

REAL ESTATE DEPARTMENT

ALERT

U.S. DEPARTMENT OF TREASURY ANNOUNCES FRESH ALLOCATION OF NEW MARKET TAX CREDITS AVAILABLE FOR FINANCING PROJECTS AND BUSINESSES IN LOW INCOME COMMUNITIES

By Jeffrey M. Hall and Daniel V. Madrid

On April 24, 2013, the US 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 85 Community Development Entities (known as CDEs) out of a pool of 282 applicants. The current NMTC allocation, totaling \$3.5 billion dollars of tax credits availability, is targeted for projects in 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 10th round 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.

If you have questions regarding this Alert, please contact Jeffrey M. Hall at 609.895.6755 or jhall@foxrothschild.com or Daniel V. Madrid at 609.844.7413 or dmadrid@foxrothschild.com or any member of Fox Rothschild's Real Estate Department.

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