

July 24-27, 2013 | Eldorado Hotel | Santa Fe, New Mexico

National Housing & Rehabilitation Association's



2013 Summer Institute

*Financing Mixed-Use Development with
New Markets Tax Credits*

Speakers:

Stephanie Barrett, Bank of America Merrill Lynch, Carlsbad, California

Timothy Karp, U.S. Bancorp Community Development Corporation, Los Angeles, California

Kristin DeKuiper, Holland & Knight LLP, Boston, Massachusetts, Moderator



What is the New Markets Tax Credit?

- 39% Federal Tax Credit claimed over 7-year Compliance Period
- Administered by CDFI Fund, U.S. Dept. of Treasury
- Annual Competitive Allocations of NMTC Authority
- Intended to Foster Private Investment in Low-Income Communities
- “Subsidy” created by NMTC equity investment by investor permits loans on beneficial or “equity equivalent” terms. NMTC “subsidy” typically represents roughly 15-20% of project financing.



What Kinds of Projects Qualify for the New Markets Tax Credit?

- Generally, any active business or non-profit activity conducted in a Low-Income Community except:
 - “sin” businesses” (golf course, country club, racetrack or gambling facility, massage parlor, hot tub facility, suntan facility, liquor store)
 - Residential rental property (80% or more of rental income is from dwelling units)
- Examples:
 - Community facilities (health care centers, charter schools, food banks, grocery stores, theaters)
 - Office or retail space
 - Manufacturing or production facilities (lumber yard, fish processing plant, yogurt processing plant)
 - Medical facilities
 - Mixed use commercial and residential facilities (where less than 80% of rental income is from residential OR the ownership of the two uses is separated by a condominium structure)





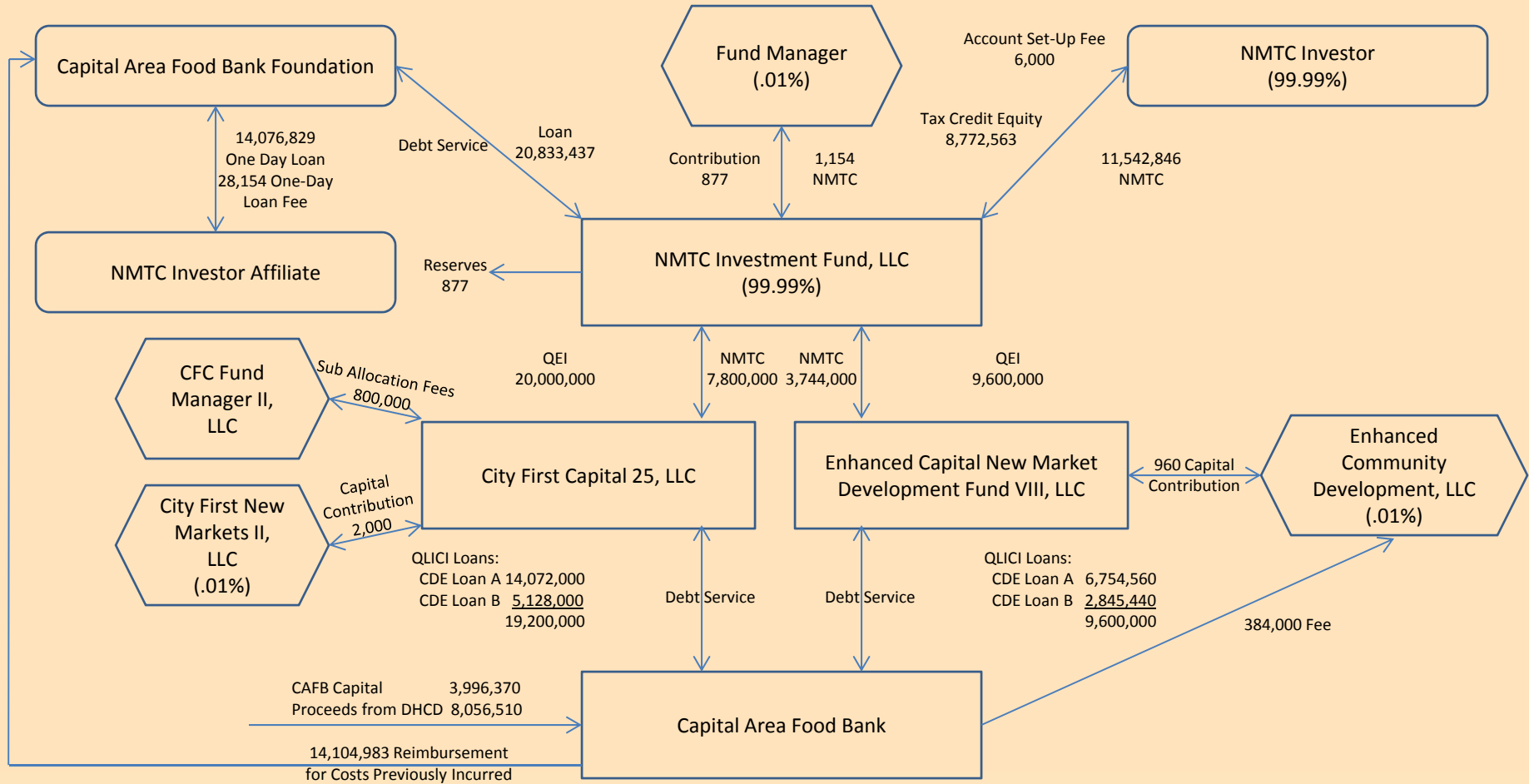
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Capital Area Food Bank

NEW MARKETS DIAGRAM - CLOSING



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Capital Area Food Bank New Markets Tax Credit Financing

Community Impact-Service

- Non-Profit Food Collection and Distribution Warehouse
- Distributes 20 million pounds of food per year through 700 non-profit member agencies in metro DC
- Provides outreach programs on nutrition training, life skills training, kids' café, afterschool/summer programs, senior brown bag programs and community-supported farming



Capital Area Food Bank New Markets Tax Credit Financing (continued)

Community Impact-Transaction

- 172 construction jobs
- 73 jobs created or retained at closing
- 58 new jobs created since closing
- Annual client visits increased from 383,000 as of closing to 478,000 in year following closing.

