

## Bringing High-Impact Investment to Distressed Community Areas

### What does the New Markets Tax Credit (NMTC) program Do?

The NMTC Program helps community development organizations attract private sector capital to communities and rural areas where new investment is needed most—low-income and distressed census tracts. The goal of a NMTC award is to fill a financing gap for transformative projects which bring new opportunities to qualifying areas.

### How do NMTCs work?

A Certified Development Entity, such as Iowa Community Development, attracts capital for investment in these census tracts by monetizing a seven year, 39% Federal Tax Credit on behalf of the qualifying project. The funds raised by the sale of these tax credits are then invested into the project with other sources of capital to fill the financing gap and make the project a reality. All with the goal of fostering investment, providing jobs and creating new opportunities where it is needed most.

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### Qualifications?

To qualify, a project must be 1) located in a qualifying census tract, 2) be of the size and scale to be transformative to the (re)development of the distressed area and 3) be adaptable to the unique structure and requirements of the program.

### Example

**Project: Business Expansion**



**Project Total: \$10 million**  
**Bank Loan: \$5.2 million**  
**Owner Capital: \$2 million**  
**Gap: \$2.8 million**



**Monetized Tax Credit = \$2.8 million**  
**Fills Gap**

### Criteria:

- Transformative Project
- Large Single Investment
- Job Creation/Retention
- Low-Income Census Tract
- Unique Structure
- 7-Year Compliance

### ABOUT ICD

Iowa Community Development is a certified Community Development Entity (CDE), or intermediary vehicle, for the provision of loans, investments, or financial counseling in low-income communities. Benefits of being a CDE include being able to apply to receive New Markets Tax Credit allocations to support transformational, job creation projects in designated low income areas.

### Contact ICD To Learn More:

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