

249 New Markets Tax Credit Applications Received Requesting \$22.5 Billion

By Alex Ruiz, Managing Editor, Novogradac & Company LLP

The U.S. Department of the Treasury's Community Development Financial Institutions (CDFI) Fund announced on May 14 that it had received a total of 249 applications under the 2009 round of the New Markets Tax Credit (NMTC) program.

The CDFI Fund reports that applicants for the 2009 allocation round requested an aggregate total of nearly \$22.5 billion in NMTC allocation authority. A total of \$5 billion of allocation authority is available in this round and includes the \$1.5 billion in additional allocation authority authorized through the American Recovery and Reinvestment Act of 2009.

"I am pleased to see that the New Markets Tax Credit Program continues to be in high demand even with the recent constraints on capital and credit," said CDFI Fund Director Donna J. Gambrell. "The equity being raised through the program and the impact of the resulting investments in low-income communities are a testament to the innovative success of the new markets tax credit."

Demand for the seventh round of NMTC allocation authority is up from last year. In 2008, the CDFI Fund received 239 applications for the sixth round of the NMTC program. Applicants in the sixth round requested an aggregate total of \$21.3 billion in allocation authority. Demand has fluctuated during the program's seven allocation rounds to date, but it has consistently outpaced the available supply of NMTC authority.

During the program's first year, 345 applications were received requesting authority to provide tax credit investors an aggregate total of more than \$25.8 billion in

potential equity investments. That number dropped to 271 applications in the second round of the NMTC program but applicants requested an aggregate total of more than \$30.4 billion in potential equity investments.

For the third round, in 2005, community development entities submitted 208 requests for \$22.9 billion. In the fourth round, the CDFI Fund originally received 241 applications requesting \$25.99 billion in NMTC authority. Then in the wake of Hurricane Katrina 13 organizations were granted application extensions and applications from all 13 of these organizations were submitted by the agreed upon deadline. As a result, the total number of applications under review increased to 254 applications, and the total requested in NMTC allocation authority was \$28.3 billion. And in 2007 a total of 258 applications requested an aggregate total of nearly \$27.9 billion under the fifth round of the program.

Through the first six rounds of the NMTC program, the CDFI Fund has made 364 awards totaling \$19.5 billion in tax credit allocation authority.

The application deadline for the 2009 allocation round was April 8, 2009. The CDFI Fund anticipates announcing in October of 2009 the names of the organizations that will receive NMTC allocations under the seventh round of competition. ❖

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