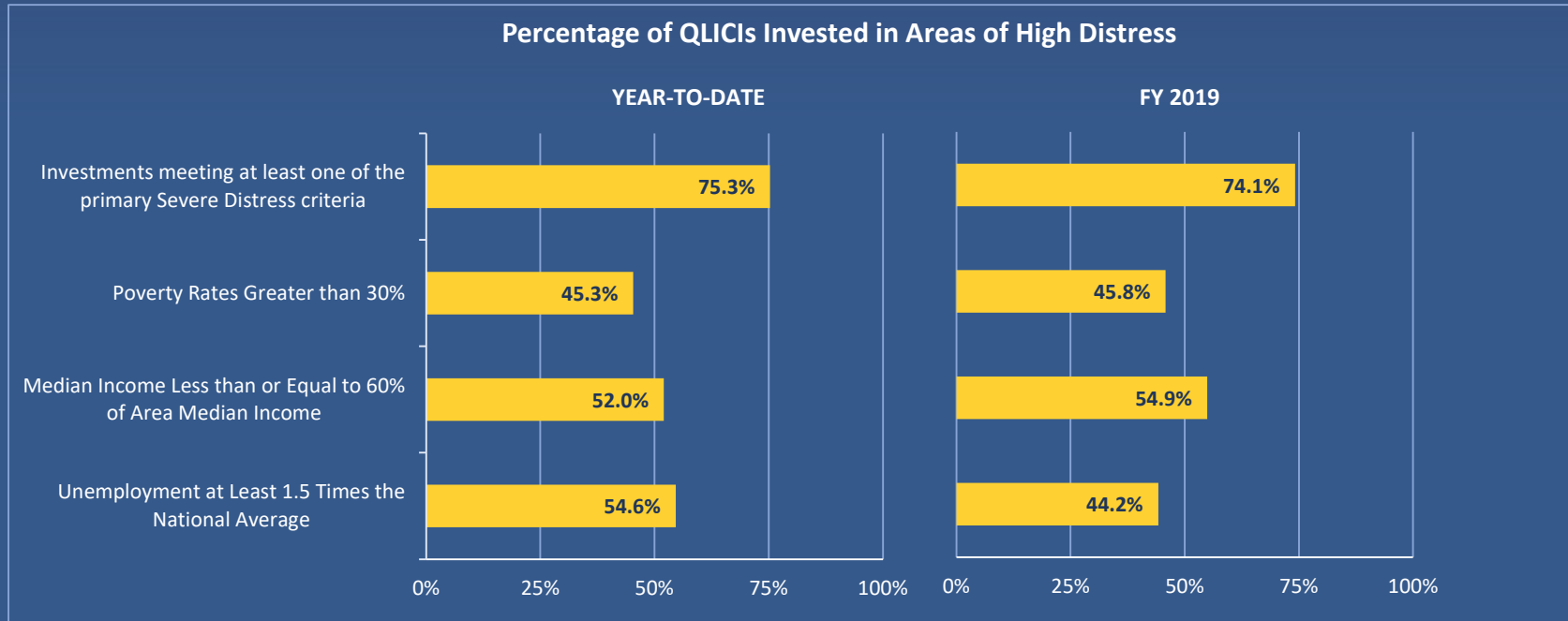
*Detailed NAICS designations can be found at <https://www.census.gov/naics/?58967?yearbck=2017>

Investment Areas: Higher Distress



Applicants can elect to go beyond the statutory minimum distress requirements of the NMTC Program by committing to serve areas of higher distress in their applications. CDEs can do this in one of two ways: (1) CDEs can invest in areas that meet at least **one of the criteria for Primary indicators of higher distress**; or (2) CDEs can invest in areas that meet at least **two of the criteria for Secondary indicators of higher distress**.

One way to meet the primary criteria is by investing in census tracts that meet at least one of the following three “severe distress” criteria: (1) poverty rates of 30% or greater; (2) median family income at or below 60% of applicable area median income; or (3) unemployment rates at least one and a half times the national average.



Investment Areas: Non-Metropolitan



Allocatees can also meet the primary criteria for serving areas of higher distress by serving census tracts in rural or non-metropolitan counties. Through the Tax Relief and Health Care Act of 2006, Congress required that the NMTC Program direct a proportional amount of investment to non-metropolitan counties. Beginning with the CY 2008 allocation round, the NMTC Program used 20% as the appropriate benchmark for ensuring a proportional allocation of QLICs in non-metropolitan areas which approximated the percentage of the U.S. population that resides in non-metropolitan counties.

Percentage Of QLICs Invested In Non-metropolitan Census Tracts
CY 2008 Allocation To Present

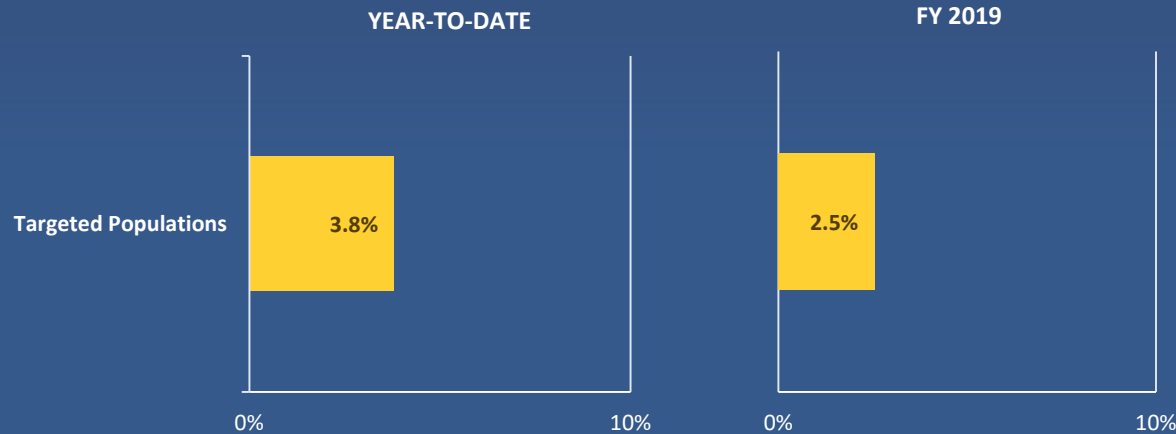


Investment Areas: Targeted Populations*



Allocatees can meet the primary criteria for serving areas of higher distress by serving Targeted Populations. Projects can meet this criteria by serving Targeted Populations to the extent that: (1) such projects are at least 60% owned by members of eligible Targeted Populations; (2) at least 60% of the employees are members of eligible Targeted Populations; or (3) at least 60% of the customers are members of eligible Targeted Populations.

Percentage of QLICs Invested in Targeted Populations



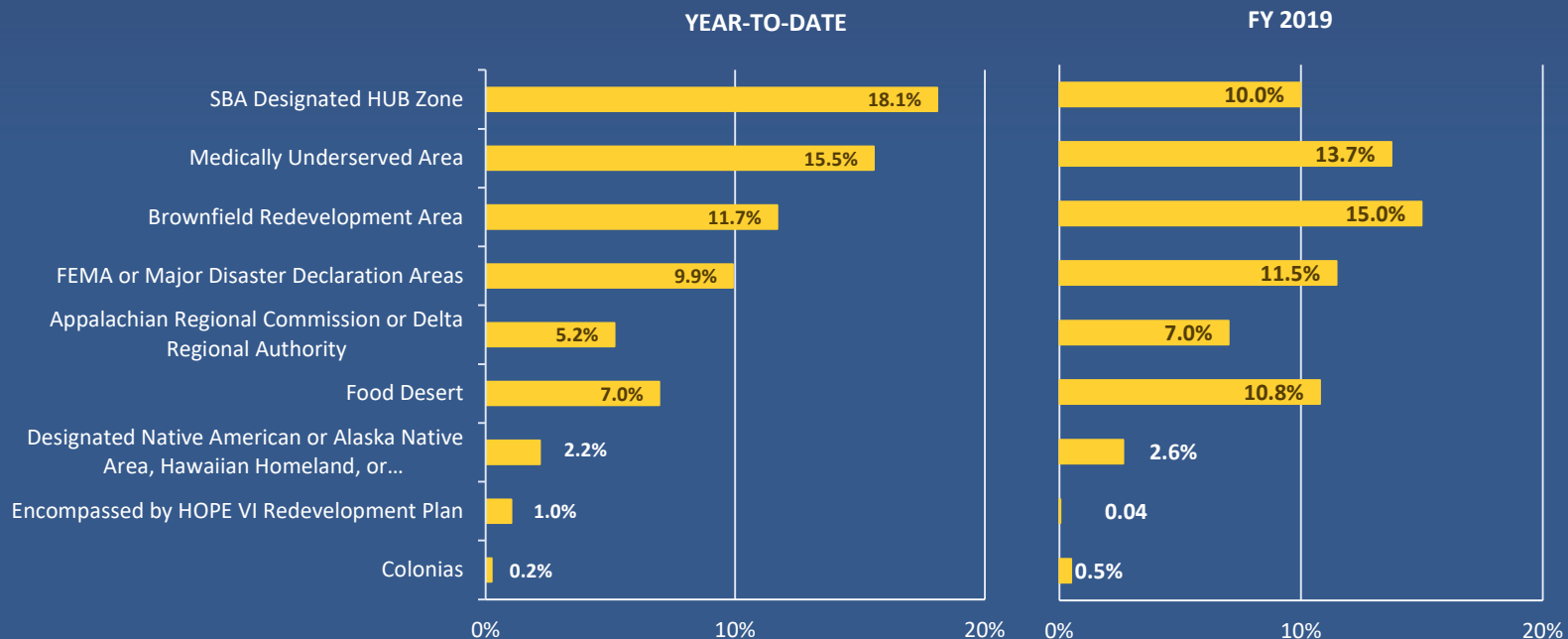
**IRS Notice 2006-60, 2006-2 C.C. 82 defines Targeted Population as individuals or an identifiable group of individuals, including an Indian tribe, who are low-income persons or otherwise lack adequate access to loans or equity investments.*

Investment Areas: Other Federal, State, Regional and Locally Designated Areas of Higher Distress



The vast majority of NMTC investments meet the primary criteria for investments in areas of higher distress. For the fraction of investments that do not meet the primary criteria, Allocatees can still meet their commitment to serving areas of higher distress by investing in projects that satisfy at least two of the secondary criteria below.

Percentage of QLICs Invested in Other Areas of Higher Distress

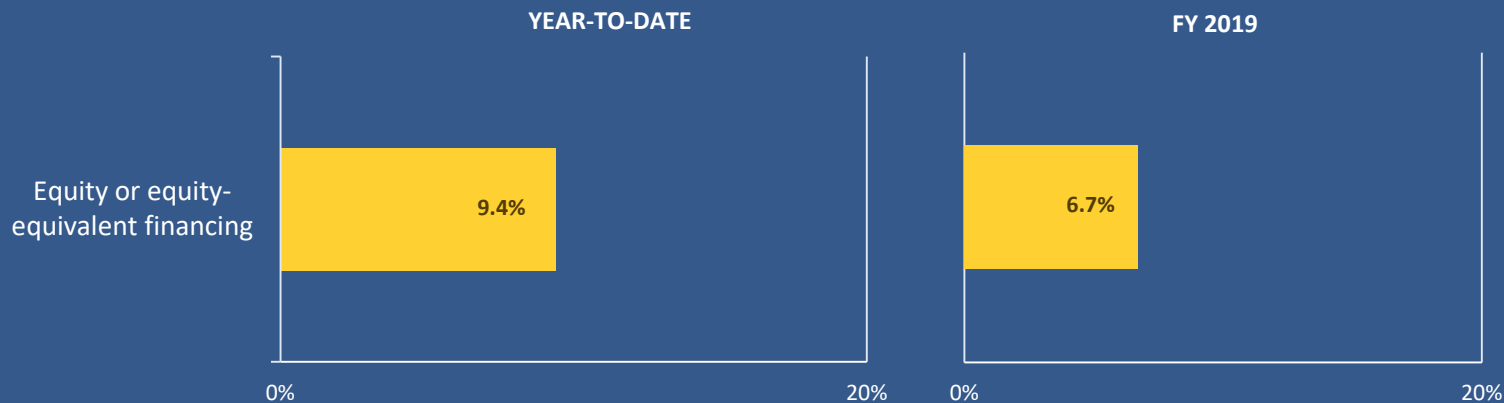


Flexible or Non-traditional Rates and Terms



The CDFI Fund requires Allocatees to offer financing with flexible or non-traditional rates and terms to low-income communities. Allocatees can meet this requirement in one of three ways: (1) by offering equity or equity equivalent financing; (2) by offering debt with interest rates that are a pre-specified percentage below either prevailing market rates or the Allocatees current offerings; or (3) by satisfying a designated number of criteria from a CDFI Fund defined list of criteria (these criteria are provided on the next slide).

Percentage of QLICs Offering Equity or Equity-Equivalent Financing

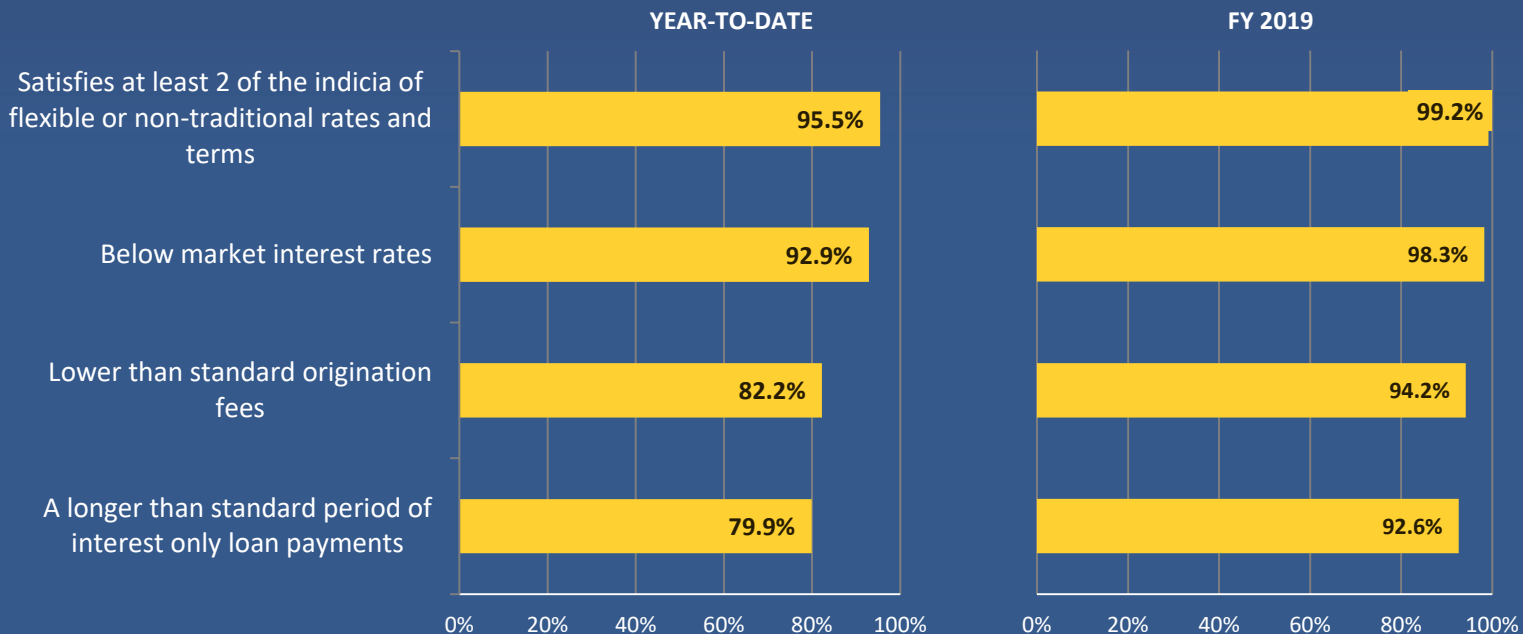


Flexible or Non-traditional Rates and Terms Cont.



Allocatees can meet the requirement for offering financing with flexible or non-traditional rates and terms by satisfying a designated number of criteria (specified in their Allocation Agreements) from the list of criteria below. Through FY 2019, at least 95% of QLICs met at least two of the criteria for flexible or non-traditional rates and terms. In FY 2019 alone, 99% of QLICs met at least two of the criteria.

Percentage of QLICs Offering Flexible Terms



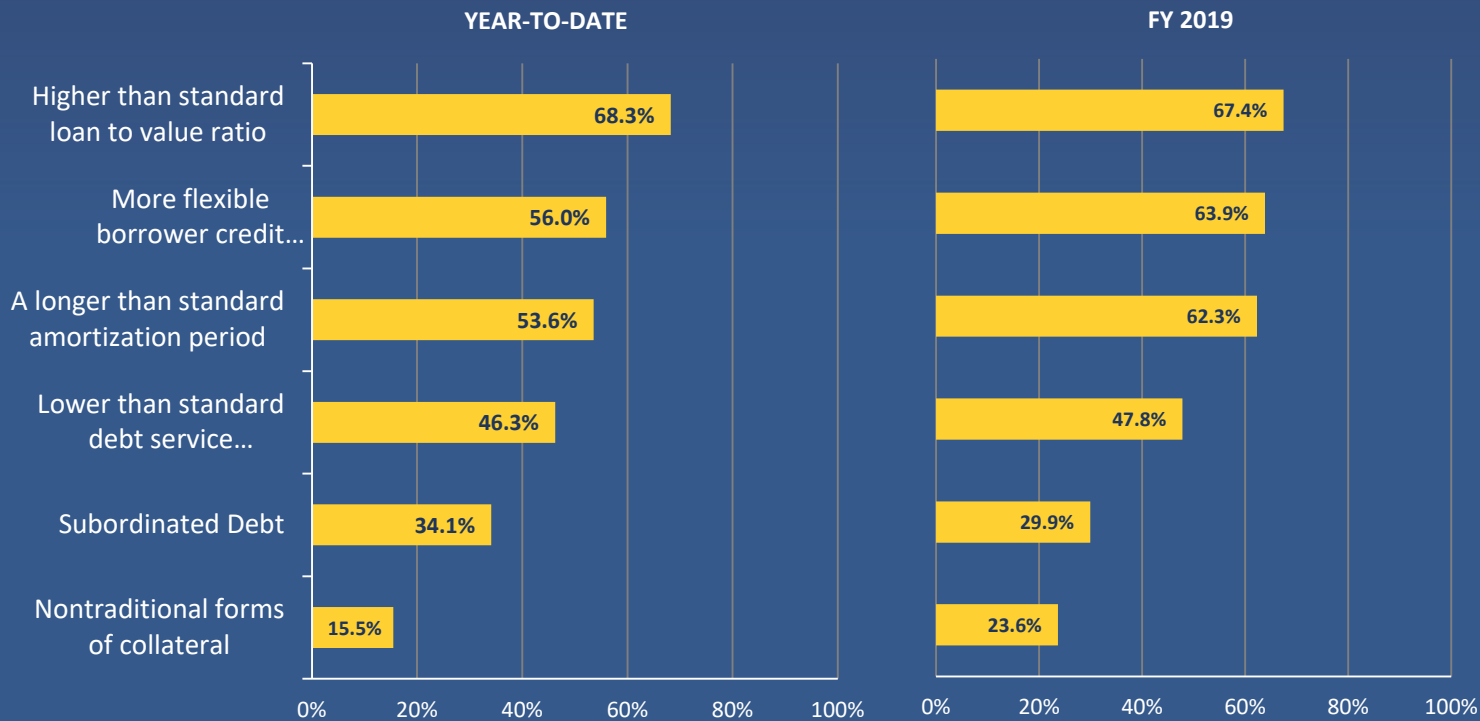
Flexible or Non-traditional Rates and Terms

Cont.



Below are additional categories of flexible or non-traditional rates and terms.

Percentage of QLICs Offering Flexible Terms



NMTC Program Terms and Definitions



- **Community Development Entity (CDE):** A financial intermediary certified by the CDFI Fund that may apply to receive an Allocation Award of New Markets Tax Credits (NMTC) to make qualified low-income community investments.
- **Low-Income Community (LIC):** In the NMTC context, this refers to an NMTC-qualified census tract that meets certain criteria based on poverty rates, unemployment, and median household income.
- **New Markets Tax Credit Project (NMTC Project):** is a CDFI Fund term used to identify groups of QLICs invested toward a common target or objective (e.g. a group of QLICs sharing the same project address).
- **North American Industry Classification System (NAICS):** The North American Industry Classification System (NAICS) is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. NAICS categories are used in this summary report to classify the types of businesses where NMTC investments are used.
- **Qualified Equity Investment (QEI):** An equity investment made into an eligible CDE that generates New Markets Tax Credits for the investor, equal to 39% of the investment over a seven-year period.
- **Qualified Active Low-Income Community Businesses (QALICB):** A nonprofit or for-profit entity in an NMTC-eligible census tract that receives an investment from a CDE through the NMTC Program.
- **Qualified Low-Income Community Investments (QLICI):** Any investment from a CDE into a QALICB that uses and complies with the NMTC Allocation Award and Section 45D of the IRS Code.

NMTC Data Correction and Future Updates



All transaction level data represented in the preceding slides is taken from the Transaction Level Report (TLR) submitted by CDE Allocatees. This data has not been independently validated and may contain errors.

With the publication of this report, Allocatees may identify updates or corrections related to the data published in the summary report and the related data file (NMTC Public Data Release: 2003-2019 Data File). In such cases, the CDEs may contact the CDFI Fund's Financial Strategies & Research department at CDFI-FinancialStrategiesandResearch@cdfi.treas.gov.

Please provide the Originator Transaction ID, Project Number, Project Address and Project FIPS for the data records you wish to modify. The CDFI Fund will incorporate such information in future NMTC public data releases.