New Markets Tax Credit (NMTC) Public Data Release

FY 2003 to FY 2017 Summary Report

November 2019

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.

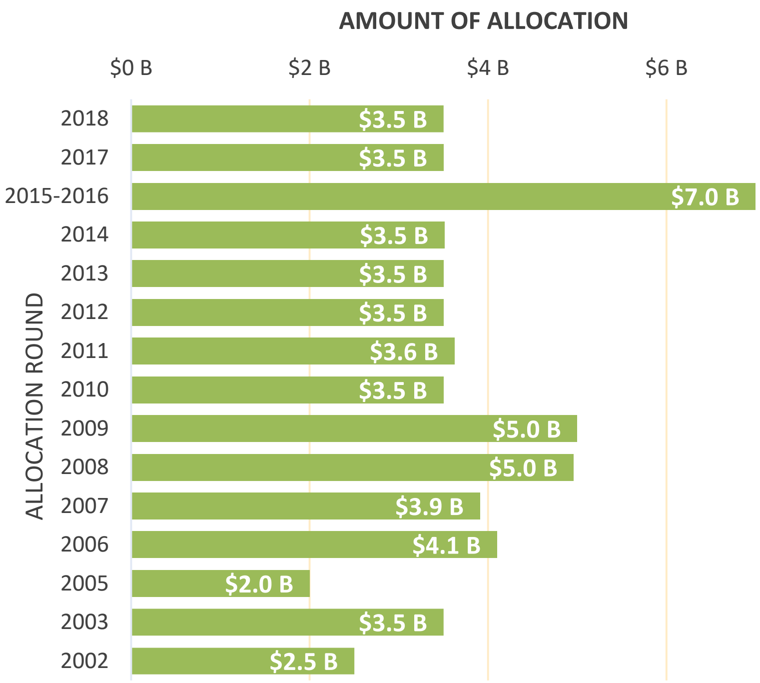
The data represented in this summary report and accompanying data file was submitted by Allocatees prior to September 30, 2018.

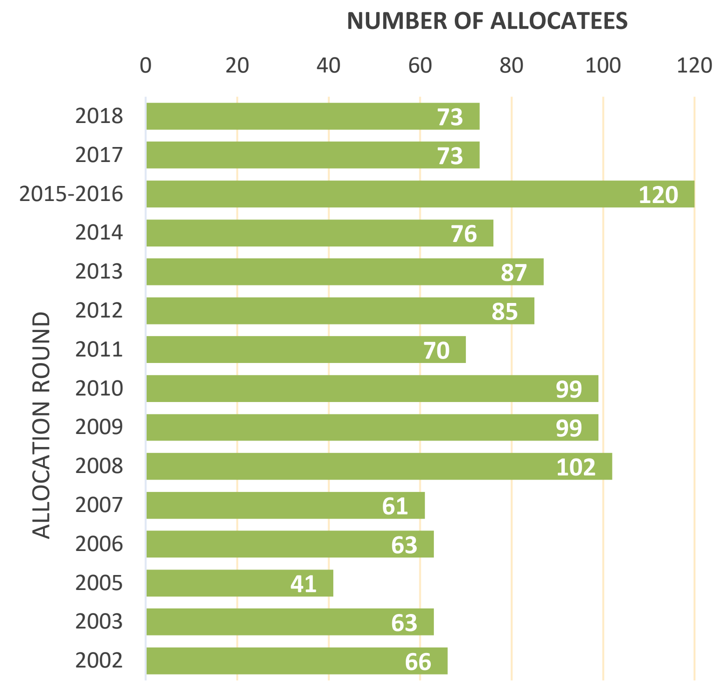
NMTC Program Terms and Definitions

- **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 QLICIs invested toward a common target or objective (e.g. a group of QLICIs 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 Program Allocation Totals

Through **15 application rounds** of the NMTC Program, the CDFI Fund has made **1,178 awards**, allocating a total of **$57.5 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 CDEs** headquartered in 45 states, the District of Columbia, Guam, and Puerto Rico.

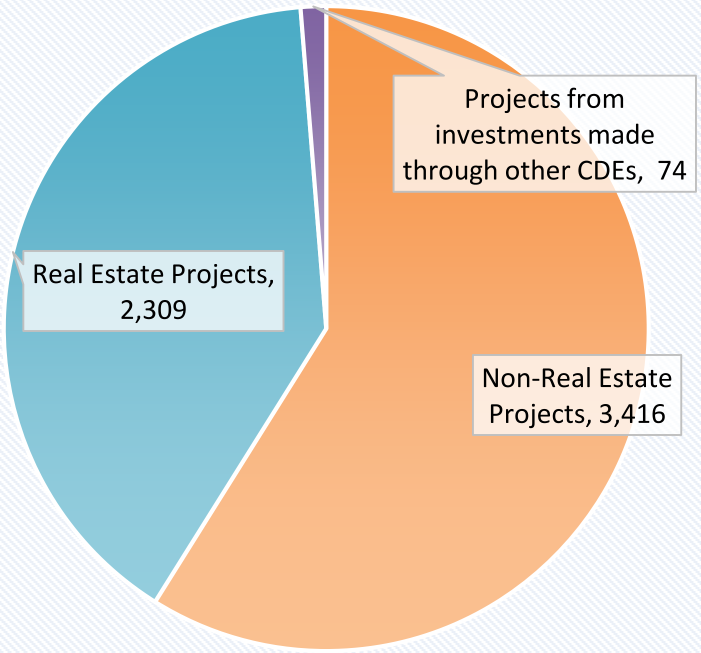




NMTC Real Estate and Non-Real Estate QALICBs

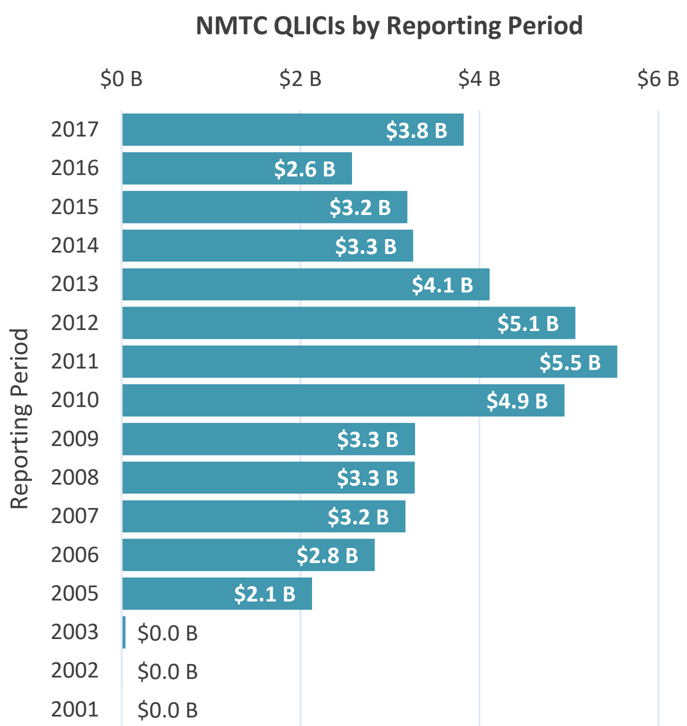
Allocatees generally invest in QALICBs that fall into one of two categories: real estate and non-real estate. **Real Estate QALICBs** are entities whose predominant business activity (e.g. more than 50% of gross income) is the development (including construction of new facilities and rehabilitation/enhancement 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 2017, QEI proceeds were directed to 5,799 projects –through both real estate, non-real estate QALICBs and investments made through Other CDEs.

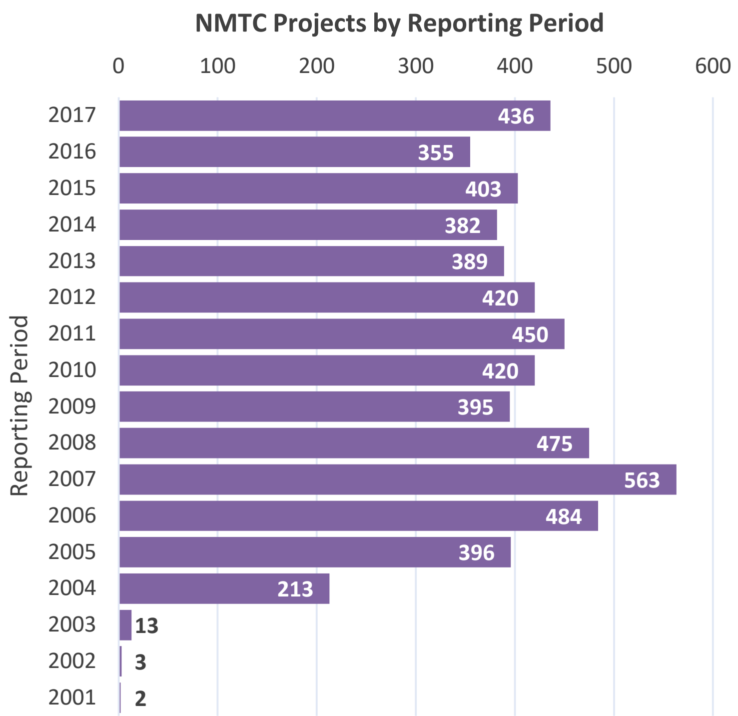
- 3,416 QALICBs (58.9% percent) were Non-Real Estate QALICBs or operating businesses. These businesses received $24,613,796,401 in NMTC investments (50.9% percent).
- 2,309 QALICBs (39.8% percent) were Real Estate QALICBs, where the principal activity is the development or leasing of real estate. These businesses received $22,983,486,559 in NMTC investments (47.5% percent).
- 74 QALICBs (1.3% percent) were the beneficiaries of loans or investments made by CDEs through other unrelated CDEs without allocations. These investments totaled $788,775,023 in NMTC investments (1.6% percent).



NMTC Investments by Reporting Period

Based on program activities reported through FY 2017, Allocatees disbursed a total of **$ 48,331,394,983 in QEI proceeds towards 5,799 NMTC QALICBs.**

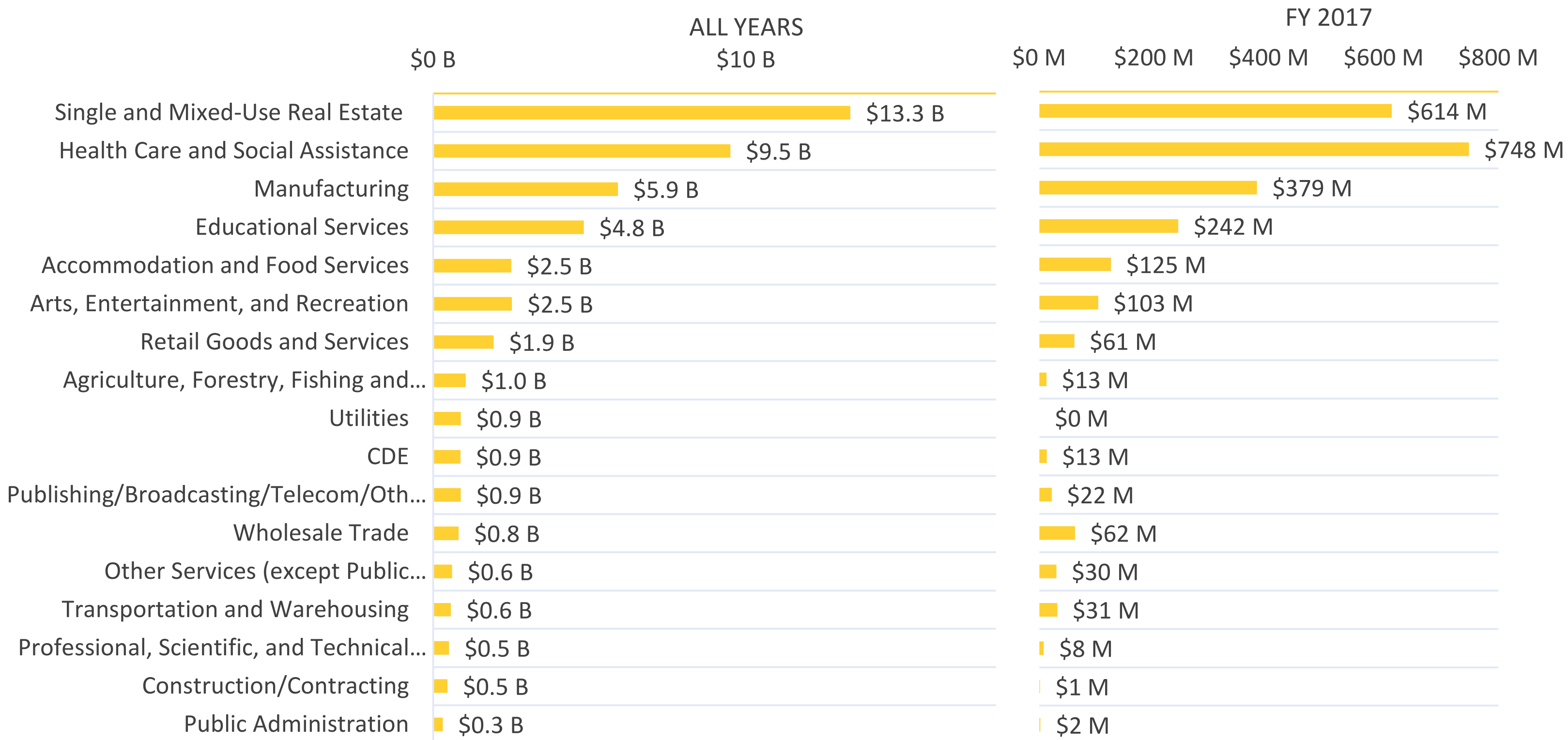




NMTC Investments by Sector (NAICS)

Based on program activities reported through FY 2017, QLICIs were directed towards a broad range of investment sectors. To date, the top investment sectors have been Single and Mixed-Use Real Estate, Health Care and Social Services, Manufacturing and Educational Services. The chart below shows NMTC Investments aggregated at the two-digit NAICS level.

QLICIS INVESTED BY NAICS CLASSIFICATION



NMTC Investments by Sector: Single and Mixed-Use Real Estate

Through FY 2017, nearly a third of all NMTC proceeds were invested in single and mixed-use real estate developments. These developments help to bring much needed products, services, jobs and neighborhood amenities to low-income communities. Around 15% of NMTC investments closed in FY 2017 were in single and mixed-use real estate developments.

NAICS	QLICIs - All Years	QLICIs - FY 2017
Single-Use Real Estate		
Office	$2,576,699,239	$119,643,437
Retail	$2,088,059,860	$42,630,000
Industrial	$319,440,492	$46,596,774
Residential	$273,166,057	$17,139,400
Total	$5,257,365,648	$226,009,611
Mixed-Use Real Estate		
Two or more of the following: Office, Retail, Industrial, Residential; and one or more of the following: School, Health Care Facility, Social Services, Arts and Entertainment, Hotel, Administrative or other services	$8,084,070,069	$388,270,766
Grand Total	**$13,341,435,717**	**$614,280,377**
Real Estate as percentage of all QLICIs	**27.57%**	**15.38%**

NMTC Investments by Sector: Healthcare and Social Services

Investments in healthcare and social services represent nearly 20% of overall NMTC investments through FY 2017. For loans closing just in FY 2017, this sector represented nearly 20% of NMTC investments.

NAICS	QLICIs - All Years	QLICIs - FY 2017
Health Care and Social Services		
Ambulatory Health Care Services		
Home Health Care Services	$28,359,013	$1,500,000
Offices of Physicians	$240,002,238	$22,046,000
Offices of Dentists	$46,861,014	$0
Offices of Other Health Practitioners	$71,927,591	$1,100,000
Outpatient Care Centers	$2,601,083,955	$267,675,750
Medical and Diagnostic Laboratories	$43,061,388	$2,500,000
Other Ambulatory Health Care Services	$24,602,183	$1,852,205
Hospitals		
General Medical and Surgical Hospitals	$1,460,622,725	$63,685,880
Psychiatric and Substance Abuse Hospitals	$67,333,000	$0
Specialty (except Psychiatric and Substance Abuse) Hospitals	$112,074,081	$0
Nursing and Residential Care Facilities		
Nursing Care Facilities (Skilled Nursing Facilities)	$329,456,855	$0
Residential Intellectual and Developmental Disability, Mental Health, and Substance Abuse Facilities	$131,045,888	$5,940,000
Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly	$186,570,014	$0
Other Residential Care Facilities	$1,300,000	$1,300,000
Social Assistance		
Individual and Family Services	$2,259,542,148	$228,496,679
Community Food and Housing, and Emergency and Other Relief Services	$1,276,285,677	$108,131,000
Vocational Rehabilitation Services	$269,192,861	$5,790,000
Child Day Care Services	$352,985,333	$38,449,722
Total	**$9,502,305,964**	**$748,467,235**
Health as percentage of all QLICIs	**19.64%**	**18.74%**

NMTC Investments by Sector: Manufacturing

Investments in a broad range of manufacturing facilities represent the third largest share of NMTC investments for FY 2017 and for all investments to date.

NAICS	QLICIs - All Years	QLICIs - FY 2017
Manufacturing		
Apparel Manufacturing	$15,194,000	$0
Beverage and Tobacco Product Manufacturing	$16,249,999	$0
Chemical Manufacturing	$701,252,240	$20,090,000
Computer and Electronic Product Manufacturing	$93,941,939	$8,517,500
Electrical Equipment, Appliance, and Component Manufacturing	$152,295,761	$39,623,000
Fabricated Metal Product Manufacturing	$504,224,302	$23,953,442
Food Manufacturing	$1,649,131,474	$114,752,847
Furniture and Related Product Manufacturing	$137,350,727	$5,770,000
Leather and Allied Product Manufacturing	$2,526,601	$0
Machinery Manufacturing	$276,800,826	$29,115,000
Miscellaneous Manufacturing	$99,422,268	$240,000
Nonmetallic Mineral Product Manufacturing	$218,371,510	$52,616,013
Paper Manufacturing	$251,659,562	$0
Petroleum and Coal Products Manufacturing	$6,500,000	$2,500,000
Plastics and Rubber Products Manufacturing	$272,889,682	$16,720,500
Primary Metal Manufacturing	$568,072,639	$19,700,000
Printing and Related Support Activities	$47,417,973	$1,785,000
Textile Mills	$61,871,334	$0
Textile Product Mills	$1,359,500	$0
Transportation Equipment Manufacturing	$440,281,775	$27,400,844
Wood Product Manufacturing	$385,963,414	$16,450,000
Total	**$5,902,777,525**	**$379,234,146**
Manufacturing as percentage of all QLICIs	**12.20%**	**9.50%**

NMTC Investments by Investment Sector: Educational Services

Investments in educational services, including elementary and secondary schools, represent the fourth largest share of NMTC investments for FY 2017 and for all investments to date.

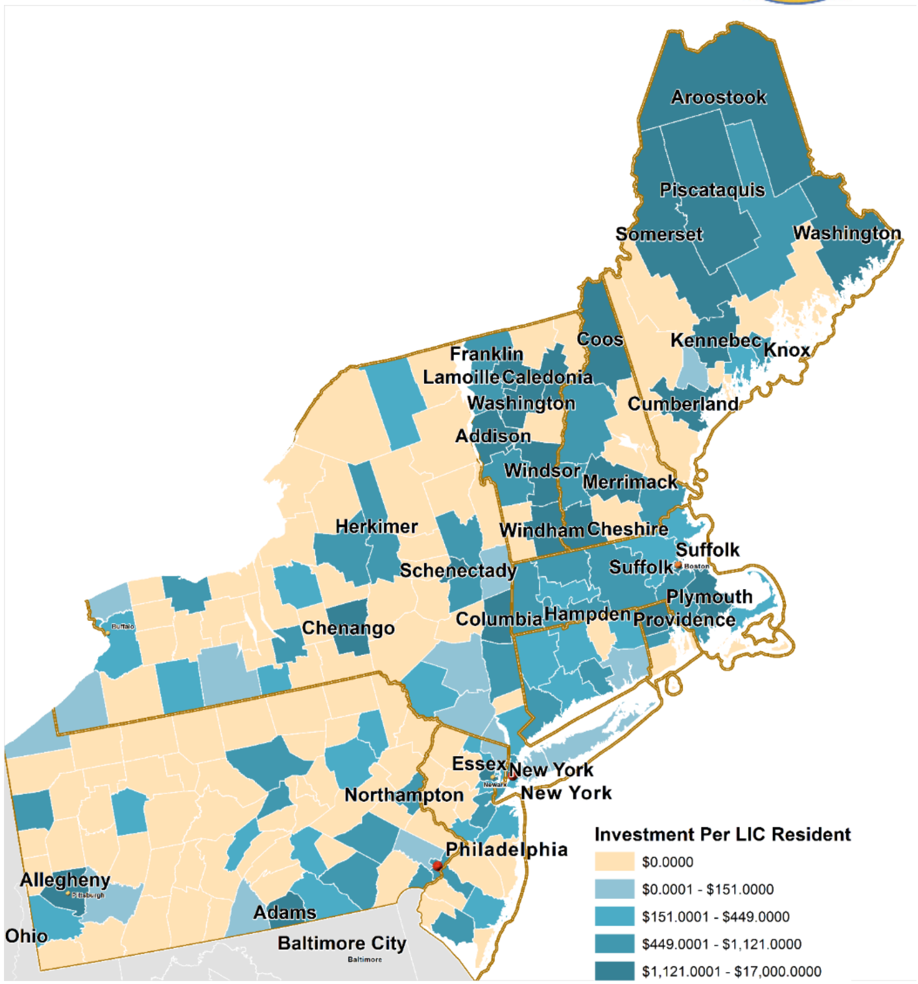
NAICS	QLICIs - All Years	QLICIs - FY 2017
Educational Services		
Elementary and Secondary Schools (Including Charter Schools)	$3,365,635,960	$150,717,878
Colleges, Universities, and Professional Schools	$794,850,248	$57,000,000
Junior Colleges	$218,958,724	$3,500,000
Other Schools and Instruction	$188,454,673	$12,488,963
Technical and Trade Schools	$159,965,621	$10,500,000
Educational Support Services	$80,607,517	$7,922,500
Total	**$4,808,472,743**	**$242,129,341**
As percentage of all QLICIs	**9.94%**	**6.06%**

Geographic Distribution of NMTC Investments: Northeast

The maps on slides 13-16 show the amount of NMTC investments on a dollar per LIC (Low-Income Community) resident basis. This figure was calculated by dividing the amount of investment in each county or county-equivalent area by the number of residents living in LICs. The four categories of investment were determined by using the first, second, third and fourth quartiles. ***Counties shaded in darker blues received more dollars on a per LIC basis than counties shaded in lighter blues.***

Based on program activities reported through FY 2017, the top five Northeastern counties to receive NMTC investments on a per LIC basis were Adams County, PA ($13,564); Windham County, VT ($8,291); Piscataquis County, ME ($6,700); Washington County, VT ($4,117) and Coos County, NH ($3,965).

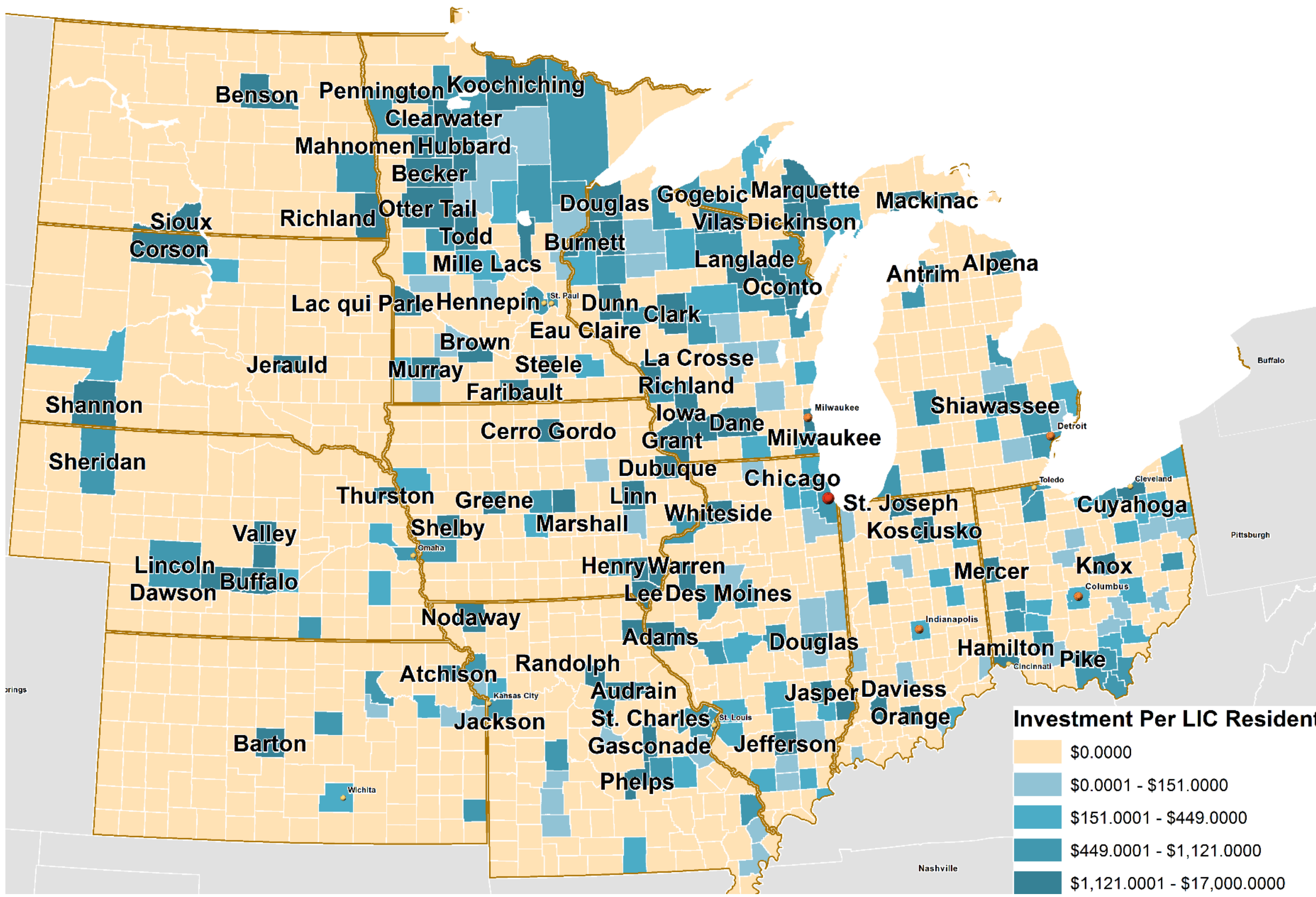
The top five Northeastern counties to receive NMTC investments in absolute amounts were Suffolk County, MA($1.035 B); New York County, NY ($923 M); Philadelphia County, PA ($859 M); Bronx County, NY ($751 M); and Kings County NY ($746 M).



Geographic Distribution of NMTC Investments: Midwest

Based on program activities reported through FY 2017, the top five Midwestern counties to receive NMTC investments on a per LIC basis were Jerauld County, SD ($16,667); Richland County, WI ($15,412); Steele County, MN ($12,814); Brown County, IL ($9,782) and Dawson, NE ($10,696).

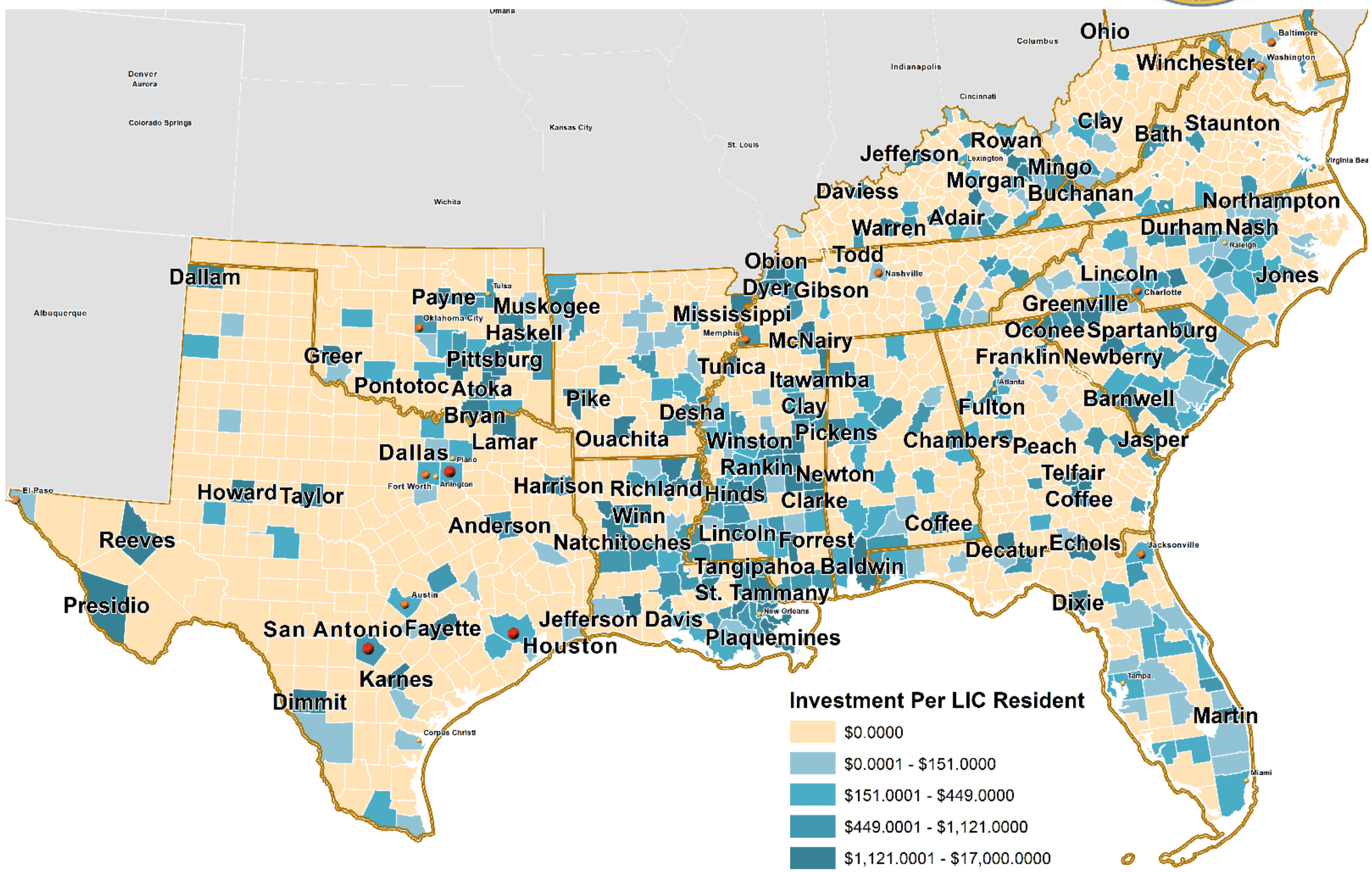
The top five Midwestern counties to receive NMTC investments in absolute amounts were the City of St. Louis, MO ($1.328 B); Cook County, IL ($1.126 B); Milwaukee County, WI ($1.013 M); Cuyahoga County, OH ($935 M) and Hamilton County, OH ($823 M).



Geographic Distribution of NMTC Investments: South

Based on program activities reported through FY 2017, the top five Southern counties to receive NMTC investments on a per LIC basis were Bryan County, OK ($8,422); Orleans Parish, LA ($8,404); Obion County, TN ($7,639); Clarke County, MS ($7,106) and Richland Parish, LA ($6,746).

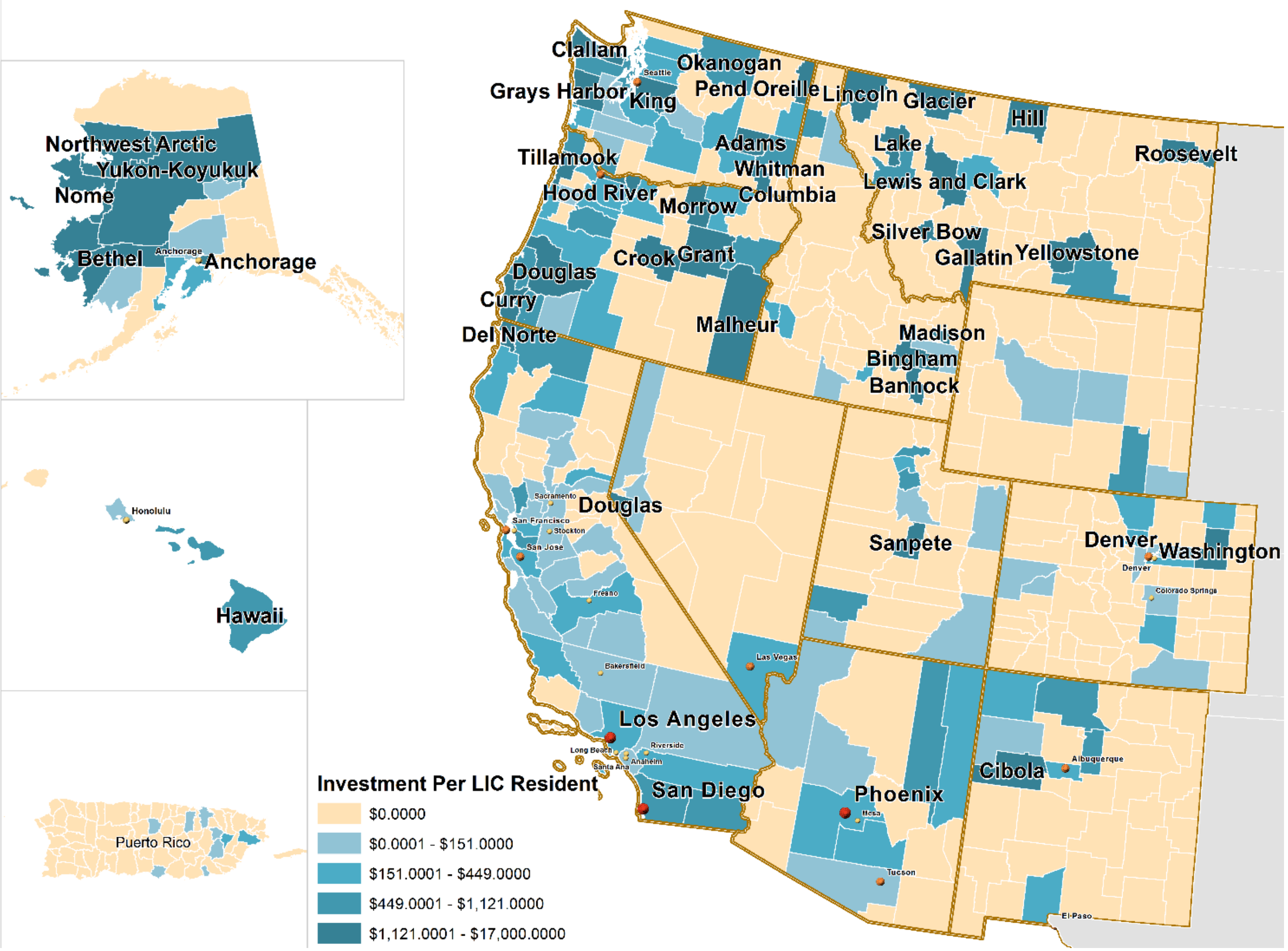
The top five Southern counties to receive NMTC investments in absolute amounts were Orleans Parish, LA ($1.638 B); Washington, D.C. ($1.025 B); the City of Baltimore, MD ($866 M); Fulton County, GA ($471 M) and Jefferson County, KY ($403 M).



Geographic Distribution of NMTC Investments: West

Based on program activities reported through FY 2017, the top five Western counties to receive NMTC investments on a per LIC basis were Lewis and Clark County, MT ($7,786); Kusilvac Census Area, AK ($7,450); Grant County, OR ($6,707); Morrow County, OR ($5,665); and Curry County, OR ($5,062).

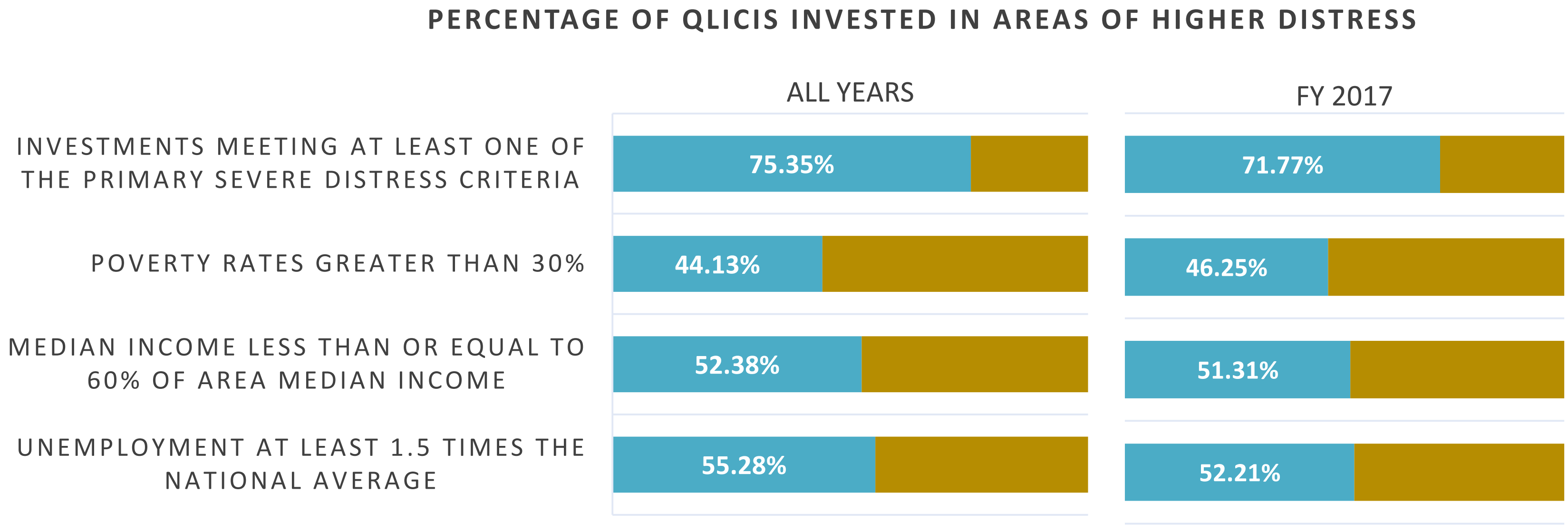
The top five Western counties to receive NMTC investments in absolute amounts were Los Angeles County, CA ($1,1.571 B); King County, WA. ($672 M); San Diego County, CA ($609 M); Maricopa County, AZ ($581 M); and Multnomah County, OR ($461 M).



Investment Areas: Higher Distress

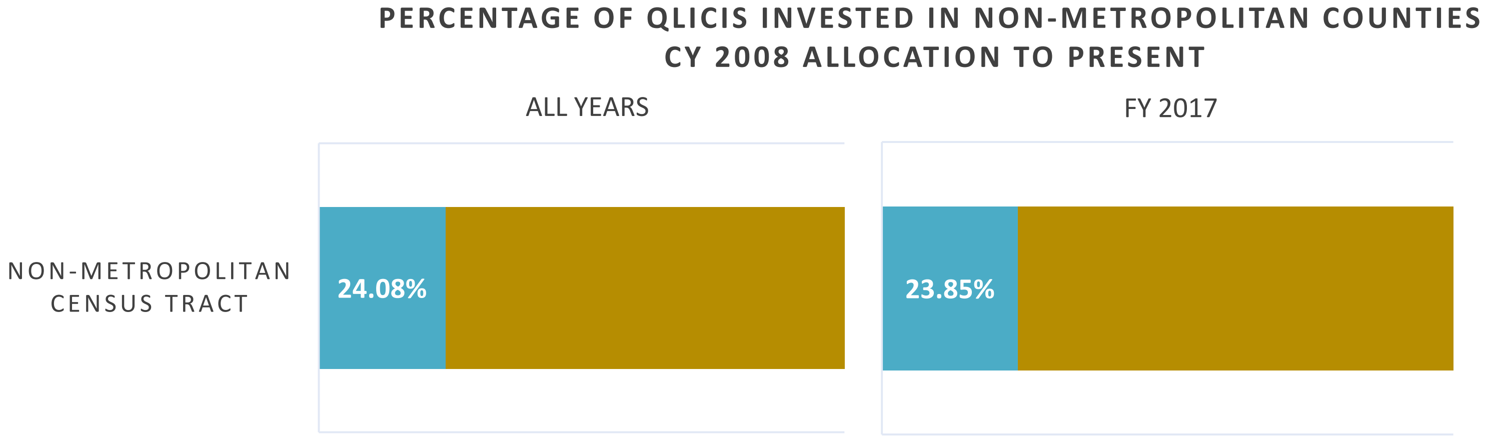
Allocatees can go beyond the statutory minimum distress requirements of the NMTC Program by committing to serve areas of higher distress. CDEs can do this in one of two ways: (1) CDEs can invest in areas that meet at least **one of the criteria for Primary indicators of higher distress**; **or** (2)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



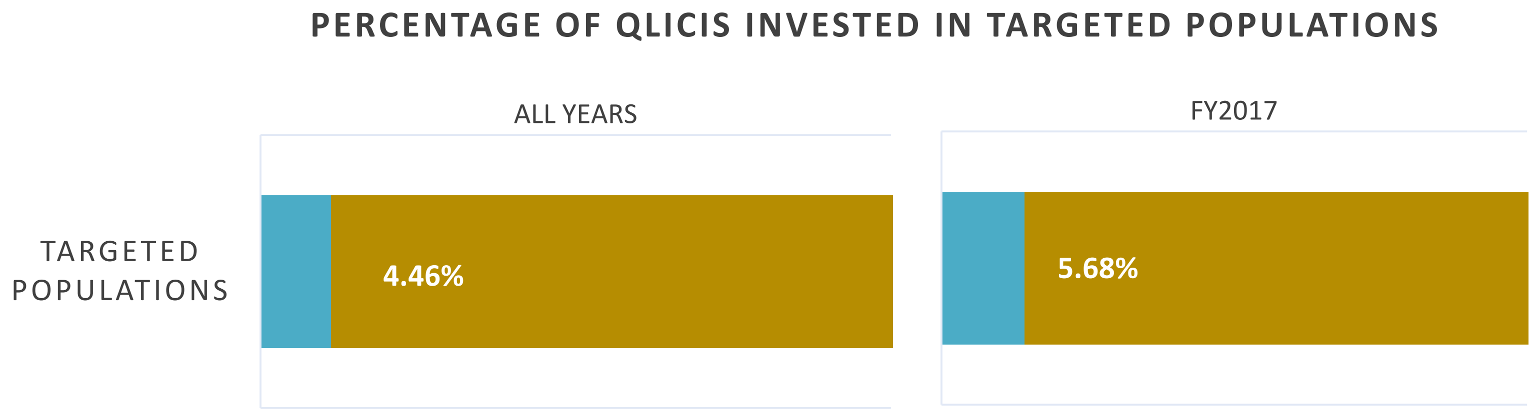
Investment Areas: Non-Metropolitan

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 New Markets Tax Credit 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 QLICIs in non-metropolitan areas which approximated the percentage of the U.S. population that resides in non-metropolitan counties.



Investment Areas: Targeted Populations*

And finally, 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.

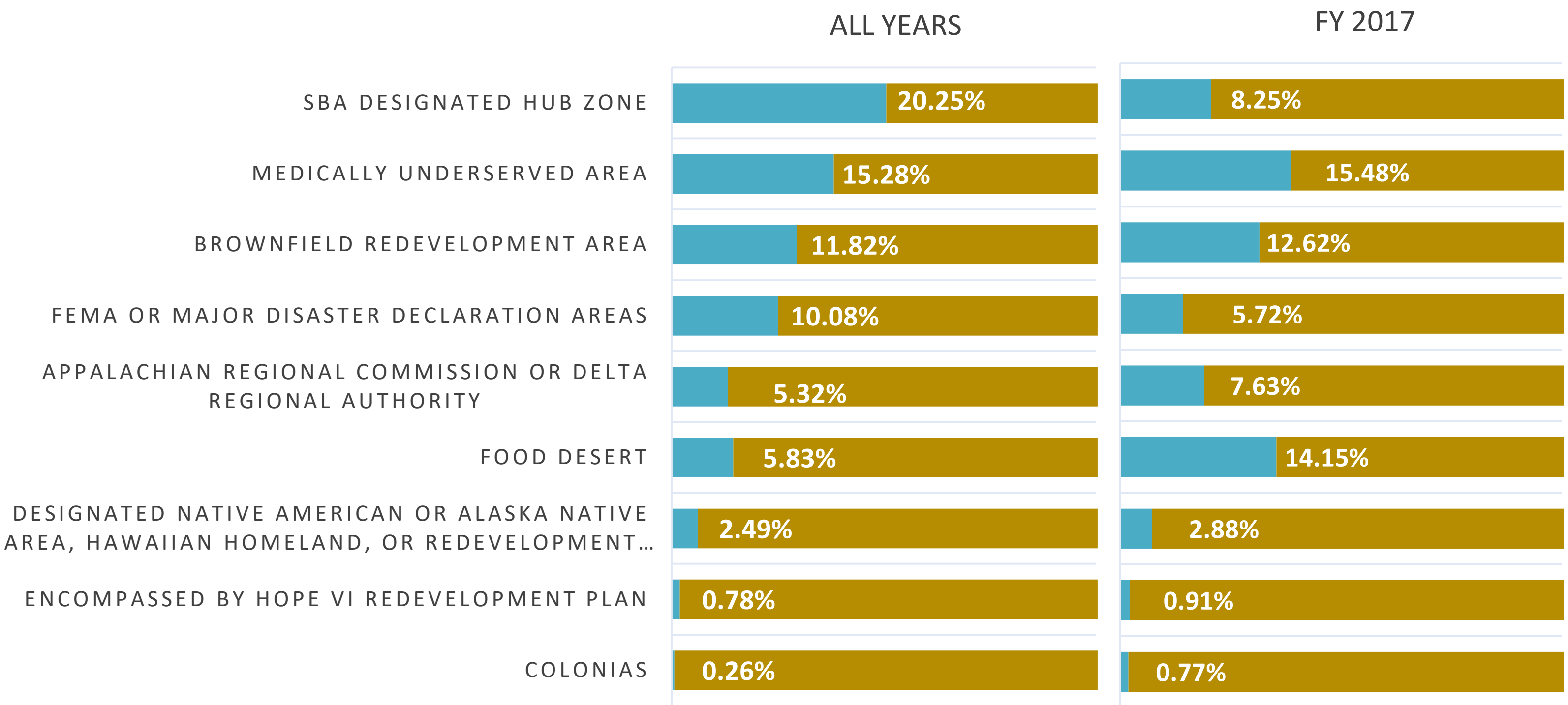


**IRS Notice 2006-60, 2006-2 C.C. 82* defines Targeted Population as individuals or an identifiable group of individuals, including an Indian tribe, who are low-income persons or otherwise lack adequate access to loans or equity investments.*

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

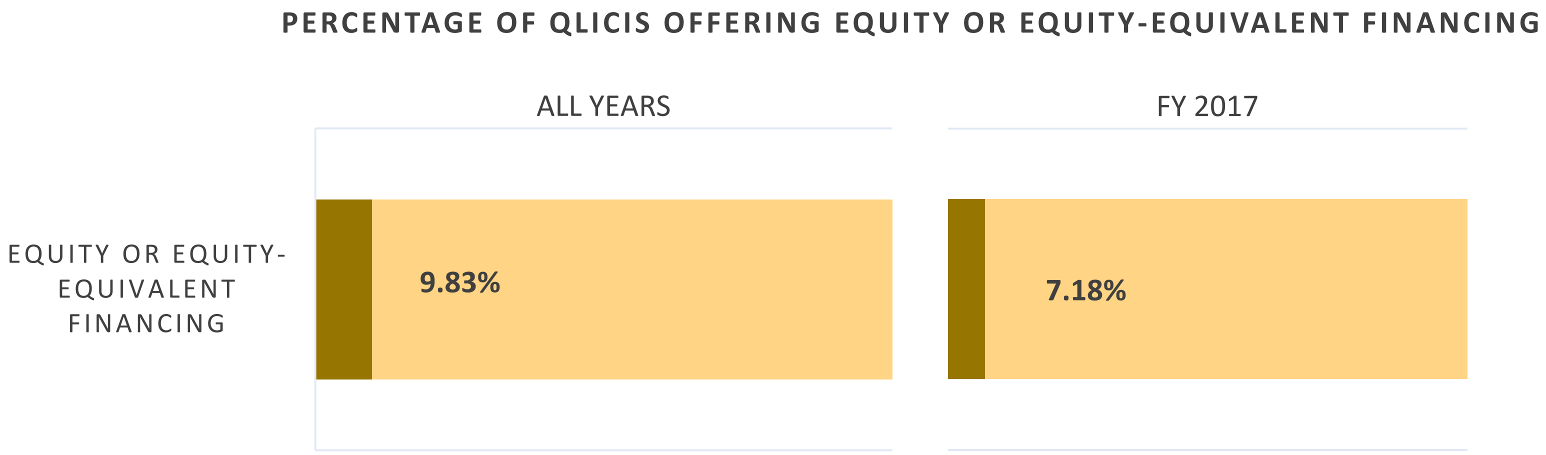
The vast majority of NMTC investments meet the primary criteria for investments in areas of higher distress. For the fraction of investments that do not meet the primary criteria, Allocatees can still meet their commitment to serving areas of higher distress by investing in projects that satisfy at least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

PERCENTAGE OF QLICIS INVESTED IN OTHER AREAS OF HIGHER DISTRESS



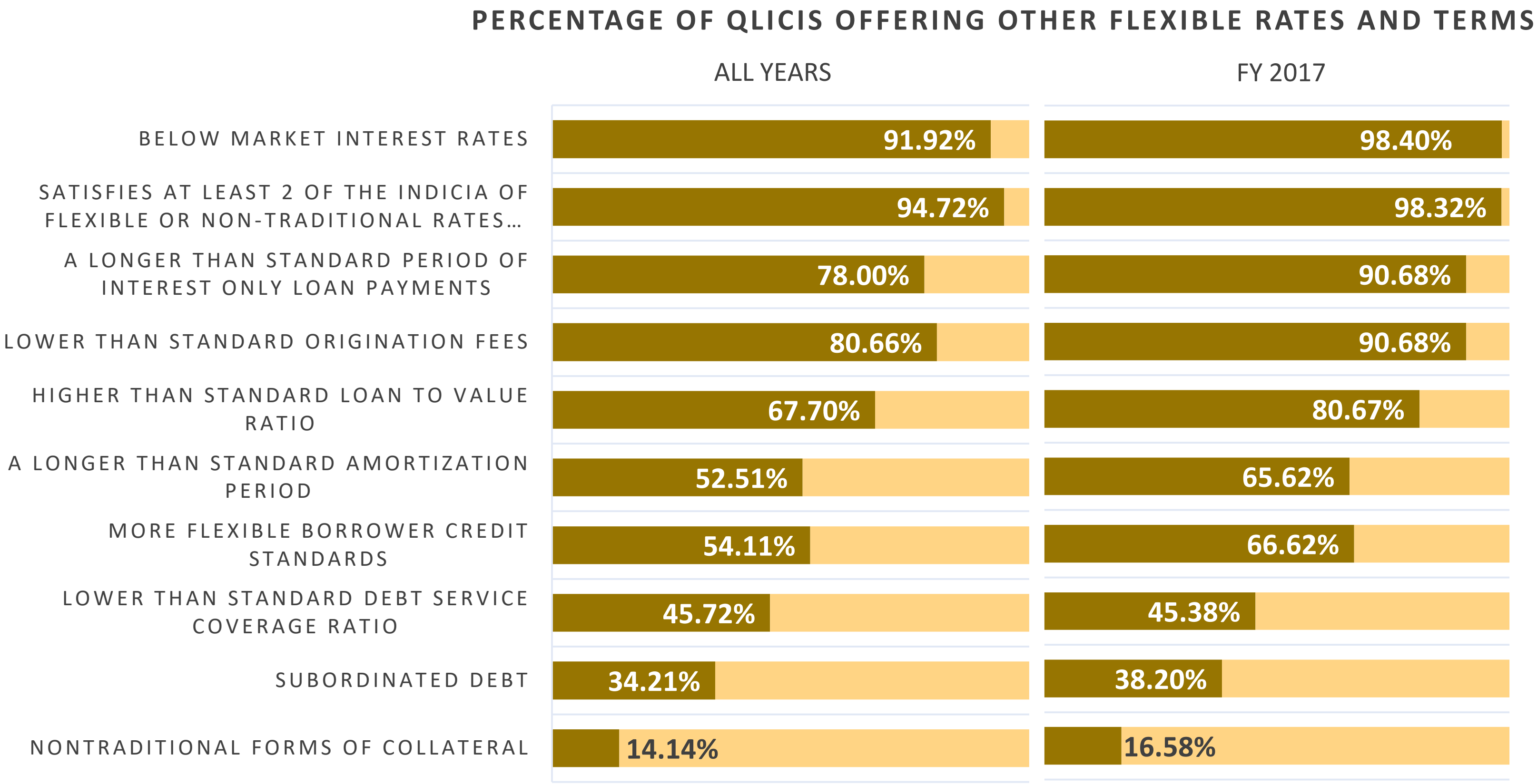
Flexible or Non-traditional Rates and Terms

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 following slide).



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 2017, nearly 92 percent of QLICIs met at least two of the criteria for flexible or non-traditional rates and terms. In FY 2017 alone, over 98 percent of QLICIs met at least two of the criteria.



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 accompanying 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.