

Ballard Spahr
LLP



New Markets
Tax Credits

Partnering with Clients
To Build Stronger Communities

The New Markets Tax Credit
Program transforms
communities.

We show clients how they
can make the most of every
opportunity.

We have helped clients use NMTCs to invigorate communities since the program was established by Congress in 2000.

USING NMTCs IN INNOVATIVE AND CREATIVE WAYS

We represented the East St. Louis Housing Authority and the developer Eco Jazz, Inc., NFP, in a first-of-its-kind transaction, using NMTCs leveraged with HUD public housing development funds. Jazz @ Walter Circle is a four-story, 74-unit, independent-living seniors housing facility in a severely distressed community. The complex has retail and commercial components, including a locally owned green grocer, a credit union, a community health and wellness center, office space, a community conference center, and a garden. This transformative project is expected to serve as a model for future public housing development.

The unique federal, state, and local public-private partnership used to finance the project involved HUD, the State of Illinois, the City of East St. Louis, and three not-for-profit affiliates of the Housing Authority, as well as the tax credit investor and the Community Development Entity. In addition to public housing development funds, the project was financed with City Tax Increment Financing and Illinois Clean Energy Community Foundation grant funds for U.S. Green Building Council LEED Gold certification.

STRUCTURING COMPLEX DEALS

As counsel to M&T Bank, the senior leveraged lender, we closed a commercial development transaction that financed the construction of a 300,000-square-foot, multistory, mixed-use facility in Pittsburgh that includes a 154,000-square-foot Target Corporation department store and structured parking facility.

The transaction leveraged HUD 108 guaranteed loan funds for brownfields redevelopment and HUD Brownfields Economic Development Initiative (BEDI) grant funds with NMTCs. The NMTC investment totaled more than \$46 million. The complex structure involved a Qualified Low-Income Community Investment loan with 12 notes from three community development entities. The borrower was a “portion of the business” Qualified Active Low-Income Community Business affiliated with the developer.

HELPING NONPROFITS BETTER SERVE THE COMMUNITY

We represented The Children’s Aid Society (CAS), a private charitable organization, and its affiliate, 910 East 172nd Street LLC, in financing the acquisition and renovation of the third and fourth floors of a 40,000-square-foot building for the relocation and expansion of the medical, dental, and mental health programs of the Bronx Family Center in New York.

The project will nearly double the capacity of the Center to provide health care to some of the poorest children in New York City. The Center is expected to receive more than 5,000 visits a year by 4,000 children in foster care, as well as by children in other CAS programs. In addition, a portion of the renovated space will be leased to a home health care agency. CAS acted as the guarantor and the structure involved two “portions of the business” Qualified Active Low-Income Community Businesses.



TAX CREDIT EXPERIENCE

We combine NMTCs with other tax credits and financing tools:

- Historic rehabilitation tax credits
- Energy tax credits and incentives
- State and local tax credits
- Grants and subsidized loans
- Tax-exempt bond financing
- ARRA funds
- Tax Increment Financing
- Community Development Block Grants
- Federal agency loan guarantees



Investing in low-income communities is good business. We handle all of the regulatory, compliance, and transactional matters associated with NMTC deals.

The NMTC program provides federal income tax credits to taxpayers investing in low-income communities. We have been involved in the program since its inception, helping clients structure transactions that pave the way for stronger communities and a healthy bottom line.

- Evaluating eligibility for NMTCs and assessing risks and benefits
- Forming, certifying, and qualifying Community Development Entities
- Preparing, reviewing, and filing allocation applications
- Negotiating and executing allocation agreements
- Conducting and reviewing due diligence
- Structuring, negotiating, documenting, and closing financing transactions
- Issuing corporate, tax, and other legal opinions
- Assisting with regulatory filings
- Providing compliance counseling and training
- Handling compliance reviews, audits, and opinions
- Counseling in the event of recapture, default, foreclosure, and refinancing

PUBLIC AND PRIVATE CLIENTS

- Financial services institutions
- Nonprofit organizations
- Governments and quasi-governmental agencies
- Developers, owners, and operators
- Tax credit investors
- Leveraged lenders
- Private equity funds
- Community Development Entities
- Qualified Active Low-Income Community Businesses

OUR TEAM

Attorneys from the following practices work together to advise clients:

- Commercial finance
- Public finance
- Real estate development
- Real estate finance
- Taxation

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