



U.S. Department of Treasury  
New Markets Tax Credit (NMTC) Program  
Minority CDE Training & Technical Assistance  
Contract # TFSACDF15C0004

# TRAINING CURRICULUM

## Module 2

# Module #2

*Community Outcomes: The Reason We are Here*

**Goal:** Discuss role of CDE-Allocatee in generating community outcomes and effects of various types of mission goals; consider impact of outcomes mission on CDE organizational design.

# What is the Role of the CDE-Allocatee?

- Allocatee CDEs are responsible for implementing meaningful outcome-producing projects for communities they serve.
- This is why each Allocatee CDE must have:
  - Low-Income community representatives participating meaningfully in its board of advisors or governing board;
  - a business plan likely to bring about significant, measurable and enforceable community outcomes; and
  - a demonstrable track record of success.

# Long History of Community Development

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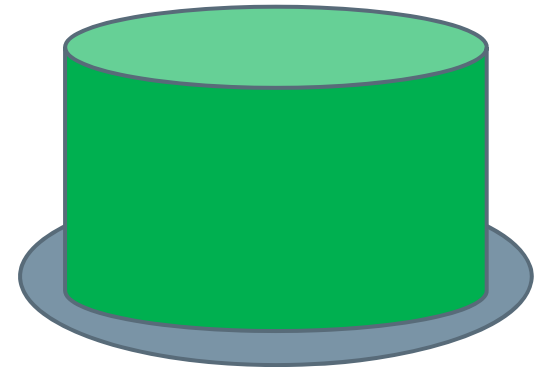
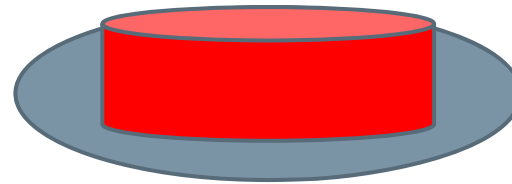
- Urban renewal in the '50's
- Community Development Block Grant in the 70's and continuing
- HOME, Hope VI, EDI / 108; many other programs
- Historic, Low-Income Housing, and New Markets Tax Credits

***All share common theories and goals of ameliorating blight, which is a progression of conditions that cause disinvestment in real estate, and alleviating the impacts of poverty.***

# Community Outcomes Improve LIC Economic Dynamics and Quality of Life

Low-income communities have certain economic issues in common:

- Relatively low **volume** of capital
- Relatively low **velocity** of capital



# Investment, Jobs, Goods, and Services

## **Investment in the Low-Income Communities creates**

- Local jobs
  - Commercial goods
  - Community services
- When Low-Income Community residents are able to buy goods and services within their own community, their capital stays in the local micro-economy, improving the volume and velocity of capital.
  - When they have to buy goods and services outside of their community, the local economy is depleted.
  - Local employment brings capital from outside into the LIC, increasing volume of capital.

# Local Goods and Services for Quality of Life

## Local full-service grocery



## Neighborhood mini-market



NMTC investment brings additional goods and services options to low-income-communities. Sometimes full service grocery stores may be needed while in other cases a mini-market may fulfill community needs.

# What Are the Kinds of Outcomes Sought by NMTC?

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- Direct jobs created or retained
- Quality jobs
- Accessible jobs
- Commercial goods or services
- Healthy food financing
- Community goods or services
- Financing Minority businesses
- Flexible lease rates
- Housing units, % affordable
- Environmentally sustainable outcomes
- Other



# “Know It When You See It” Is Not Enough

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To implement the goals of the NMTC program, community outcomes must be:

- Relevant to the LIC being served
- Predictable
- Measurable
- Enforceable
- Meaningful

# What is Relevant, What is Meaningful?

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- Each Low-Income Community has unique issues and needs.
- The Low-Income Community representatives must have a real voice in designing community outcomes and prioritizing high-impact results for their communities because they understand the local issues, dynamics, and community development plans.

# What are Predictable and Measurable Outcomes?

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- Each CDE must have an established methodology for evaluating the outcomes proposed by the projects its investees will be delivering.
- The methodology must be consistent and based on data that can be measured and validated.
  - How many direct jobs? How many construction jobs?
  - How many customers or people served?
  - How do lease rates compare to the market area?

# What are Enforceable Outcomes?

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- If it can't be measured, it can't be enforced.
- But can it be enforced?
  - Should you declare a default if the QALICB fails to deliver promised community outcomes?
  - Would you if you could?
  - What would be the penalty?
- Could there be a positive reinforcement? Could you create an incentive for generating positive community outcomes?

# Community Outcomes Affect Every Element of a CDE's Operations

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- Mission
- Board
- Financial Products
- Pipeline
- Project Selection
- Underwriting
- Terms
- Capital Raising
- Staffing
- Loan Servicing

## Unique Attributes of MCDEs

- MCDEs understand their communities.
- They stay with the project and the community over the long-term.
- MCDE's projects are quality and have neighborhood diversity representation.
- Projects and financial products have high relevancy to the area.
- Long, deep associations with the low-income community.
- Personal experience of CDE leadership provides unique appreciation for LIC needs and goals.