

NATIONAL DEVELOPMENT COUNCIL

Partners in Community Development Since 1969



New Markets Tax Credits

CalRecycle ZoneWorks

May 12, 2011

NMTCs Background

- Program authorized by Congress in 2000
- Designed to spur investment and promote economic development in low-income communities
- Program administered by US Treasury Department
- Tax credit allocations provided to Community Development Entities (CDEs), not projects
- Tax credit allocation process extremely competitive



NMTC Eligibility Criteria

- Must be Qualified Active Low Income Community Business
- Business must be located in Low Income Community
 - Poverty rate greater than 20%
 - Median income less than 80% area median
- Project must have significant community benefits
- Significant flexibility in project type (retail, industrial, community facility, mixed-use)

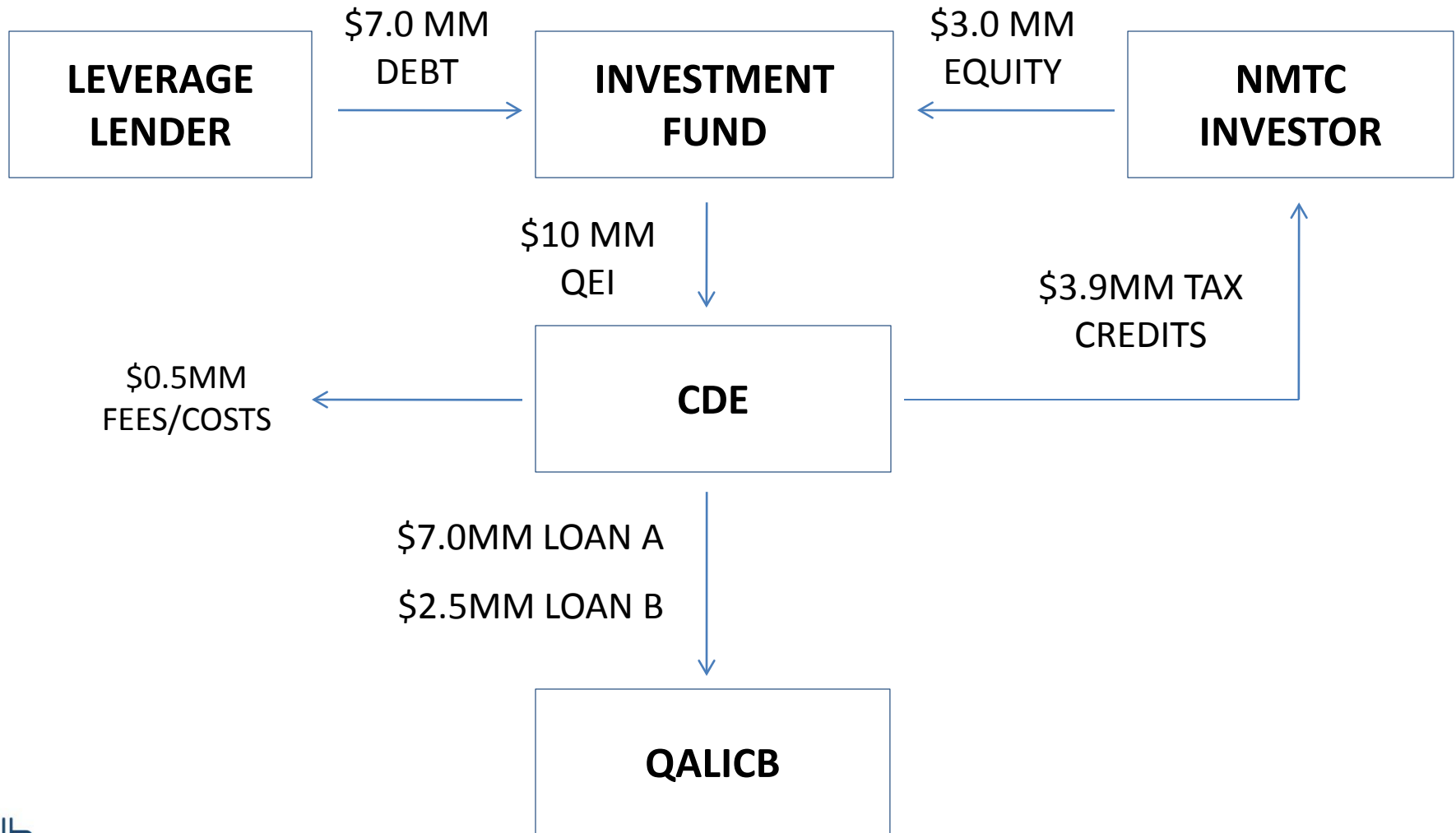


How NMTCs Work

- Tax credit equal to 39% of qualified investment
- Tax credits are dollar for dollar reduction in investor's tax liability
- Investors provide cash in exchange for tax credits
- Price per tax credit depends on investor's yield requirements
- Investors receive tax credits over seven year period



NMTC Transaction Structure



Contact Information

Jina Yoon

National Development Council

444 N. Larchmont Blvd # 201

Los Angeles, CA 90004

Phone: (323) 798-5556

Email: jyoon@nationaldevelopmentcouncil.org

