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U.S. Department Of Treasury Announces 2015-16 Round Of New Markets Tax Credit Allocation For Financing Projects And Businesses In Low Income Communities.

In late November, the U.S. Department of Treasury's Community Development Financial Institution (CDFI) fund announced the latest, eagerly awaited round of New Market Tax Credits (NMTC) allocations. The CDFI selected 120 community development entities (known as CDEs) out of a pool of 238 applicants. The current NMTC allocation, totaling an unprecedented \$7.0 billion dollars of tax credit availability, represents a combined 2015-2016 round. NMTC's are targeted to attract private investment capital for qualifying businesses and real estate projects in urban and rural low income communities nationwide.

The highly successful federal NMTC program was created through the Community Renewal Tax Relief Act of 2000 to facilitate economic and community development in low income, distressed communities by providing investors with a 39 percent tax credit for investing in qualifying projects. Since its inception, the NMTC program has sourced significant amounts of low cost capital for projects that were otherwise difficult or impossible to finance through conventional lending. Now in its 13th year of funding, NMTCs have historically been in high demand by developers seeking creative solutions to project financing.

If you are developing a project located in an urban or low income community, we encourage you to contact the attorneys at Fox Rothschild to discuss the potential use of NMTC financing for your project.

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The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.