U.S. TREASURY DEPARTMENT OFFICE OF PUBLIC AFFAIRS

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TREASURY AWARDS $3.5 BILLION TO ENCOURAGE PRIVATE SECTOR INVESTMENTS IN DISTRESSED COMMUNITIES

Awards Announced Under 6th Round of New Markets Tax Credit Program

Washington, DC- U.S. Treasury Deputy Secretary Robert M. Kimmitt and Treasury's Community Development Financial Institutions (CDFI) Fund Director Donna J. Gambrell announced today in Washington, DC, that 70 organizations were selected to receive $3.5 billion in tax credits for use in low-income communities. Treasury awarded the credits under the 2008 round of the New Markets Tax Credit (NMTC) Program. The NMTC Program attracts private-sector capital investment into the nation's urban and rural low-income areas to help stimulate economic growth and create jobs.

The 70 organizations are headquartered in 29 different states and the District of Columbia, and have identified principal service areas consisting of 46 different states and the District of Columbia. The 70 organizations were selected through a competitive application process from a pool of 239 applicants that collectively requested a total of $21.3 billion in tax credits.

"New Markets Tax Credits are frequently the critical piece of financing needed to complete real estate developments and fund businesses in rural and urban low-income communities," said Deputy Secretary Kimmitt. "Use of this tax credit has resulted in the creation of valuable jobs, services, and economic opportunities for Americans living in distressed communities."

To date, close to $12 billion of private-sector capital has been invested through the NMTC Program into distressed urban and rural communities throughout the country. Data reported through 2007 shows that $9 billion dollars of NMTC capital has been invested into approximately 2,000 businesses and real estate developments - helping to develop or rehabilitate over 68 million square feet of real estate, create 210,000 construction jobs, and create or maintain 45,000 full time equivalent jobs at businesses in low-income communities.

Evidence shows that NMTCs are being utilized in some of the nation's most untested and underserved markets. A report released today by the CDFI Fund demonstrates that over 75 percent of NMTC-financed transactions were located in a census tract with: 1) a poverty rate of at least 30 percent; 2) a median family income at or below 60 percent of the applicable area median family income; or 3) an unemployment rate at least 1.5 times the national average.

“The New Markets Program is clearly accomplishing what it is intended to do – to attract private-sector sources of capital into our nation’s low-income communities,” said CDFI Fund Director Gambrell. “Not only is this capital being raised quickly, but investments are being made in communities with significantly higher levels of distress than are minimally required under program rules.”

The NMTC Program, established by Congress in December 2000, permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in investment vehicles known as Community Development Entities (CDEs). The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year period.

Substantially all of the taxpayer’s investment must in turn be used by the CDE to make qualified investments in low-income communities.

The NMTC Program is administered by Treasury’s CDFI Fund. In the six rounds to date, the CDFI Fund has made 364 allocation awards totaling $19.5 billion in tax credit authority, including $1 billion that was specifically set aside for recovery and redevelopment in the wake of Hurricane Katrina.

A complete list of the 70 organizations selected, the report released today on the NMTC Program and additional information on the NMTC Program can be found on the CDFI Fund’s web site at: www.cdfifund.gov.

-30-