Novogradac 2017
New Markets Tax Credit Spring Conference
June 8-9 | Hyatt Regency Washington on Capitol Hill
DYNAMIC TIMES

in Washington, D.C.
DYNAMIC TIMES
in Washington, D.C.

Fake news

“Wire-tapping!”

..covfefe...
A Tale of Two Narratives

REPUBLICANS HAVE TO GET SOMETHING DONE

NOTHING WILL GET DONE

BOB

LAUREN

Fake news

Wire-tapping!

covfefe...
If we assume for a moment that a tax bill passes:

- What will be in it?
- What will the top corporate tax rate be?
- How will the NMTC fare?

REPUBLICANS HAVE TO GET SOMETHING DONE

Tax reform or a rate cut?

28%? 25%? 20%? 30%?
Permanency for the NMTC?
Permanency for the NMTC?

Permanency

Inflation adjustment

Offset against the AMT
Permanency for the NMTC?

BLUNT

CARDIN

5R 6D

(includes 5 out of 26 Senate Finance Committee members)
Permanency for the NMTC?

H. R. 1098

To amend the Internal Revenue Code of 1986 to permanently extend the new markets tax credit, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

[Text continues]

A BILL

To amend the Internal Revenue Code of 1986 to permanently extend the new markets tax credit, and for other purposes.

1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

2. SECTION 1. SHORT TITLE.

3. This Act may be called the “New Markets Tax Credit Extension Act of 2017”.

[Passage continues]

TIBERI

NEAL

REED

27R 26D

(includes 20 out of 40 Ways and Means members)
INVESTMENT, 2003-2014

$750.8 million in NMTC allocation leveraged an additional $761 million from other sources for a total of $1.52 billion in project investment. A total of 55 businesses and economic revitalization projects in the District received NMTC financing.

JOB CREATION, 2003-2014

7,623 construction jobs
3,919 full-time equivalent jobs

PROJECTED IMPACT NATIONALWIDE

$2.8B in total projects financing to rural communities
139 manufacturing or industrial facilities
350 community facilities
84 mixed-use redevelopment projects

...including an estimated $163 million to low income and high poverty urban and rural communities in DC.
2017 NMTC Progress Report

Jobs and investment
- 36k jobs
- $3 billion in total project financing
- Survey covers 80% of all NMTC 2016 activity

Trends:
- Healthcare
- Incubators

Other highlights
- Updated Rural Report (2003-2014)
- Interactive tablet-friendly version available

Leading industries
1) Healthcare
2) Manufacturing

Communities
- 22% non-metro
- 76% severe distress
New Markets Tax Credit (NMTC) Program Eligibility, Severe Distressed Status

Location: Washington, DC

- Year of Allocation: 2005
- Original Loan/Investment Amount: $15,000,000
- Transaction Type: TERM
- Total Project Cost: $121,615,952

Status: Eligible

Source: CDFI Fund and PolicyMap

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Only admin for NMTC, CDFI Bond Guarantee Program and oversight of previous funding

Discretionary grants, Capital Magnet Fund eliminated

TOTAL $4.1 trillion

CDFI Fund $14 million
(cut of $234 million)

HUD $40.7 billion
(cut of $7.4 billion)
What should we expect funding to actually be?

TOTAL

CDFI Fund

HUD
POLICY POINTS

Trump Administration’s Drastic FY 2018 Request is Unlikely to Advance, But Housing and Community Development Funding Cuts are Likely

PETER LAWRENCE, NOVOGRADAC & COMPANY LLP

<table>
<thead>
<tr>
<th>Key Programs of the U.S. Department of Housing and Urban Development Budget</th>
<th>FY 2017 ENACTED</th>
<th>PRESIDENT’S FY 2018 REQUEST</th>
<th>% CHANGE</th>
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<tbody>
<tr>
<td>Housing Choice Voucher</td>
<td>$20,292,000,000</td>
<td>$19,317,000,000</td>
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<tr>
<td>Project Based Section 8</td>
<td>$10,816,000,000</td>
<td>$10,754,000,000</td>
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<td>Public Housing Operating Fund</td>
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<td>Public Housing Capital Fund</td>
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<td>Section 202</td>
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<td>Section 811</td>
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<td>HOPWA</td>
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<td>COC</td>
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<td>HOME</td>
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<td>Homeless Assistance</td>
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<td>Choice Neighborhood Initiative</td>
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<tr>
<td>Overall</td>
<td>$48,095,700,000</td>
<td>$40,700,000,000</td>
<td>-15.3%</td>
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QUESTIONS
“Tell me something I don’t know...”
Inside the Beltway

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