



May 30, 2023

Mr. Oscar Gonzalez  
Acting Program Manager, Office of Financial Strategy and Research  
Community Development Financial Institutions Fund  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

Re: Recommendations for the timing and implementation of the 2016-2020 American Community Survey Datasets

Dear Mr. Gonzalez:

**On behalf of the members of the New Markets Tax Credit (“NMTC”) Working Group, we submit the following comments, considerations, and recommendations for the implementation of the 2016-2020 American Community Survey (“ACS”) datasets** which we believe will increase the effectiveness and efficiency in which **Community Development Entities (“CDEs”) target investments in low-income census tracts.**

On June 30, 2022, the CDFI Fund provided an update on the release of the 2016-2020 ACS datasets for the NMTC Program and stated spring 2023 as a tentative release date. In an email sent March 22, 2023, the CDFI Fund announced a delay in the release of the datasets until fall of 2023, except for CDFI Investment Area and BEA Program data already released in January 2023. We are mindful and **appreciative of the CDFI Fund’s efforts to provide periodic updates** on its various programs and initiatives, including the NMTC program. With that in mind, we wanted to communicate our recommendation for releasing the 2016-2020 ACS datasets now rather than waiting until fall of 2023.

We believe the benefits to releasing the datasets now far outweigh any downside, and that the CDFI **Fund’s stated** reason given for **the delay “...provides a more reasonable timeframe for Allocatees to use the 2011-2015 ACS data”** can be easily addressed through the transition timeline. Many CDEs and prospective QALICBs have already identified potential NMTC investments in locations that are expected to qualify based on the new 2016-2020 ACS data. Some of these projects are currently in underwriting, negotiating, and structuring stages, anticipating the release of the 2016-2020 ACS data in spring or summer 2023. **Further, the “Update on the Implementation of the 2016-2020 American Community Survey Datasets” dated March 22, 2023 published on the CDFI Fund’s website indicates “the NMTC Program will delay the release of the 2016-2020 ACS data until summer of 2023”, noting the same reason for the delay.** Certain CDEs and QALICBs have been relying on such information anticipating closing **transactions as soon as the data would be released in “summer 2023.”** Any delay in the release of the datasets may be devastating to some of those highly deserving projects and businesses **that can’t wait** until the fall of 2023 to close on NMTC financing. By releasing the datasets now, the CDFI Fund would



allow CDEs to start making investments in census tracts that have transitioned into qualified census tracts based upon the newer data. These census tracts are arguably the most in need of investments to prevent further decline, more so than census tracts that qualify using the 2011-2015 ACS data that no longer qualify under the 2016-2020 ACS data.

We believe that **the CDFI Fund's primary concern** regarding the amount of time CY 2022 NMTC Allocatees will have to use the current 2011-2015 ACS data can be addressed by making the transition period longer for CY 2022 Allocatees in the transition rules. In the prior transition period during which the 2011-2015 ACS data was released for use, CDEs were afforded a yearlong transition period in which they were able to use either census data set. Our recommendation is to provide a yearlong transition period for current allocatees from the date the 2016-2020 ACS data is released and a yearlong transition period for CY 2022 Allocatees that starts when awards are made in the fall of 2023. This would seemingly **address the CDFI Fund's concerns for CY 2022 Allocatees and also allow investments to be made now in** qualifying census tracts based upon the 2016-2020 ACS data.

Also, if the CDFI Fund releases the data now, applicants for the CY 2023 NMTC allocation round can begin putting together a pipeline of transactions based upon the census tracts that qualify using the 2016-2020 ACS data. If the data is released in fall of 2023, it will provide much less time to create a pipeline that invests in newly qualified census tracts. Also, it may cause an additional burden on applicants that have prepared a pipeline using the 2011-2015 ACS data if any of the projects have to be replaced because the census tracts the pipeline projects are located no longer qualify.

For example, a cleantech company has identified a location in rural South Carolina (that is expected to qualify as non-metro upon release of the 2016-2020 ACS data) to develop its first commercial manufacturing plant. A NMTC investment in this plant would allow for the following community benefits:

- Acquisition of and rehabilitation of a 125,000 square foot shell building constructed on a former textile manufacturing site;
- Acquisition and installment of machinery and equipment for the manufacturing plant; and
- Creation of 346 full time positions:
  - 80% of positions will be available to people who do not have a 4-year degree;
  - 100% of positions will pay the living wage standard; and
  - 100% of positions will be provided fully covered health care and equity ownership in the company.

To date, the project has received commitments from three CDEs based upon the census tract qualifying as non-metro when the 2016-2020 ACS data is released. The company, CDEs, tax credit investor and respective professional advisors have all been working diligently to close as soon after transition rules were released, which were expected to be this spring. The delay in releasing the 2016-2020 ACS data until the fall will likely terminate the NMTC transaction and cause the company to reduce project scope and employment opportunities based on reduction of the same. This is only one of many examples of a project that has been negatively impacted by the delay.

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We strongly encourage the CDFI Fund to consider adopting our recommendation and release the 2016-2020 ACS data as soon as possible. We are excited about the positive impact that the NMTC Program continues to have **on the nation's low**-income communities and low-income persons. Every allocation round, the NMTC community continues to see highly impactful projects serving new geographies and new industry sectors creating opportunity and impact for more disadvantaged communities across the nation. We appreciate the opportunity to submit our recommendations. Thank you in advance for your time and consideration. Please do not hesitate to contact us if you have any questions regarding our comments or if we can be of further assistance.

Yours very truly,  
Novogradac & Company LLP

by   
Brad Elphick

cc: Christopher Allison, NMTC Program Manager, CDFI Fund  
Jason Boehlert, Legislative and External Affairs Program Manager, CDFI Fund