



NEW **MARKETS** TAX CREDIT **PROGRESS REPORT**

2021

nmtccoalition.org/progress-report

The NMTC Coalition's annual report on the loans, investments, and community impact of the New Markets Tax Credit.

NEW MARKETS TAX CREDIT COALITION

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Rapoza Associates prepared this report for the New Markets Tax Credit Coalition.

The New Markets Tax Credit (NMTC) Coalition is a national membership organization that advocates on behalf of the NMTC program. The Coalition, which now includes more than 150 members, is managed by Rapoza Associates, a public interest lobbying, policy analysis and government relations firm located in Washington, DC. Paul Anderson is the principal author and designer of this report.

THE FOLLOWING PROVIDED GENEROUS FINANCIAL SUPPORT FOR THIS PUBLICATION:

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COVER IMAGES:

Left: Leona Tate being escorted home from their first day at the newly integrated McDonogh #19 public school, November 14, 1960.

Bottom left: Civil Rights Icons Gail Etienne, Tessie Prevost and Leona Tate at Groundbreaking Ceremony of the new Civil Rights Center at McDonogh 19 Elementary School site in New Orleans 3/09/2020. USBCDE, LLC, Enhanced Community Development, LLC and Central States Development Partners, Inc financed the Tate, Etienne, Prevost Center in 2020.

Bottom right: Residents wait in line at the Greater Pittsburgh Community Food Bank, which received NMTC financing from PNC Financial Services Group and Rural Development Partners.

Top right: The Aleutian Fiber Project is bringing broadband to remote Native villages along the Aleutian Island chain. Part of an ongoing project to expand broadband across Alaska. Various stages financed by Clearinghouse CDFI, Travois, Alaska Growth Capital, CNB Economic Development Company, Lower Brule Community Development Enterprise, USBCDE, LLC, and Waveland Community Development.

2021 NMTC PROGRESS REPORT

A Report by the NMTC Coalition

June 2021



2020 BY THE NUMBERS



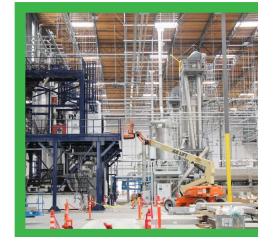
PROJECTS

NMTC financing helped 272 projects move forward in 48 states, Puerto Rico, and the District of Columbia, including Hartmann's Inc. (left) in Abilene, TX, a manufacturer financed by Prestamos CDFI, LLC.



INVESTMENT

CDEs used \$2.9 billion in NMTC allocation to deliver \$5.5 billion in total project investment to low-income communities, including \$988,000 in total project investment in SuprMarkt LA, a pop-up farmers market business that serves healthy & organic foods to the local community. Financed by LISC.



45.1K JOBS

Including 28,322 permanent full-time-equivalent (FTE) jobs, and 16,768 construction jobs.



15.4M SQ. FT. OF REAL ESTATE

renovated or constructed with NMTC financing, including 5.5 million in manufacturing space.



84K CHILDREN SERVED

by NMTC-financed schools, youth programs, and childcare centers.



152 MANUFACTURING BUSINESSES

were supported through new facilities, shared industrial space, and business incubators, generating 9,298 FTE manufacturing jobs.



24% OF FINANCING IN NON-METRO

counties, creating more than 11,000 jobs in rural America.



82 PROJECTS EXPANDED HEALTHCARE ACCESS

for 1.3 million patients. Healthcare projects included 41 Federally Qualified Health Centers and free clinics.



188 MILLION MEALS

provided by food banks, food pantries, and community food projects financed in a year marked by an increase in food insecurity.

2020 NMTC Projects

HIGHLIGHTS

JOBS AND INVESTMENT

- 272 projects totaling \$5.5 billion received \$2.9 billion in NMTC allocation (at a ten-year cost to the federal government of \$754 million).
- Projects generated 45,090 jobs in 2020, including 28,322 full-time equivalent (FTE) jobs and 16,768 temporary construction jobs. The federal cost per job averaged \$16,722.

AREAS TARGETED

- Projects were located in 183 cities within 46 states and territories.
- Eighty-five percent of projects were located in severely distressed communities and 24 percent of NMTC-financing went to non-metropolitan counties.
- Only one project utilized the Target Population eligibility criteria: the Allen Neighborhood Center Support Corporation project in Lansing, MI.

COMPONENTS OF PROJECTS

Jump-starting American Manufacturing: NMTC financing supported 152 manufacturing and industrial businesses with direct loans and equity investment toward working capital, new equipment, and 5.5 million sq. ft. of new or renovated industrial space, including shared, light industrial space for multiple manufacturing businesses.

Supporting Entrepreneurs: In 2020, NMTC financing supported 52 small businesses through direct financing and an additional 1,413 small businesses, startups, and entrepreneurs through 19 business incubators, makerspaces, and entrepreneurial training programs.

Real Estate: NMTC financing supported the construction or renovation of 15.4 million sq. ft. of real estate and the construction or renovation of 2,164 affordable, transitional, and supportive housing units.

STRENGTHENING COMMUNITY ASSETS

Expanding Access to Healthcare: The NMTC expanded healthcare access for 1.3 million individuals through 82 projects. Those projects included 41 federally qualified health centers and free clinics.

Expanding Access to Services:

- Sixty-one percent of projects included at least one community facility, affordable housing, nonprofit, or social service component. Those new community resources add up to 408 nonprofits, health centers, childcare centers, libraries, community centers, and other community facilities and social service providers.
- Over 84,000 children will attend a new school, participate in a new youth program, or stay in a NMTC-financed childcare or early education facility.
- Over 78,000 individuals will receive vocational training, attend a new or improved K-12 school, take advantage of expanded college and university facilities, receive financial education, or participate in other adult education programs.
- Food banks and pantries financed in 2020 will facilitate an estimated 188 million meals to the food insecure. Over 10 million people will benefit from expanded food access through new grocery stores, farmers markets, and food pantries.
- Nearly 200,000 people will visit NMTC-financed performing arts facilities, museums, recreation centers, and other new amenities.

Community Benefits Agreements: Excluding small business financing, ninety-eight percent of projects extended the benefits of the NMTC financing by including a Community Benefits Agreement (CBA). This is an identical result to 2019.



"We are truly excited to be taking our product to market. We have spent years refining, testing, and optimizing our technology to ensure its efficacy. Our product offers family members and caretakers ease of mind, knowing that advanced monitoring systems are in place to help keep track of their loved one's health."

Dan Brown, CEO of Algorithmic Intuition, which received working capital support through the NMTC from Advantage Capital.

ABOUT THE NMTC

Communities count on the New Markets Tax Credit to make important investments possible.

The New Markets Tax Credit (NMTC) is an important source of financing for businesses and community facilities in America's most distressed rural and urban communities. Congress authorized the NMTC in 2000 to bring down the cost of capital in communities outside of the economic mainstream. Taxpayers receive a 39 percent federal tax credit (taken over seven years) for qualified investments into Community Development Entities (CDEs), organizations with a track record of loans and investments in underserved areas. CDEs use the proceeds of those investments to finance business expansions, community facilities, and other projects prioritized by communities.

LEGISLATIVE STATUS

The NMTC is not a permanent part of the tax code. The initial authorization provided 5 years of credit authority, and the program has been extended more than a half dozen times since then. The most recent extension came in December of 2020 when Congress extended the credit for five years at \$5 billion in annual allocation authority, the longest and largest ever extension of the NMTC.

NMTC PERMANENCE CAMPAIGN

The New Markets Tax Credit expires December 31, 2025. The bipartisan **New Markets Tax Credit Extension Act of 2021** (H.R. 1321 and S. 456) would extend the program indefinitely and expand both the allocation level and investor base.



S. 456

Introduced by Senators Ben Cardin (D-MD) and Roy Blunt (R-MO). Thirty-seven cosponsors as of 6/15/2021.

H.R. 1321

Introduced by Representatives Terri Sewell (D-AL) and Tom Reed (R-NY). Sixty-three cosponsors as of 6/15/2021.

FLORIDA LOVES THE NMTC

Of the 63 cosponsors of H.R. 1321, 12 are from Florida. There are dozens of high-impact projects across the state. For example, in 2020, Florida Community Loan Fund provided \$17 million in NMTC financing for [Community Health Centers of Pinellas](#) to build renovate 2 federally qualified health centers (FQHCs) and to build 2 new FQHCs.

COALITION LEGISLATIVE PRIORITIES

The Coalition's top priority is to make the NMTC a permanent part of the U.S. code. Other priorities:

RACIAL EQUITY

The Coalition is proposing two set-asides of five percent of NMTC allocation to make the NMTC program more inclusive of the communities of color. The first would ensure a proportional amount of NMTC allocation reaches Indian Country each year. The second would set-aside at least five percent of NMTC allocation for minority-owned and controlled CDEs.

INFRASTRUCTURE

In the spring of 2021, the Biden Administration released its American Jobs Plan (AJP), which would invest \$2.3 trillion in critical physical and social infrastructure. One of the goals of the plan is to address past inequities in infrastructure spending decisions. The AJP envisions several promising new programs and initiatives for financing housing, invigorating our clean energy economy, and replacing our electric grid, among other ideas. Many of the goals and priorities in the plan align well with existing federal initiatives – in particular, the NMTC. The Coalition is urging Congress to provide \$3 billion in NMTC allocation through the AJP for the NMTC to support daycare facilities, green technology, business incubators, and other infrastructure priorities.

EXPAND THE NMTC INVESTOR MARKET

The Coalition is proposing provisions to improve investor liquidity in the NMTC equity markets. Generally speaking, these proposals seek to exempt the NMTC from the calculation of corporate minimum taxes. NMTC credit pricing has fallen over 10% over the past year. These changes would diversify the NMTC investor market and boost the benefit to low-income communities. They would also insulate against a decline in credit pricing during a recession – when the program is needed most.

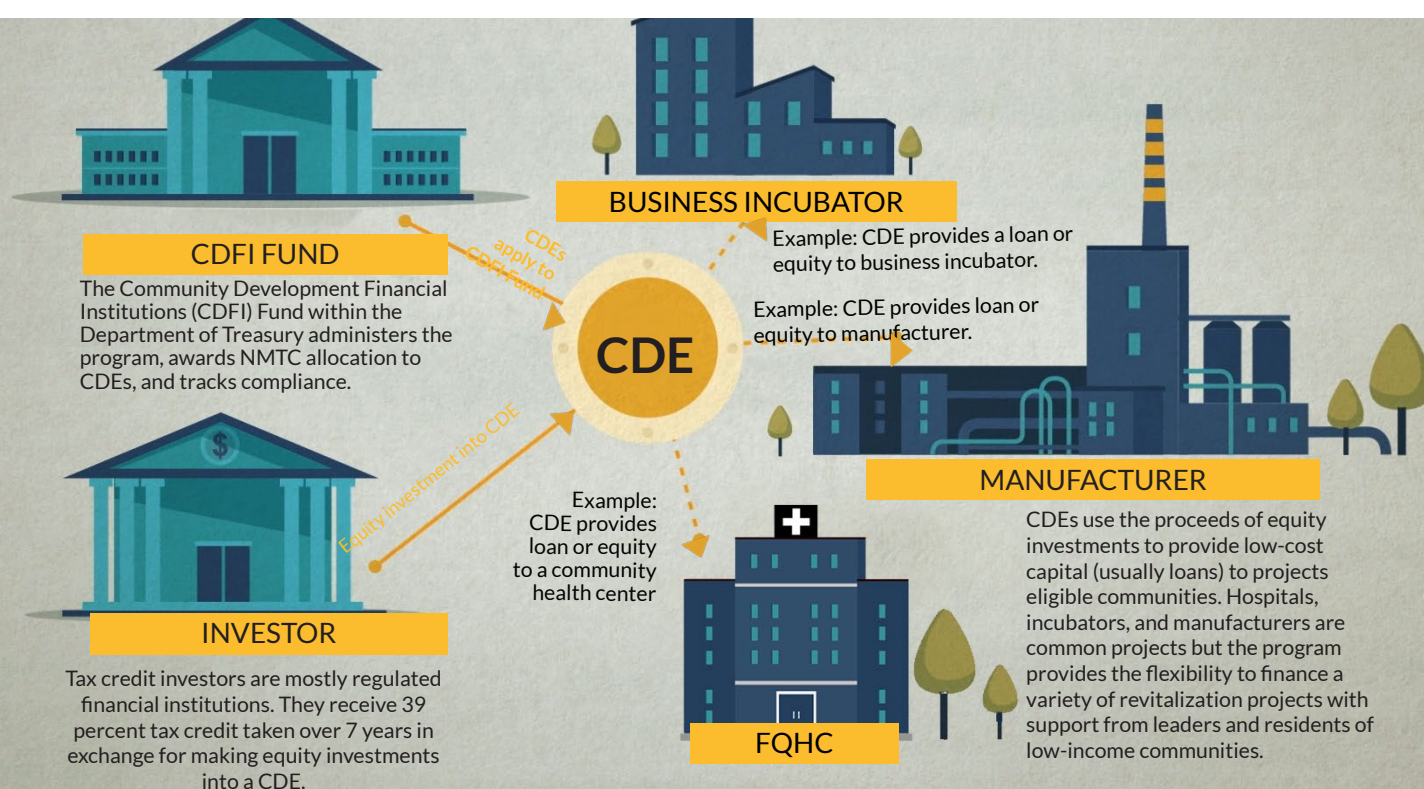
FULL COALITION AGENDA

- Make the NMTC permanent by enacting the NMTC Extension Act (H.R. 1321/ S. 456)
- Provide \$3 billion in additional allocations through the AJP for the NMTC to support daycare facilities, green technology, business incubators, and other infrastructure priorities.
- Establish a proportional set-aside of allocation authority for Indian country.
- Establish a 5% set-aside of allocation authority to minority-controlled CDEs and to create a technical assistance program.
- Support provisions to improve investor liquidity.
- Provide \$1 billion in additional allocation for Rural Jobs Zones (H.R. 3357 and S. 1671).

HOW THE NMTC WORKS

MOBILIZING CAPITAL FOR HIGH-IMPACT PROJECTS FOR 20 YEARS

At the center of the NMTC program are Community Development Entities (CDEs). A CDE must be a domestic corporation, have a demonstrated mission of serving or providing capital to low-income communities or people, and maintain accountability to residents of low-income communities through representation on a governing or advisory board. Most CDEs are affiliates of mission-driven organizations like CDFIs, for-profit entities, community development corporations, government entities, or banks. CDEs craft a high-impact business plan and apply to the CDFI Fund for NMTC allocation. If successful, they can begin to raise equity from investors and deploy it to projects.



ADDRESSING THE CAPITAL GAP IN DISTRESSED COMMUNITIES

The NMTC provides gap financing, allowing investment to flow to areas underserved by conventional lenders, investors and firms often lack sufficient data to assess property value or consumer demand in low-income communities, where informal economies distort data. The capital gap deprives businesses of the investment dollars needed to set up shop and expand, and it prevents communities from financing new healthcare facilities, community centers, and cultural amenities.

Example: Imagine a nonprofit needs \$15 million to construct a new facility and to meet growing demand, but they can only secure a combination of \$12 million from donors and conventional lenders. The NMTC fills the \$3 million gap and makes the expansion possible.

\$15 MILLION TOTAL PROJECT COST

**\$12 MILLION IN
CONVENTIONAL FINANCING**

\$3 MILLION GAP

2020 PROJECT: RTG MEDICAL, FREMONT, NE

NMTC financing from Chase, Hampton Roads Ventures, Evernorth Rural Ventures, and the Massachusetts Housing Investment Corporation supported the ground up development of a 54,000 sq. ft. office building in Fremont, NE that serves as the new headquarters for RTG Medical, a veteran-owned staffing agency that matches traveling health care professionals with short-term assignments around the country.



2020 PROJECT: YWCA OF CENTRAL MASSACHUSETTS, WORCESTER, MA

NMTC financing from Building America CDE, Inc., Consortium America, LLC, Massachusetts Housing Investment Corporation, and U.S. Bancorp Community Development Entity supported the rehabilitation of the YWCA of Central Massachusetts in Worcester, MA. Once completed, the 74,000 sq. ft. YWCA building will include space for fitness and recreation activities, serve as an emergency shelter for victims of domestic violence, provide 46 units of transitional housing for low-income women, provide education for teen parents, provide early education and childcare for working families and offer other supportive services. This project will ensure YW's ability to continue its broad range of vital and high-quality services and programs to low-income families in Worcester in the decades to come. Above: a groundbreaking photo via [the developer, Consigli](#).

SURVEY OF 2020 ACTIVITY

Analysis of 272 projects accounting for \$2.9 billion in NMTC allocation deployed in 2020.

This year, 60 CDEs participated in the survey. Their answers were supplemented by the data from data from the Office of the Comptroller of the Currency as well as annual reports and other online materials from NMTC-financed businesses and nonprofits.

Left: The George W. Adair School, constructed in 1912 in the heart of the Adair Park neighborhood in Atlanta, Georgia operated as both a school and a community gathering center for nearly 60 years. It will be transformed into the Academy Lofts of Adair Park, a space where creatives, artists, and entrepreneurs will live, work, and interact with each other and their local communities. Financing came from the National Trust Community Investment Corporation.



INTRODUCTION

The 2021 *New Markets Tax Credit (NMTC) Progress Report* was prepared for the NMTC Coalition, a national membership organization of Community Development Entities (CDEs) and investors organized to advocate on behalf of the NMTC. Every year since 2005, the NMTC Coalition has surveyed CDEs on their work delivering billions of dollars to businesses, creating jobs, and rejuvenating the parts of the country that have been left behind. Our annual NMTC Progress Report presents the findings of the CDE survey and provides policymakers and practitioners with the latest trends and successes of the NMTC.

Sixty CDEs participated in this year's survey. Their data was supplemented by publicly available NMTC transaction data.

The 2020 survey findings show unleashed an unprecedented amount of investment in areas struggling with high unemployment and poverty, but more than that, it has created economic opportunity in every corner of the nation.

WHAT'S NEW

- Survey data on COVID-19-related challenges.
- A deeper dive into multi-component projects.

A WORD ABOUT OUR METHODOLOGY

This report combines multiple data sources on 2020 NMTC projects. The primary source is NMTC Coalition survey data from 60 CDEs collected in the spring of 2021. We supplement that data with extensive online research on projects by every CDE with NMTC allocation available in 2020. We also integrated data from the Office of the Comptroller of Currency's National Bank Public Welfare Investment Authority.

No NMTC project is the same, but the majority of projects involve the provision of working capital, purchases of equipment, and the construction or rehabilitation of commercial real estate. In 2020, a majority of projects also included multiple discrete components. For example, a CDE might finance real estate with low-cost space for small businesses and nonprofit service providers. To determine tenant businesses and nonprofits for real estate projects, we used a variety of online sources, including websites for the QALICB and data from Loopnet, a commercial real estate listing website.

UP PAPER MANISTIQUE, MI

NMTC financing from Michigan Community Capital supported equipment upgrades for a recycled paper manufacturer in Manistique, MI.



2020 NMTC Projects

PROJECT TYPES

Manufacturing was once again the most popular use of NMTC allocation (32 percent of projects) followed by healthcare (12.5 percent), nonprofit hubs and social service campuses (12.5 percent) and mixed-use (9.5 percent).

Project Type	Projects	Example
Manufacturing, Wholesale, Energy, and Industrial	87	Anderson Meats and Processing Inc. Hartsville, TN
Healthcare	34	Elko Healthcare, Elko, NV
Nonprofit hubs and social service campuses	34	Hope Center, Dayton, OH
Mixed-USE	26	Delmar Divine, St. Louis, MO
Projects Supporting Childcare, Youth, and Families	14	Marygrove Early Learning Center, Detroit, MI
Retail, restaurants, and Professional Services	13	Rooster's Wings, Wilmington, OH
Housing	12	YMCA Supportive Housing, Escondido, CA
Business Incubators and Entrepreneurial Research Space	11	Newark Makerworks, Newark, NJ
College or Vocational Training	8	Ivy Tech Automotive Training Center, Indianapolis, IN
Museums, Theaters, and Culture	8	Oakland Museum of California, Oakland, CA
Other Misc. Community Facilities and Nonprofits	8	Kanawha County Public Library, Charleston, WV
Schools	7	Leadership Preparatory Charter School, Memphis, TN
Grocery Stores	6	River Valley Co-op, Easthampton, MA
Hotels and Tourism	2	Broadway Lodging, Columbia, MO
Other: Misc. Small Businesses and Office Space	2	Interpres Building Solutions, Springfield, MO
Total	272	

PROJECT COMPONENTS

Many NMTC projects are multi-faceted, combining a variety of asset classes, types of organizations, facilities, and real estate uses. Of the 272 projects financed in 2020, 118 projects (43 percent) included multiple components. In dollar terms, the share of NMTC allocation targeted to multiple-component projects was \$1.63 billion out of \$2.89 billion, or 56.4 percent.

Examples:

- The Mississippi Band of Choctaw Indians used NMTC financing for two new early childhood education centers and an elementary school expansion (3 components)
- The 410 Broadway mixed-use project included a co-op grocery store, additional retail space, workforce housing, and affordable housing units in rural Mount Pleasant, MI. (4 components)

We identified 650 separate components of the 272 projects and divided them into 11 categories and 44 sub-categories over the next dozen pages. There is also a full table of project components at the end of this report.

2020 NMTC Project Components

HEALTHCARE

In 2020, 82 NMTC projects included components expanding access to healthcare in low-income communities, including 41 federally qualified community health centers and free clinics, 4 safety-net and critical access hospital centers, and one children's hospital.

“

We built this facility to improve the care for our patients and the community we serve. Right now, getting as many people as possible vaccinated against COVID-19 is a top-priority for our community. We are fortunate to have the ability to expand our vaccination sites by utilizing...and can do so without interfering with our patient and staff needs. It's a win-win for everyone.

Robin Wittenstein, Chief Executive Officer of Denver Health and Hospital Authority & the Denver Health Foundations. NMTC financing from [three CDEs supported the construction of the Denver Health and Hospital Authority's Outpatient Medical Center.](#)

PATIENTS SERVED



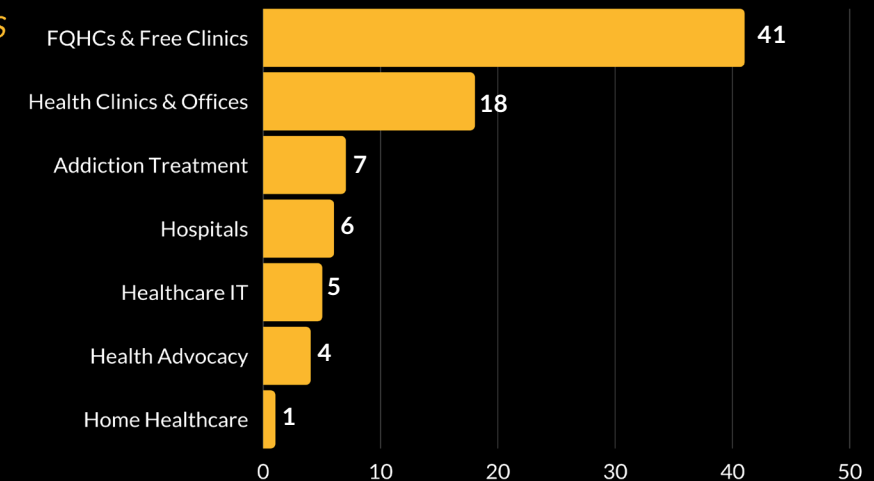
1.25M

patients served annually by NMTC projects financed in 2020

PROJECT COMPONENTS HEALTHCARE

82

projects expanded access to healthcare services



PROVIDENT PUBLIC HEALTH CENTER

Philadelphia, PA

CDES: DV COMMUNITY INVESTMENT; NATIONAL TRUST COMMUNITY INVESTMENT CORPORATION

Renovation of a historic building into a medical campus anchored by Children's Hospital of Philadelphia and Public Health Management Corp.



YSLETA DEL SUR PUEBLO CLINIC

El Paso, TX

CDES: ENTERPRISE COMMUNITY PARTNERS, URBAN RESEARCH PARK, BORDER COMMUNITIES CAPITAL COMPANY, PEOPLEFUND

Construction of a medical clinic, community room/cultural center/commercial kitchen, and the (tribal) Department of Health Services offices.



GRADY CENTER FOR ADVANCED SURGICAL SERVICES

Atlanta, GA

CDES: LOCAL INITIATIVES SUPPORT CORPORATION, CARVER FINANCIAL CORPORATION, CCG COMMUNITY PARTNERS, COMMUNITY HOSPITALITY HEALTHCARE SERVICES, SUNTRUST COMMUNITY DEVELOPMENT ENTERPRISES, URBAN ACTION COMMUNITY DEVELOPMENT

Creation of a 555,000 sq. ft. with eight operating rooms, four endoscopy rooms, a Cancer Center, surgical clinics including orthopedics, general surgery, ENT, oral surgery, an Eye Center, and imaging, pharmacy, lab, central sterile supply and common support spaces, and a parking deck. Tax Advantage Group assisted in the financing of the project.



LOVING ARMS HOME CARE AGENCY

Memphis, TN

CDES: U.S. BANCORP COMMUNITY DEVELOPMENT ENTITY

NMTC financing helped Loving Arms, a Black owned business located in Jackson and Memphis, TN, meet growing demand for home healthcare services for seniors and individuals with intellectual and development disabilities.



2020 NMTC Project Components

INCUBATORS, COMMERCIAL KITCHENS, SHARED SPACE

In 2020, 32 NMTC projects included components expanding access to small business support, shared office or culinary space, professional mentoring, technical assistance, and other services designed to support entrepreneurship.

“

We are seeking to curate businesses that at their core are artisanal, maker, creative or light manufacturing — that is, things skillfully and lovingly made by hand or produced locally. We are so excited to bring this opportunity to the hardworking makers and help them accelerate their business growth through our Live/Work program. We can't wait to watch them thrive.

Art Telyas, Founder of Makerhoods, a NMTC-financed (Community Loan Fund of New Jersey, Inc.) Makerspace in Newark, NJ, to the Jersey Journal.

ENTREPRENEURS
SUPPORTED



1,413

small businesses, startups, and entrepreneurs supported by NMTC incubator and makerspace projects

PROJECT COMPONENTS

INCUBATORS, SHARED SPACE

32

projects included creative space, entrepreneurial support, and business incubation.

Business Incubators and Makerspaces

21

Shared Kitchens

11

0 5 10 15 20 25

UPSHUR COUNTY INNOVATION CENTER

Buckhannon, WV

CDE: PEOPLE INCORPORATED FINANCIAL SERVICES

Construction of modern professional office space in downtown Buckhannon, WV consisting of modern amenities and technology along with fiber gigabit connectivity.



UNIVERSITY OF DELAWARE'S SCIENCE, TECH. & ADVANCED RESEARCH CAMPUS

Newark, DE

CDES: CINNAIRE NEW MARKETS (2020), NCALL (2021)

Construction of the Alfred Learner College of Business and Economics and the College of Engineering, the Delaware Small Business Development Center, a new Financial Services Incubator, and space for food businesses of varying sizes.

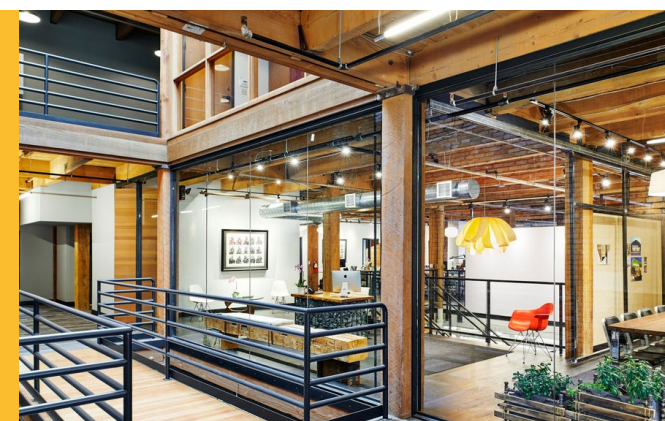


ROCKWOOD FOOD MARKET HALL

Grisham, OR

CDES: CAPITAL ONE COMMUNITY RENEWAL FUND & CRAFT3 CDE

Construction of a 38,740 sq. ft. Food Market Hall dedicated to local food and entrepreneurial food vendors. A part of a larger Rockwood Town Center development, the project will include an incubator with vendor spaces for food businesses of varying sizes, commercial and commissary kitchens and commercial office space.



THE WYCLIFF

St. Paul, MN

CDE: SB NEW MARKETS

The transformation of an old nut plant into an industrial creative space for small businesses. NMTC financing supported extensive renovations to key aspects of the building, including adding windows for more natural light, roof repairs, upgrades to electrical and HVAC, and installing new passenger and freight elevators.

2020 NMTC Project Components

MANUFACTURING AND INDUSTRIAL BUSINESSES

In 2020, the NMTC supported 152 industrial sector businesses and projects, from small, craft manufacturers to large-scale sustainable forestry operations.

“

The opening of the Greenville plant is a milestone for Nufarm's business. It broadens our manufacturing footprint beyond our facilities in Chicago to a true North American based platform. This is a facility where we can work more closely with our distribution partners to service the needs of farmers.

Greg Hunt, CEO of Nufarm. CDEs: MuniStrategies and Three Rivers CDC. Investor: Capital One.

MANUFACTURING



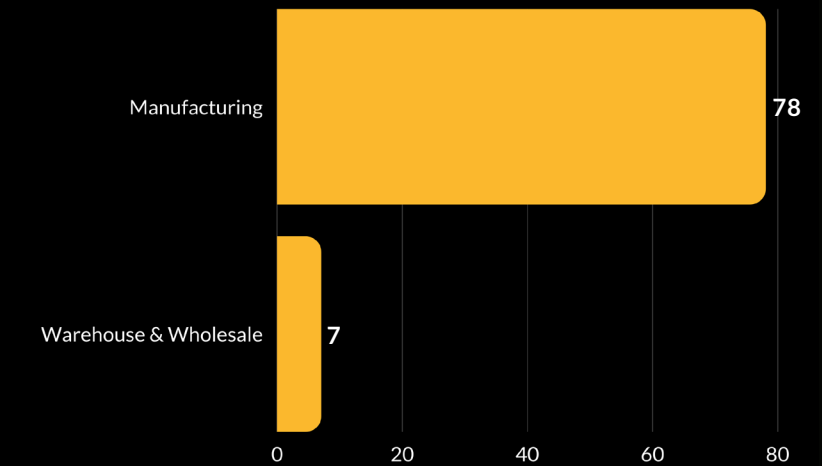
9,298

manufacturing jobs as well as 5.5 million sq. ft. of new or renovated industrial space

PROJECT COMPONENTS MANUFACTURING & INDUSTRIAL

85

NMTC projects supported 152 manufacturing and industrial businesses



ESCAMBIA PEANUT

Flomaton, AL

UB COMMUNITY DEVELOPMENT

126 FTE JOBS

A Flomaton-based peanut warehousing facility received \$11.6 million in NMTC financing for acquisition of a peanut processing facility as well as new equipment and working capital.



ADVANCED INDUSTRIAL GROUP, LLC

Augusta, GA

CDE: ADVANTAGE CAPITAL COMMUNITY DEVELOPMENT FUND, LLC

100 FTE JOBS

Advanced Industrial Group is a manufacturer of HVAC equipment. The project provided the company with funds for business acquisition and working capital.



RECLEIM DALLAS

Dallas, TX

CDEs: AMCREF COMMUNITY CAPITAL & DALLAS DEVELOPMENT FUND

105 FTE JOBS CREATED OR RETAINED, 59 CONSTRUCTION JOBS

NMTC financing helped Recleim equip, acquire, and operate a state-of-the-art appliance collection, de-manufacturing and recycling facility located in Dallas, TX.

HCSC CAMDEN

Camden, NJ

CDE: COMMUNITY LOAN FUND OF NEW JERSEY, INC.

125 FTE JOBS, 40 CONSTRUCTION JOBS

NMTC financing supported equipment purchase and renovation to transform a vacant commercial building into an industrial laundry processing facility. The laundry facility provides services to hospitals and clinics in the region.



2020 NMTC Project Components

HOUSING AND EMERGENCY SHELTERS

In 2020, 75 NMTC projects included a variety of forms of housing, including single-family housing, affordable rental units, emergency shelters, market-rate housing, and supportive housing.

HOUSING



2,164

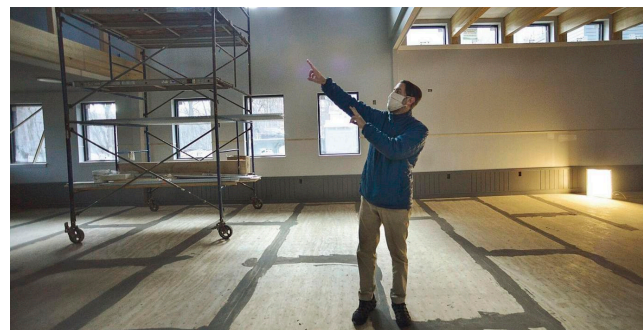
affordable, workforce, and supportive housing units.

GROUNDWORKS COLLABORATIVE

Brattleboro, VT

CDES: MHIC NE NEW MARKETS CDE II LLC

Financing for the development a new permanent campus for Groundworks Collaborative in Brattleboro, VT. Groundworks provides essential shelter and supportive services, including housing case management, health care, food, and advocacy, to homeless individuals and families in Southern Vermont.

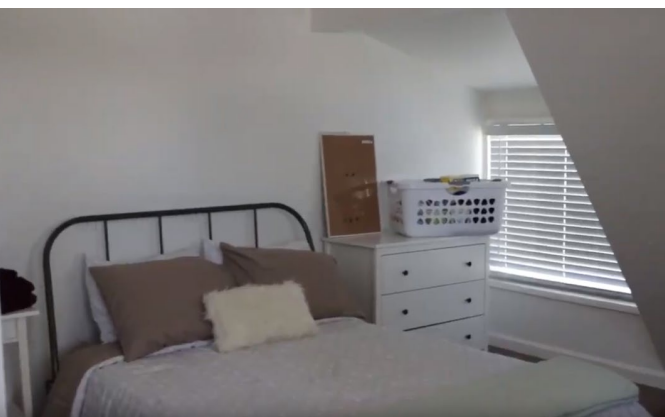


YMCA SUPPORTIVE HOUSING

Escondido, CA

CDE: CIVIC COMMUNITY PARTNERS

NMTC financing supported the acquisition and rehabilitation of a 25-unit apartment complex in Escondido. The property will expand the YMCAs existing Transitional Housing & Youth Development program and streamline the YMCAs efforts aimed to end youth homelessness.



“

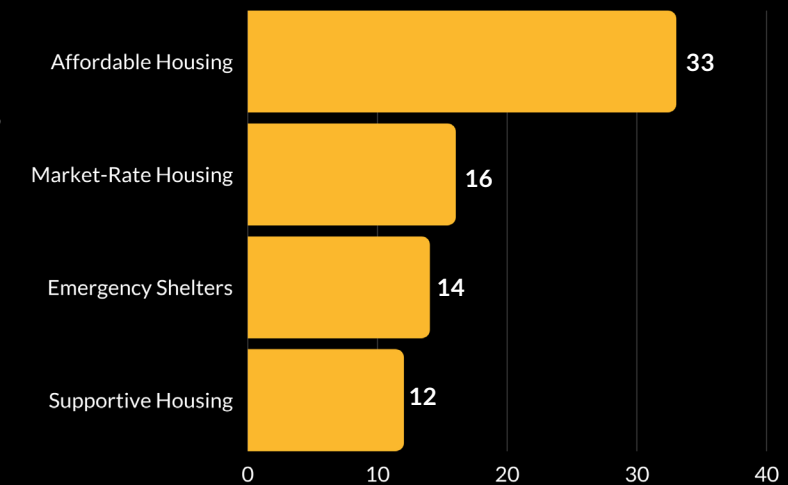
It hasn't been easy but this is the longest stint of time I've ever been clean. They helped give me a second chance at life.”

Michael, a client of the NMTC-financed Union Gospel Mission in Salem, Oregon. CDE: Accion Opportunity Fund and [other project partners](#).

PROJECT COMPONENTS HOUSING & EMERGENCY SHELTERS

75

projects expanded access to healthcare services



BRIDGEPORT RESCUE MISSION

Bridgeport, CT

CDES: PARTNERS FOR THE COMMON GOOD, INC.; MHIC NE NEW MARKETS CDE II LLC

Adaption of a former nursing home into a facility for supportive/transitional housing for 150 persons, a small health clinic, community meals program, and fresh food pantry, and a myriad of services necessary to transform the lives of disadvantaged individuals and families suffering the effects of homelessness, trauma, or addiction.

HOUSING PARTNERSHIP, INC.

Louisville, KY

CDES: THE HOUSING PARTNERSHIP NETWORK

With a \$6 million NMTC allocation, as part of its Beyond 9th Initiative, The Housing Partnership, Inc., plans to substantially renovate approximately 60 homes in Louisville's West End.



2020 NMTC Project Components

EDUCATION

In 2020, 73 NMTC projects included components expanding access to vocational training or supporting K-12, community college, and university equipment and facilities.

“

Mayor Gray agreed the economic, social, and physical components of this project is “going to be a great change” for the city. “The physical part is going to make our city much better. The economic, I can’t even start to imagine. ...Hopefully a lot of these students will come back and build houses and become taxpayers,” Gray said. “People can make a good living and these kids make a really good living starting out. They feel better about themselves ... about their families.”

Water Valley (MS) Mayor Donald Gray on Project Everest, a multi-tenant education and innovation hub financed with the NMTC by Raza Development Fund.

EDUCATION



78,000

Individuals served by K-12 schools, vocational training programs, colleges, and workforce development initiatives.

BARTON ACADEMY

Mobile, AL

CDES: U.S. BANCORP COMMUNITY DEVELOPMENT ENTITY, BROWNFIELD REVITALIZATION, LLC, UB COMMUNITY DEVELOPMENT, LLC

The rehabilitation the historic Barton Academy into a 59,000 sq. ft. International Studies magnet school in Mobile, AL. Once completed, the Barton Academy will serve a diverse, multicultural student body of 300 middle-school students.



NEW AT 10
BARTON ACADEMY SET TO REOPEN

IVY TECH AUTOMOTIVE TRAINING CENTER

Indianapolis, IN

CDES: PNC COMMUNITY PARTNERS, INC., CINNAIRE NEW MARKETS, INDIANAPOLIS REDEVELOPMENT CDE

A 57,000 sq. ft. educational facility designed to provide in-demand automotive, mechanic, and other technical training in Indianapolis, Indiana. The project provides a pathway out of poverty for Ivy Tech Automotive Program graduates through the competitive advantage in the workforce offered by the latest in instructional delivery methods and technologies.

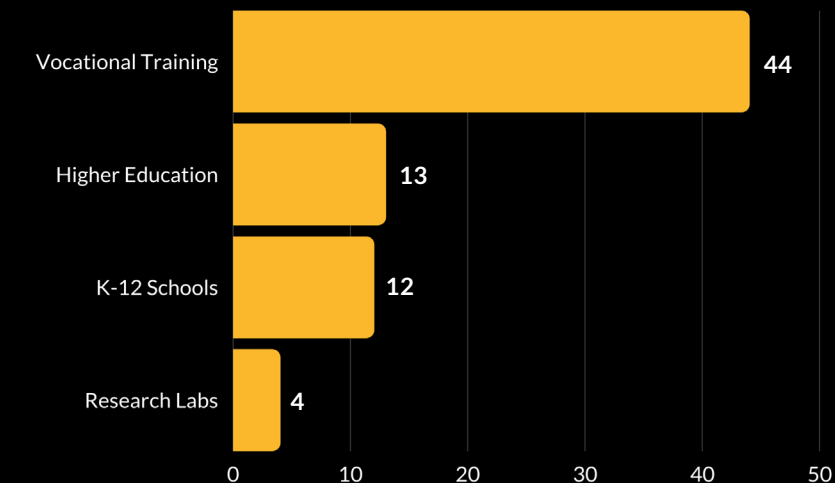


PROJECT COMPONENTS

EDUCATION

73

projects included components expanding access to educational services



LEADERSHIP PREP. CHARTER SCHOOL

Memphis, TN

CDES: NONPROFIT FINANCE FUND

Construction of a new middle school building to expand the current K-5 enrollment to K-8. The school will build its middle school adjacent to the elementary school, expanding by 2024 to 490 students from 315 currently.



MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED

Miami, FL

CDES: ENTERPRISE COMMUNITY PARTNERS

A new 5-story 29,284 sq. ft. expansion to an existing building in the Little Havana neighborhood of Miami, FL. The project is the final pillar to the existing 144,000 sq. ft. campus focused on empowering low-income visually impaired individuals.



2020 NMTC Project Components

EARLY CHILDHOOD EDUCATION, YOUTH PROGRAMS

In 2020, 37 NMTC projects included components expanding daycare, early childhood education, after school programs, and other programs for young people.

YOUTH



84,276

young people supported by childcare, early childhood education, and youth programs

ACCESS YOUTH ACADEMY

San Diego, CA

CDE: CIVIC COMMUNITY PARTNERS

The project will result in a new, two-story 21,500 sq. ft. structure that will house a nine-court, state-of-the-art squash and learning center.



RALPH J. ROBERTS BOYS & GIRLS CLUB

Philadelphia, PA

CDES: PIDC COMMUNITY CAPITAL, CAPITAL ONE COMMUNITY RENEWAL FUND

The Boys and Girls Club of Philadelphia project is the renovation of a 3-story 64,405 sq. ft. community facility to house the creation of the Ralph J. Roberts Germantown Boys & Girls Club. By renovating this facility, BGCP will expand the reach of services by increasing the number of children served from 600 to 3,000 and provide up to 250 youth with healthy meals per day.



Access Youth Academy is very excited about this new academic and athletic facility. It will serve as a resource for the entire Southeastern San Diego community and allow Access to serve more first-generation college students, and provide community classrooms for educational, workforce preparedness and informational services.

Renato Paiva, executive director of the NMTC-financed [Access Youth Academy](#) in San Diego, California. CDE: Civic Community Partners.

PROJECT COMPONENTS

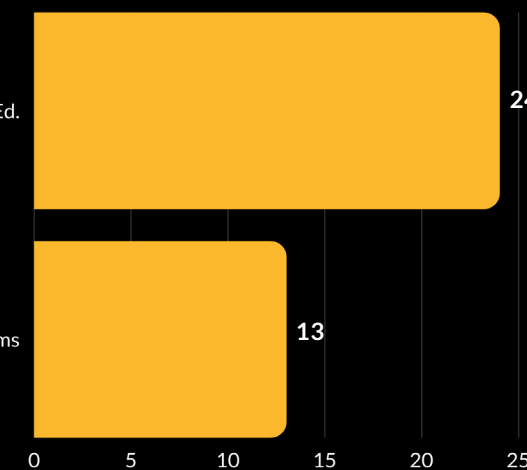
YOUTH SERVICES

37

projects included components expanding supporting children and youths.

Childcare & Early Ed.

Youth Centers & Programs



MARYGROVE EARLY LEARNING CENTER

Detroit, MI

CDES: CAPITAL IMPACT PARTNERS, MBS URBAN INITIATIVES CDE, LLC, CINNAIRE NEW MARKETS, NORTHERN TRUST

At approximately 28,000 sq. ft., the new one-story Early Learning Center on the campus of Marygrove College has been designed to support early learning, provide wrap-around support services for children and families, and offer space that may be utilized as a hub for nearby home- and center-based early childhood education providers. Developed by IFF.

GUADALUPE CENTER

Immokalee, FL

CDES: PARTNERS FOR THE COMMON GOOD, THE REINVESTMENT FUND

The Guadalupe Center project involved rehabilitation and renovation of a 6,200 sq. ft. vacant building that has added six Early Childhood Education classrooms for children from infancy to age three. It also involved construction of a new 36,032 sq. ft. building that will include 12 Early Childhood Education classrooms and a new 7,000 sq. ft. building that will be dedicated space for organization's Tutor Corps.



2020 NMTC Project Components

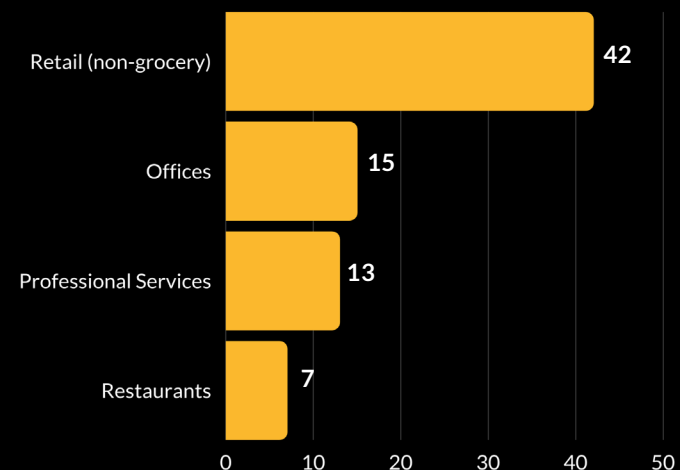
RETAIL, PROFESSIONAL SERVICES, AND MISC. COMMERCIAL SPACE

PROJECT COMPONENTS

RETAIL, PROFESSIONAL MISC. SMALL BUSINESS

77

components of NMTC projects supported businesses in the retail, professional services, and restaurant



“

I am so happy to be doing this work and helping to create a space for traditionally underrepresented populations. The tech space in particular has large gaps in hiring diverse talent. Currently, African Americans make up as little as 7.4 percent of people in tech, followed by Hispanics at just 8 percent. Right now, calls for racial equity are echoing across the country. One way to heed that call is to ensure underrepresented populations have resources working for them.

Lauren Anderson, owner of NMTC-financed All-In Recruiting in Las Vegas, Nevada



D.W. SWICK-NELSON FUNERAL HOME

South Webster/New Boston/Sciotoville, OH

CDE: WESBANCO BANK COMMUNITY DEVELOPMENT CORPORATION

For over 50 years, D.W. Swick has been independent, family-owned and operated funeral homes serving local families with dignity and honor. The company needed to purchase assets and property of (3) same-service facilities. Without the purchase by the borrower, the facilities and their jobs could have been lost.

2020 NMTC Project Components

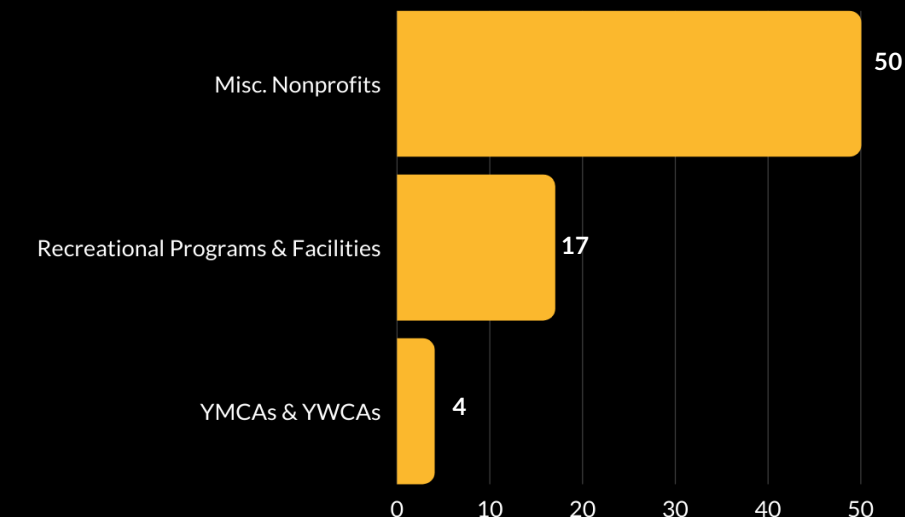
MISC. NONPROFITS AND SOCIAL SERVICES

PROJECT COMPONENTS

MISC. NONPROFITS & SOCIAL SERVICES

71

projects included recreational facilities and space for nonprofits.



“

The sense of accomplishment is overwhelming...There hasn't been any real significant investment that would bring disposable income into this part of the community, that would help with property values and all of those things, so [to] people who live here...I mean there is excitement.

Sadiqa Reynolds, CEO of the Louisville Urban League, which built a new recreational campus using NMTC financing.

COMMUNITY FOUNDATION OF SOUTH ALABAMA

Mobile, AL

CDE: UB COMMUNITY DEVELOPMENT

Construction of a 6,919 sq. ft. office facility for Community Foundation of South Alabama. The facility will provide space as convening space for agencies, businesses, and community leaders to meet and address issues.



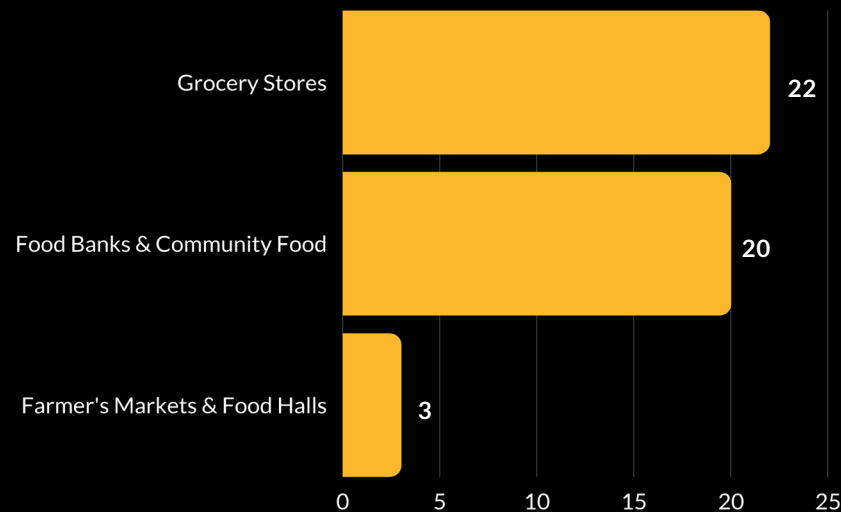
2020 NMTC Project Components

HEALTHY FOODS

More than 500,000 people are served by grocery stores and markets financed in 2020. An additional 9.5 million people received assistance through food and food pantries financed by the NMTC.

PROJECT COMPONENTS**HEALTHY FOODS
ACCESS****45**

projects included components expanding access to healthy foods in areas where it is lacking.

**RIVER VALLEY CO-OP****Easthampton, MA**

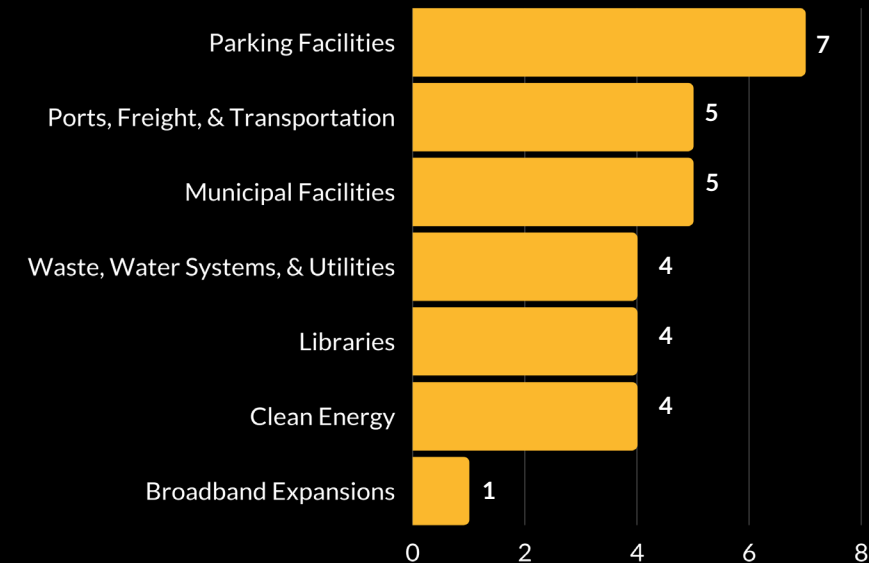
CDES: CAPITAL ONE COMMUNITY RENEWAL FUND; EVERNORTH RURAL VENTURES; MASSACHUSETTS HOUSING INVESTMENT FUND; NATIONAL COMMUNITY INVESTMENT FUND

NMTC financing supported the construction of Northampton Community Cooperative Market's new supermarket in Easthampton, MA, its second store, located in a highly distressed census tract and a USDA-designated Food Desert. In contrast to food industry trends, the Co-op employs predominantly full-time workers and seeks to turn these roles toward career paths through training and promotion opportunities.

2020 NMTC Project Components

**ENERGY, UTILITIES, AND
MUNICIPAL FACILITIES****PROJECT COMPONENTS****UTILITIES & MUNICIPAL
INFRASTRUCTURE****30**

components of projects expanded access to transportation or rebuilt public infrastructure.

**IRONVILLE II - CLEVELAND CLIFFS' IRON UNITS****Toledo, OH**

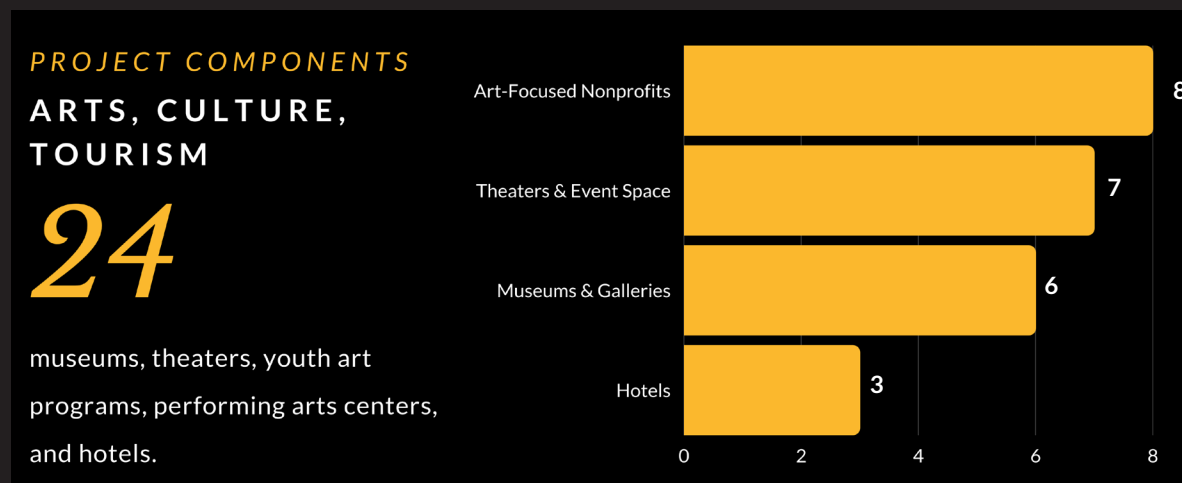
CDE: FINANCE FUND

Midwest Terminals of Toledo, Inc. entered into a 75-year exclusive logistics supply contract with Cleveland Cliffs to service Cleveland Cliffs' Iron Units hot briquetted iron plants at the Ironville Site in Toledo. Loan proceeds were used by the borrower to acquire, assemble and install machinery and equipment at the Ironville Site.



2020 NMTC Project Components

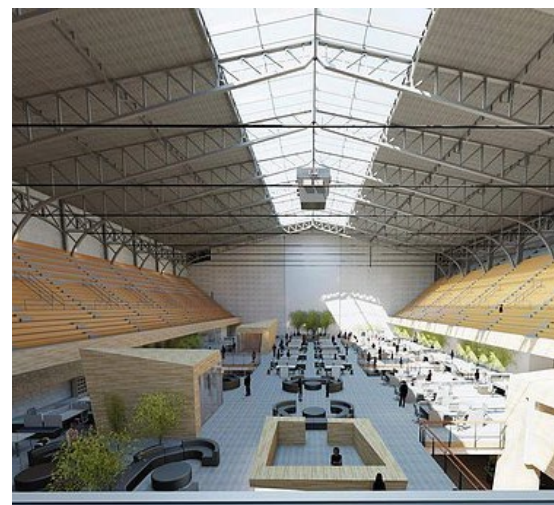
ARTS, CULTURE, TOURISM



International African American Museum Charleston, SC

CDES: SOUTH CAROLINA COMMUNITY LOAN FUND; TD COMMUNITY DEVELOPMENT CORPORATION

Construction of a 45,800 sq. ft. museum dedicated to the African American experience in America and the South in particular. The site was the location on the water where most slaves in the South first entered the United States.



Oakland Civic, LLC

Oakland, CA

CDES: NEW MARKETS COMMUNITY CAPITAL, LLC; CCG COMMUNITY PARTNERS, LLC; CLEARINGHOUSE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION; OAKLAND RENAISSANCE NMTC, INC.

NMTC financing helped transform the Oakland Auditorium and Calvin Simmons Theatre into a mixed-use facility that will provide arts organizations and non-profits with much needed, affordable, performance, rehearsal, and office space all under one roof. The 8,000-seat main arena will be converted to creative office space for a wide variety of arts and mission oriented non-profit tenants. The Calvin Simmons Theatre will also reopen as a performing arts center.

2020 NMTC Project Components

COMMUNITY CENTERS,
PARKS, GREEN SPACE

Hope Center for Families

Dayton, OH

CDES: PNC COMMUNITY PARTNERS, INC; DAYTON REGION NEW MARKET FUND, LLC

New construction of a 28,200 sq. ft. community center where low-income individuals and families will have access to workforce development, early childhood education, GED and associate degree programs as well as a pediatric healthcare clinic. This is a collaborative project designed to bring key partners together to reduce poverty by utilizing an evidence-based, two generation poverty reduction model. The center will be operated by Omega CDC.



2020 NMTC Projects

COMMUNITY CHARACTERISTICS

24 percent of projects were in non-metropolitan counties.

CHARACTERISTICS OF COMMUNITIES RECEIVING INVESTMENTS

The NMTC targets about 40 percent of nation's census tracts that meet the statutory requirements for economic distress. However, most NMTC financing goes to a smaller subset of severely distressed communities that far exceed program requirements for poverty and income. Eight-five percent of NMTC projects were in CDFI Fund designated severely distressed communities. Seventy-three percent of projects were in communities with poverty rates above 30 percent, median incomes below 60 percent of the area median income or unemployment rates 1.5 times the national average.

RURAL TARGETING

The NMTC statute - as amended in 2004 - requires that the CDFI Fund ensure that a proportional share of NMTC projects are located in non-metropolitan counties.

Twenty four percent of 2020 survey respondents' projects were located in non-metropolitan counties.

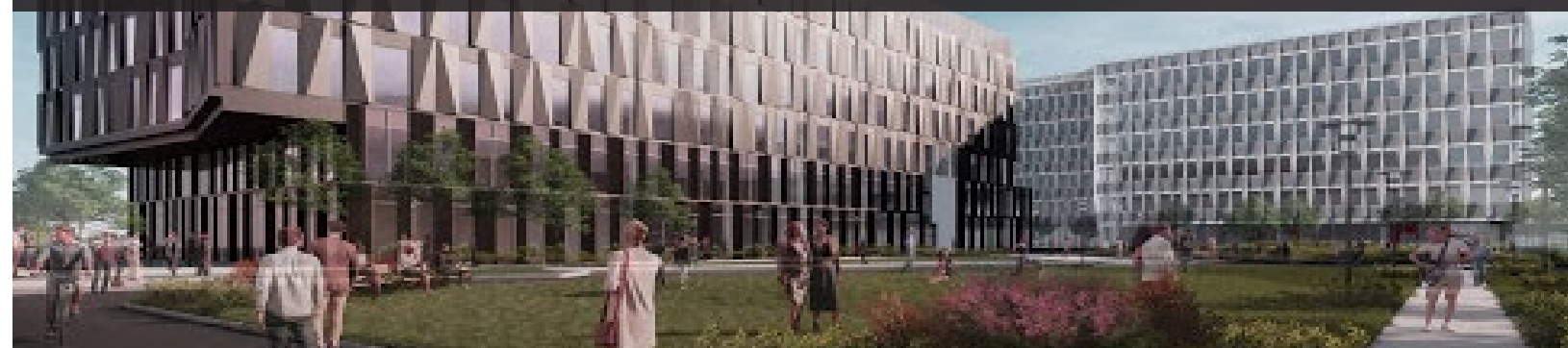


Non-Metro Example: West Virginia Great Barrel Company, Caldwell, WV. CDE: Community Ventures.

MEDIAN TRACT STATISTICS, 2020 PROJECTS

31.1%	MEDIAN TRACT POVERTY RATE
60.4%	MEDIAN TRACT INCOME AS % OF AMI
31.1%	MEDIAN TRACT UNEMPLOYMENT RATE

Urban Example: Uptown Gateway, Cincinnati, OH. CDEs: Cincinnati Development Fund, Uptown Consortium, and PNC Community Partners



2020 NMTC Projects

2020 TRENDS: ODDS AND ENDS

HISTORIC REHABILITATION

Perhaps owing to the pandemic, historic preservation projects declined as a share NMTC projects financed in 2020. Only 12.6 percent of NMTC allocation went to projects involving historic rehabilitation, down from the 5 year running average of about 20 percent.

For example, the NMTC supported the adaptive re-use of a historic school building in Winnsboro, South Carolina into a mixed-use facility.



of 2020 NMTC allocation went to projects involving historic rehabilitation.

AFFORDABLE RENT

52 projects negotiated below-market rent and other concessions for tenants.

TENANT CONCESSIONS

Fifty-two real estate projects negotiated affordable rental space and other concessions for tenants.

"Commercially reasonable efforts will be used to cause the sublessee to establish a lease rate of \$16.00 per square foot for the project, which is 27% below market," said one survey respondent.

The vast majority of the remaining real estate projects were owner-occupied buildings.

2020 NMTC Projects

2020 TRENDS: ODDS AND ENDS

**COMMUNITY BENEFITS AGREEMENTS**

Excluding small business financing, ninety-eight percent of projects extended the benefits of the NMTC financing by including a Community Benefits Agreement (CBA). This is an identical result to 2019.

Most CBAs required the project sponsor to provide quality jobs and wages; to set-aside a share of new jobs for existing community members, or to provide training and apprenticeship opportunities. Requirements to serve a set amount of low-income individuals were also common.

Examples:

- A CBA set expectations for percentage of jobs to be filled by low-income community residents and number of low-income people to be served at the facility.
- A CBA required an on-site daycare facility to serve at least 40 low-income children; a theatre to serve at least 300 low-income individuals annually; a tourism organization to serve 1,500 low-income individuals annually.
- A CBA required a borrower to provide lease rates to locally owned, minority owned, or nonprofit tenants of at least 20% below market level.
- One project required the creation of 115 full-time, quality jobs with above-average wages/salaries (averaging \$20 per hour) and benefits.
- Another project required that 100% of the direct, permanent full-time-equivalent jobs be provided to low-income persons or residents of the low-income community. The project team was required to seek applications for employment from persons who live in the community and who are members of groups that have been traditionally underrepresented and to develop partnerships with local workforce development organizations to recruit and train individuals from the low-income community.

**2020 PROJECT: EXPRESS GRAIN TERMINALS, GREENWOOD, MS**

Express Grain Terminals, LLC, is an agricultural product processor headquartered in Greenwood, Mississippi. NMTC financing from Local Initiatives Support Corporation, AMCREF Community Capital, LLC, and Heartland Renaissance Fund, supported the expansion of the company's soybean processing facility, which includes additional equipment purchases and operating cash to support grain procurement. The project also involved the purchase of additional equipment that will increase production capacity - doubling the processing capacity of the facility from 10 million to 20 million bushels of production per year. Post-expansion, Express Grains expects to meet 50% of the state's processed soybean product demand. Pictures of the project are below and on the previous page.





THE NMTC AND THE PANDEMIC

The COVID-19 pandemic hit low-income communities and communities of color the hardest.

The NMTC has a 20-year track record of promoting revitalization in America's economically distressed rural and urban communities. These communities – which were struggling with high poverty and unemployment before the coronavirus pandemic and the economic collapse – faced severe challenges in securing capital, challenges that pre-dated the pandemic.

INVESTMENT IN RURAL FREEZER MANUFACTURER CREATES NEW JOBS AND SUPPORTS COVID-19 VACCINE DISTRIBUTION

Stirling Ultracold—producer of ultra-low temperature freezers—is playing a critical role in the effort to distribute COVID-19 vaccines to billions of people around the globe. This rural Ohio-based company, located in one of the poorest counties in the state, first developed the Stirling Ultracold line of freezers for life science and biopharmaceutical research. Today, its freezers – allowing for temperatures between -20 and -80 degrees Celsius—are indispensable in the “cold chain” network necessary to ensure COVID-19 vaccines can be stored and delivered safely.

Financed by Advantage Capital in 2018.

Special Report: COVID-19

THE NMTC & THE PANDEMIC

Low-income communities bore the brunt of the coronavirus pandemic

A recent study by Drexel University in the Annals of Internal Medicine found that the areas with the worst testing access, highest number of cases, and worst mortality rates are concentrated in specific zip codes and are strongly associated with social vulnerability, as measured by the Center for Disease Control's Social Mortality Index.

"Testing, positive case rate, total confirmed cases and deaths were all correlated by zip code, with large clusters of positive cases and deaths in lower income, predominantly minority neighborhoods."

Source: Rutgers University, Annals of Internal Medicine (2021)

The authors note that these inequities are likely much larger than reported in the study as a result of a lack of systematic widespread testing in many cities across the United States.

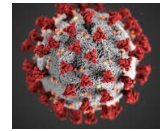
The economic and social hardships of COVID-19 also hit low-income communities the hardest. A survey of low-income families with children by the CDC found significant declines in the wellbeing of low-income families between 2019 and 2020.

76.3% reported concerns about financial stability, 42.5% about employment, 69.4% about food availability, 31.0% about housing stability, and 35.9% about health care access. Overall, 93.5% of respondents reported being food insecure, a 22-percentage-point increase since fall 2019. Also, 41.4% reported a decrease in fruit and vegetable intake because of COVID-19. Frequency of grocery shopping decreased and food pantry usage increased. Qualitative assessment identified 4 main themes: 1) fear of contracting COVID-19, 2) disruption of employment status, 3) financial hardship, and 4) exacerbated food insecurity.

Source: Center for Disease Control (December 2020)

COVID-19 hit Native Americans especially hard. A study of Montana COVID-19 outcomes found that Native Americans were 2.2 times more likely to be infected with COVID-19 and nearly 4 times as likely to die of the disease as white Montanans. The median age of Native American and White patients succumbing to COVID-19 was 68 years in Native Americans and 82 years in White people.

In addition, our analysis of data from the Covid Tracking Project shows that five of the U.S. counties with Native American majority populations rank in the top 50 in terms of COVID-19 deaths per capita.



Special Report: COVID-19

THE NMTC & THE PANDEMIC

CDEs and NMTC practitioners faced an uncertain economic landscape last year.**NMTC EQUITY PRICING DECLINES**

After nearly five years in the mid-80s, NMTC equity pricing dropped to its lowest level since 2012 after the pandemic slowed economic activity across the globe. Pricing dropped from an average of around 83 cents in January to 73 cents by the fall, where it has held steady through the publication of this report.

Pricing didn't just drop - the spread between the highest and lowest pricing increased. Several survey respondents reported that investors were willing to provide a discount to projects with greater economic impact or to honor higher prices negotiated before the pandemic, but by spring 2021, pricing stabilized in the low-to-mid seventies for most projects.

"Project timelines across the board were extended, delayed, paused. Construction and building material pricing has increased resulting in higher project cost. Combine that with lower credit pricing and projects [were] asking for more allocation."

Source: NMTC Coalition Survey of 2020 Activity

A lower price corresponds to a smaller amount of equity in a deal, meaning that CDEs needed to use more allocation to fill their project gaps. Projects faced other COVID-19-related challenges.

WHAT CHALLENGES DID YOUR PROJECTS FACE IN 2020?

"Projects utilizing the NMTC were able to experience the benefits of the program during the COVID-19 pandemic. The additional capital from NMTC, the below market interest rates, and flexible lending terms helped reduced economic pressures projects faced in 2020..."

Many of our NMTC projects saw their restaurant tenants modify their business models to increase take-out and delivery operations during the pandemic, and some created more outdoor seating to accommodate on-site diners; and these actions have helped companies providing food services to stay afloat financially.

Some sponsors had to work with certain commercial tenants to restructure lease agreements, enabling the tenants to benefit from rent deferrals at the onset of the pandemic...."

Special Report: COVID-19

THE NMTC & THE PANDEMIC

CONSTRUCTION, BUREAUCRATIC HURDLES, ECONOMIC DIFFICULTIES

To varying degrees by region, the pandemic shutdown entire sectors of the economy. While many outdoor construction projects continued, other hurdles emerged as staffing shortages plagued municipal governments still struggling to transition to distance work.

"...the project pipeline and deployment were significantly delayed from March through October. Many developers were focused on triaging existing assets. One project experienced permit delays because department signatures were difficult to obtain due to health restrictions. Pipeline projects started moving again in late summer / early fall..."

Source: NMTC Coalition Survey of 2020 Activity

Some 2019 NMTC projects completed construction but were not able to open in 2020 (as planned) due to health restrictions on large gatherings. For example, a performing arts facility delayed its opening to the summer of 2021. Distance learning requirements also delayed the opening of recently constructed schools and university facilities.

CDEs are accustomed to shepherding projects through challenges, but some projects needed to be postponed or canceled, and one CDE reported a QALICB bankruptcy related to COVID-19.

TRIAGING EXISTING PROJECTS

NMTC financing comes with greater levels of attention and technical assistance than a loan from a conventional lending source. Loans come with flexible terms and conditions. Many CDEs are mission-driven organizations, and all CDEs are chasing community impact. Thus, CDEs were well-prepared to help businesses navigate the pandemic in 2020.

The most common form of triage was loan modification. Most CDEs reported providing forbearance to existing projects, including loan deferrals and other payment modifications. CDEs also helped QALICBs secure PPP loans.

IRS Relief for CDEs and QALICBs affected by the COVID-19 pandemic

In light of COVID-19, on June 6, 2020, the IRS provided temporary relief from deadlines.

- *QLICI deployment: Temporarily relief from the 12-month requirement for deployment of the proceeds from a QEI as a QLICI.*
- *Reinvestment: Temporary extension of QLICI reinvestment requirements*
- *Construction of real property: Temporary extension of the 12-month requirement to expend the proceeds of QLICI loans for the construction of real property.*

Special Report: COVID-19

THE NMTC & THE PANDEMIC

OTHER SURVEY FINDINGS

COVID-19 scrambled the international supply-chain and wildly altered the price of supplies, building materials, and other commodities. Several CDEs reported project delays related to work stoppages in Europe and elsewhere.

It's important to note that not all NMTC projects experienced hardship. More than a dozen CDEs reported no significant hardship in their project portfolio. One CDE said:

Our portfolio of NMTC projects have weathered the pandemic well. All QLICI interest payments are current and all projects are open and operating. [One QALICB] has a drug in Phase 3 trials for the treatment of mild to moderate COVID-19. COVID-19 testing and vaccination was conducted at three of our [community facility and FQHC] projects.

Source: NMTC Coalition Survey of 2020 Activity

TRENDS IN LEVERAGE DEBT

Leverage structure projects accounted for the vast majority (95%) of qualified equity investments in 2020. We asked survey participants to comment on any trends in the sourcing or structure of leverage debt.

Sources of Debt

Nonprofit and community facility projects often use capital campaigns and donations to raise enough cash to proceed (with an additional assist from NMTC equity). Whenever the economy enters a recession, philanthropic priorities quickly shift toward emergency assistance and away from longer term initiatives. For example, a donor might suddenly choose to support a food bank instead of a theater renovation. One survey respondent said projects faced "larger fundraising gaps due to diversions of philanthropy."

Generally speaking, large institutional capital providers were more risk adverse in the early days of the pandemic. Some CDEs reported stricter underwriting standards from banks providing leverage debt, necessitating more equity from the project sponsor.

Over the past year, we have heard anecdotal evidence that CDFIs were increasingly serving as leverage lenders, so we asked CDEs to report whether a CDFI had provided some or all of the leverage debt for a project. CDFIs served as leverage lenders in about 17 percent of projects utilizing the leverage structure. These trends preceded the pandemic and the record federal investment in CDFIs in 2020.

Special Report: COVID-19

PAST PROJECTS & THE PANDEMIC

NMTC projects strengthen communities with new jobs and added social services. Throughout the coronavirus pandemic, many NMTC-financed emergency service-providers helped communities cope with the tragic medical and economic impact of the pandemic. Some NMTC-financed manufacturing projects even helped supply technology for improved cold-chain distribution of vaccines.

The NMTC is one of the chief federal financing tools for community facilities and nonprofits, and in 2020, many of those organizations stepped up heroically to meet the needs of Americans who were economically displaced, facing homelessness or food insecurity, transitioning to a new career, or seeking a safe place to exercise and socialize.

NMTC-FINANCED FOOD BANKS

Food bank use skyrocketed during the pandemic. One in eight Americans reported inadequate access to food. Food banks faced their own hardships as suppliers closed and their (largely elderly) volunteer base was understandably more reluctant to venture out. Despite all this, many of the nearly 200 NMTC-financed community food providers stood out for their work to ease the burden.

Metropolitan Ministries. Tampa, FL

NMTC-financed Metropolitan Ministries provided 58,938 emergency food boxes last year, a 1,157% increase over previous years. The organization assisted 2,861 families through \$2.33 million in rental assistance (an 1,391% increase over 2019) and served 2,736,539 meals served (a 43% increase).

Bread for the City, Washington, DC

DC-based Bread for the City's two locations benefited from NMTC financing over the past 15 years. The organization's home grocery delivery service helped bring food to thousands of District residents during the pandemic. The organization offered free COVID-19 testing early in the pandemic and is now offering free vaccinations to any DC residents who need one.

Houston Food Bank, Houston, TX

The Houston Food Bank, which has received three tranches of NMTC financing since 2008, gained national acclaim during Hurricane Harvey for their work to feed hundreds of thousands of displaced Houston residents. During the pandemic, the organization once again stepped up to deliver 159 million meals to the Houston metropolitan area.

**NMTC-FINANCED HEALTHCARE PROJECTS**

More than 400 NMTC-financed federally qualified health centers played an important role in expanding COVID-19 testing to underserved communities and this year they are providing vaccines and organizing vaccine outreach across the country. The aforementioned Bread for the City provided testing and vaccination through their on-site FQHC.

Esperanza Health Center, Chicago, IL

In 2018, thanks to financing from PNC, Raza Development Fund, and Chicago Development Fund, Chicago-based Esperanza Health Center was able to move forward and construction of the new 26,100 sq. ft. facility.

Today, Esperanza is operating at full capacity, and has been a main player in COVID-19 testing for the most vulnerable in the city. By mid-August of 2020, Esperanza had already conducted over 10,000 tests to mainly Hispanic/LatinX members of the community (89% of those tested) and 2,285 had tested positive, many receiving their test results while at work in their essential job.

Left: President Joe Biden visits the Houston Food Bank on February 26, 2021. Photo credit: The White House.

Special Report: COVID-19

PAST PROJECTS & THE PANDEMIC

Because of the pandemic, we've seen a tremendous increase in the amount of people visiting food banks. And in many cases, those people are visiting for the first time. In fact, in the early days of the pandemic, 4 in 10 people visiting food banks were there for the first time. Food banks across the country are serving 55 percent more people now than before the pandemic.

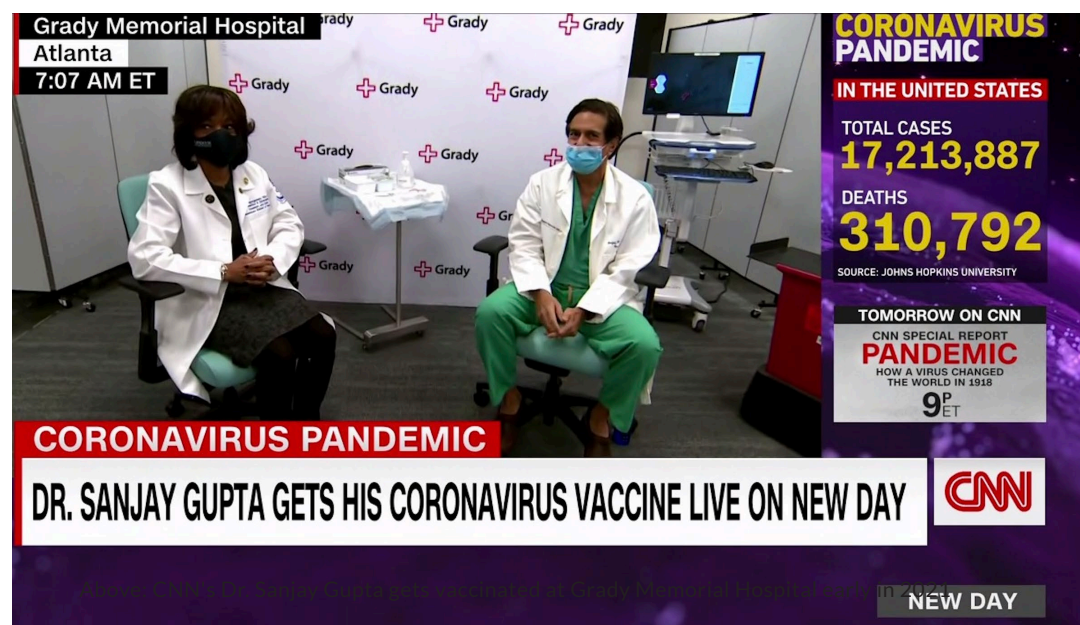
Analysis by Feeding America, a national nonprofit fighting food insecurity.

Special Report: COVID-19

PAST PROJECTS & THE PANDEMIC

NMTC-FINANCED HEALTHCARE PROJECTS (continued)

In 2015, NMTC financing from Invest Atlanta, Community Hospitality Healthcare Services, and SunTrust Community Capital, supported upgrades to the emergency room of Atlanta-based Grady Memorial Hospital. The new state-of-the-art facility was designed to optimize patient care, and it came into extensive use during the pandemic. In fact, the hospital reached full capacity during the January 2021 COVID-19 outbreak in Atlanta.



Above: CNN's Dr. Sanjay Gupta gets vaccinated at Grady Memorial in early 2021.

LOOKING FORWARD

Things are looking up in 2021 according to one CDE. On the next page, we listed some of the early NMTC closings in 2021.

Significant default of tenants paying rent is beginning to abate. Projects relying on rental real estate and projects involving job creation which require on site, close proximity working conditions were negatively impacted. Many of the impacts are improving now that vaccination and rental assistance from the most recent federal relief bill are hitting. Manufacturing borrowers have also been strained, but fortunately they've been able to weather the storm thus far. We have not needed to execute any modifications or waivers related to COVID in the NMTC portfolio.

Source: NMTC Coalition Survey of 2020 Activity

Coming Soon

2021 PROJECTS

Ribbon cuttings and projects financed in 2021 as this report goes to print.

As the country opens back up in the wake of COVID-19, the pace of NMTC project closings has accelerated in 2021.



VORTEX COLD STORAGE

Albert Lea, MN

Midwest Minnesota Community Development Corporation provided \$3.4 million in NMTC financing to Vortex Cold Storage to develop a state-of-the-art temperature-controlled warehousing to support agribusiness and food distribution business supply chains in southern Minnesota and northern Iowa. The project held a groundbreaking ceremony in April in Albert Lea, MN.

ELECTRIC WORKS - WEST CAMPUS

Fort Wayne, IN

In January, 2021, Urban Action Community Development, National Trust Community Investment Corporation, French Lick, BMO Harris, and Fort Wayne New Markets Revitalization provided a total of \$51 million in NMTC financing to support a new innovation district in Fort Wayne, IN. Electric Works is a multi-stage, adaptive reuse of the 39-acre former General Electric campus. The West Campus phase of the project encompasses 10 buildings totaling 730,000 sq. ft. of mixed-use space across 15.5-acres that includes new office space, a fresh food market, local-serving retail, a business incubator and coworking space, educational and university-led uses, and public event space. The West Campus will be anchored by Do It Best, a hardware cooperative and Indiana's largest privately-owned company.



COVENANT HOUSE ILLINOIS

Chicago, IL

In January 2021, Chicago Development Fund provided \$8.5 million in NMTC financing to Covenant House Illinois to fund the acquisition and renovation of a 3-story building. The project will house Covenant House Illinois (CHIL), an organization that provides homeless youth ages 18 to 24 with shelter and supportive services. Project elements include 40 shelter beds on the top floor and a first-floor Youth Development Center and administrative headquarters featuring space for wraparound support services and workforce development programs in addition to a large community room, a commercial kitchen, and a courtyard with a basketball court and garden.

A future (non-NMTC) phase will complement the project by rounding out CHIL's service offerings through the creation of a Transitional Living Program with up to 32 beds.



APPENDIX: 2020 PROJECT COMPONENTS

Components	Number
Manufacturing, Timber, and Industrial	78
Misc. Nonprofits	50
Vocational Training and Workforce Development	44
Retail (non-grocery)	42
Federally Qualified Health Centers and Free Clinics	41
Affordable Housing	33
Childcare and Early Childhood Education	24
Grocery Stores	22
Business Incubators and Makerspaces	21
Food Banks, Pantries, and Community Food	20
Health Clinics and Healthcare Offices	18
Recreational Facilities	17
General Office Space	15
Market Rate Housing	16
Emergency Shelters	14
Professional Services	13
Youth Centers and Youth Programs	13
Higher Education	13
Community Center	12
School	12
Supportive Housing	12
Community Kitchen	11

Components	Number
Art-focused Nonprofits	8
Addiction Treatment	7
Parking Garage	7
Parks and Green Spaces	7
Restaurants	7
Theaters and Event Spaces	7
Warehouse and Wholesale	7
Hospitals	6
Museums and Galleries	6
Healthcare IT	5
Municipal Facilities	5
Transportation, Rail and Freight	5
Libraries	4
YMCA and YWCAs	4
Clean Energy	4
Health Advocacy	4
Water, Utilities, and Waste Management	5
Research Centers	4
Hotel	3
Farmer's Markets and Food Halls	3
Home Healthcare	1
Total Components	650

*An annual snapshot of the New
Markets Tax Credit Program*



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