
Community and Economic Development in North Carolina and Beyond Blog: 2017 New Market Tax Credit Allocations in North Carolina

By CED Program Interns & Students

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The U.S. Treasury Community Development Financial Institution

(CDFI) Fund was created to help CDFIs promote economic revitalization throughout the United States. CDFIs are designed to expand access to capital in underserved communities and the CDFI Fund provides financial assistance and support to these organizations. A part of the CDFI Fund's supportive programming mechanism is the New Markets Tax Credit (NMTC) Program.

The NMTC Program was established as part of the Community Renewal Tax Relief Act of 2000. The goal of the program is to assist disinvested communities in reinvigorating their local economies by providing tax incentives to investors in these areas. Credits are allocated to designated Community Development Entities (CDEs) to invest in projects. The private capital attracted through the NMTC Program is used primarily to finance businesses in these communities that include manufacturing facilities, food, retail, housing, health, technology, and education. Communities benefit from the jobs associated with these businesses and the provision of access to better commercial and community services (for more information, a primer on NMTCs can be found [here](#)). Between 2003 and 2015, the NMTC has financed over 5,000 projects.

As mentioned in this CED blog post about the renewal of NMTC funding through 2019, NMTC allocations are highly competitive from year to year and applications for allocations routinely outstrip supply. At the time of that blog post, CDEs were just beginning to prepare applications for 2017 allocations that would be distributed in early 2018. In February 2018, out of 230 applications, 73 CDEs were awarded \$3.5 billion total in NMTCs. This list includes 4 awardees that serve North Carolina (NC) communities (the full list of states served can be searched for [here](#)).

The 4 awardees that serve NC are SunTrust Community Development Enterprises, TD Community Development Corporation, The Community Builders CDE, and Waveland Community Development.

- SunTrust Community Development Enterprises is a loan fund designed to invest in disadvantaged businesses and plan to use their NMTCs for this purpose.
- TD Community Development Corporation has stated that it will use its allocation to invest in businesses that generate community outcomes in highly distressed areas and offer debt with equity-equivalent features as its NMTC lending product.
- The Community Builders seeks to use its allocation to invest in mixed-use, commercial, and community facilities that address community needs.
- Waveland Community Development will leverage its allocation to invest primarily in owner-occupied businesses that focus on manufacturing and related technology, as well as catalytic, mixed-use projects.

While no specific projects have been identified, each of these uses provides an opportunity for growth and development in



North Carolina communities.

As previously stated, NMTCs are renewed through 2019, but the future of the tax credits past that time is uncertain. There is currently legislation in Congress aimed towards making the NMTC a permanent program. This legislation is The New Markets Tax Credit Extension Act of 2017, H.R. 1098 in the House and S. 384 in the Senate. The Act currently has over 90 cosponsors for H.R. 1098, and 13 Senators signed on in support of S. 384. As a program that serves as a tool in attracting investment capital to low-income areas, it will be important to see how the outcome of this legislation affects the economic mainstream of underserved communities in the future.

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