

## U.S. SENATE: COMMUNITY DEVELOPMENT AND INFRASTRUCTURE TAX REFORM WORKING GROUP

### FLORIDA TESTIMONY

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CONTACT: Joy Beaton, Director of Government Relations  
Florida Community Loan Fund (FCLF)  
Phone 941.587.0586, Email JBeaton@FCLF.org

The Federal New Markets Tax Credit (NMTC) is a tool that drives private investment and creates jobs in distressed low-income community areas where, **but for the credit**, high priority local economic and community development projects might not otherwise be financed. NMTCs are executed by Community Development Entities (CDEs) set up for the express purpose of managing the transactions and assembling investor capital.

### NMTC RESULTS IN FLORIDA, 2003–2012

#### Investment

**\$664M** in NMTC investments  
**\$535M** leveraged from other sources  
**\$1.2 B** in total project investments

 **81** businesses and community revitalization projects financed

#### Jobs Created

 **10,804** construction jobs  
 **7,017** FTE jobs





## FLORIDA IN THE NATIONAL PICTURE

### As of 2012:<sup>1</sup>

- ▶ 31 different CDEs, including the **Florida Community Loan Fund**, had deployed \$664.8 million in total NMTC allocation in Florida.
- ▶ These NMTC allocations supported 81 distinct projects with total project costs of \$1.2 billion.
- ▶ Florida's Rank: 19th out of 50 states in total NMTC allocation deployed. Or, 2.14% of the \$31 billion deployed nationally.
- ▶ Florida's NMTC Per Capita Rank: 47th. Only Nevada, Puerto Rico, Kansas, Wyoming, Nebraska and Idaho received less per capita. On a per capita basis NMTC CDEs deployed \$34 per capita in Florida.

<sup>1</sup> CDFI Fund FY 2013 NMTC Public Data Release. Includes data through 2012, the latest date for which data is available from the U.S. Dept. of Treasury, CDFI Fund.

### U.S. Population:

CA		38.3 MILLION
TX		26.5 MILLION
NY		19.6 MILLION
FL		19.5 MILLION

### NMTC Allocation deployed Per Capita:

CA	\$\$\$\$\$	\$130
TX	\$\$\$	\$73
NY	\$1	\$36
FL	\$1	\$34

# THE IMPORTANCE OF AN IN-STATE CDFI / CDE IN AN UNDERSERVED STATE

Because the Florida Community Loan Fund's (FCLF's) **only** footprint and mission is to **serve Florida**, it seeks to deploy 100% of its NMTC allocation in Florida.

As of 2012,

- ▶ FCLF deployed more allocation than all but one of 31 CDEs active in the state.<sup>2</sup>
- ▶ In fact, through 2012 FCLF had deployed more than Bank of America, Chase and SunTrust COMBINED in Florida. While these three banks combined to deploy \$1.39 billion nationally, only \$47.7 million of that total was deployed in Florida.<sup>3</sup>

CDE	Florida QLIC total (in millions)	% of statewide total	Total QLICs Nationally (in millions)	% of total QLICs in Florida
FCLF	\$62.8	9.46%	\$67.2	93.6%
Bank of America	\$15.5	2.34%	\$628.3	2.48%
Chase	\$4.5	0.67%	\$411.6	1.5%
SunTrust	\$27.7	4.17%	\$293.1	9.45%
Wells Fargo/Wachovia	\$50.8	7.64%	\$836.7	10.5%

Since 2012,

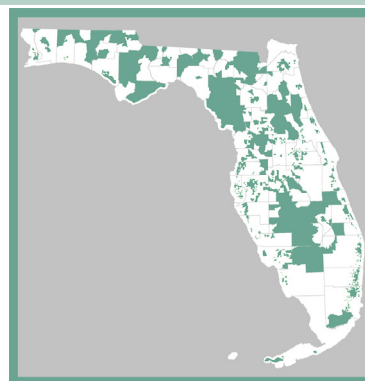
- ▶ FCLF has doubled its NMTC production for a cumulative total of \$138.7 million in financing through 15 projects.
- ▶ Of that total \$134.4 million (97%) has been deployed in Florida creating 2,641 permanent and temporary jobs.

## FLORIDA BASED CDEs (Community Development Entities)

CDE	Total NMTC Allocation	Total Projects	Projects in Florida
Community Hospitality Healthcare Services	\$183 million	2	0
Florida Community Loan Fund	\$151 million	16	14
Capital Trust CDE	\$75 million	5	4

A CDE is the investment vehicle in which a NMTC investment, or Qualified Equity Investment (QEI), is made in exchange for the Credit. A total of 31 CDEs are active in FL and have invested a cumulative total of \$664 M in 81 NMTC projects.

## FLORIDA'S 1000+ NMTC ELIGIBLE CENSUS TRACTS <sup>4</sup>



<sup>2</sup> Advantage Capital was the only CDE to deploy more in Florida than FCLF as of 2012. The \$72.9 million deployed by this CDE in Florida is commendable but represents only 11.6% of the \$628.8 million it deployed nationwide.

<sup>3</sup> Comparative national data after 2012 is not currently available from the U.S. Department of Treasury, CDFI Fund.

<sup>4</sup> Shimberg Center for Affordable Housing



# THE BENEFITS TO COMMUNITIES IN FLORIDA

The benefits of NMTC have been measureable and targeted accomplishing a wide range of unique, locally determined, and high-priority revitalization, social, and economic development projects... *that but for the credit could not have been achieved*... in some of Florida's most distressed community areas.

Permanently extending NMTC will help FL for years to come. The Florida Community Loan Fund alone is currently seeking \$89 million in NMTC credit allocation to invest in an estimated pipeline of over \$395 million in potential FL projects aimed at leveraging up to \$245 million in additional public, private and conventional bank resources.

## Florida Community Loan Fund NMTC PROJECTS

- ▶ Locally determined
- ▶ Unique
- ▶ Targeted high-priority

Achieved with: **\$151M NMTC**

Supporting: **\$354M total Projects**



# WHY MAKE NMTC PERMANENT?

- ▶ **NMTC works.** The Credit delivered over \$60 billion in capital to economically distressed communities between 2003 and 2012, directly creating over 560,000 jobs. 80% of investments were made in urban areas and 20% in rural areas.<sup>5</sup>
- ▶ **NMTC pays for itself.** NMTC investments in businesses in low-income communities and the jobs created by those businesses generated over \$5.4 billion in federal tax revenue between 2003 and 2010, covering the \$5.3 billion cost of the program over the same period.<sup>6</sup>
- ▶ **NMTC is a unique and flexible tax credit driven by local interests and local priorities.** As a multi-purpose incentive, NMTC can finance a wide range of businesses and project types (excluding housing) in distressed low-income communities. Instead of Washington picking winners and losers, NMTC places the project underwriting responsibility with community development entities (CDEs) with deep ties to the communities in which they work.<sup>7</sup>
- ▶ **NMTC is one of the only market driven resources available for community revitalization.** Over the last 40 years Federal spending on community development, as measured by a share of GDP, has dropped by 75%. As a result there is tremendous pent up private investment demand for NMTC. Since inception, NMTC applications totaled over \$275 billion versus \$40 billion in total credits available. That means that less than 16% of proposed projects (or applications) received assistance.<sup>8</sup>
- ▶ **NMTC is a tested and proven financing system that leverages substantial private capital investment.** Every \$1 in foregone tax revenue generally leads to \$12 in private capital investment in distressed communities.<sup>9</sup>

<sup>5</sup> CDFI Fund Agency Financial Report, FY 2013.

<sup>6</sup> NMTC Economic Impact Report, December 2012.

<sup>7</sup> National NMTC Coalition testimony to the House Ways and Means Committee, 2013.

<sup>8</sup> OMB Historical Tables. CDFI Fund Release, Fall 2013.

<sup>9</sup> U.S. Department of Treasury.

## FLORIDA ORGANIZATIONS IN SUPPORT OF THE NMTC:

Picerne Development Corporation of Florida, Altamonte Springs • Florida Interfaith Network in Disaster, Bonifay • Boynton Beach CRA • Central Community Redevelopment Agency, Bradenton • Lake Point Holdings LLC, Canal Point • Lake Point Restoration LLC, Canal Point • Florida Candy Factory, Inc., Clearwater • Tampa Bay Community Development Corporation, Clearwater • Delray Beach CDC • Our House in Dania, Inc. • Lee County Housing Development Corporation, Ft. Myers • Windsor Aughttry Co., Gainesville • Capital Trust Agency, Gulf Breeze • Covenant Homeless Family Shelter, Homestead • Rural Neighborhoods, Homestead • Cesery Companies, Jacksonville • Florida Alliance of Community Development Corporations, Jacksonville • Grace and Truth Community Development Corporation, Jacksonville • KIPP Jacksonville Schools • LISC Jacksonville • McDuff QALICB, Inc., Jacksonville • Metro North Community Development Corporation, Jacksonville • Urban Trust Capital, Jacksonville • Jacksonville Beach Community Redevelopment Agency • Operation New Hope, Jacksonville Beach • Community & Economic Development, Lake Worth • Lake Worth CRA • Pung and Read Housing Consultants LLC, Lake Worth • Keystone Challenge Fund, Lakeland • Vasant Patel Development, Lakeland • City of Melbourne • Acquire International LLC, CEO & Managing Partner, Miami • ASPIRA of Florida, Inc., Miami • Atlantic Coast Energy Corporation, Miami • Financial Institution, Miami • Redevco Management, Miami • Stone Soup Development, Miami • PSPE LLC, Milton • City of Lauderdale Lakes • Collier County Government Code Enforcement • Florida Non-Profit Services, Inc., Naples • Lake County Housing Services • Black Business Investment Fund, Orlando • Florida Community Loan Fund, Orlando • Orange County Florida Government • Mid-Florida Housing Partnership, Ormond Beach • TD Bank, Palm City • Community Enterprise Investments, Inc, Pensacola • Community Maritime Park Associates, Inc, Pensacola • Community Hospitality Healthcare Services, Placida • Anchor Housing Development, LLC, Pompano Beach • City of Riviera Beach • Housing Partnership, Inc., Riviera Beach • Riviera Beach CRA • Florida Home Partnership, Inc., Ruskin • Brevard Neighborhood Development Coalition • St. Johns Housing Partnership, St. Augustine • The Transition House Inc, St. Cloud • Boley Centers, Inc., St. Petersburg • Sirius Development Group, St. Petersburg • Urban Development Solutions, Inc, St. Petersburg • Web Parts, Inc., St. Petersburg • City of Sunrise Community Development Department • Burnette Construction, Tallahassee • CFO Bean Team, Tallahassee • Community Concepts Group, Inc., Tallahassee • Good News Outreach, Tallahassee • Inkbridge, LLC, Tallahassee • OL'MAN Outdoors, Tallahassee • Shelton Dean, Inc., Tallahassee • Sunny Land Solar, Tallahassee • Beck Group, Tampa • City of Tampa • GIM Associates, LLC, Tampa • Human Development Center, Tampa • Neighborhood Lending Partners, Tampa • Tampa Family Health Centers, Inc. • Brevard County • Neighborhood Renaissance, Inc., West Palm Beach • Palm Beach County Government • Westgate/Belvedere Homes CRA, West Palm Beach • Beth-El Farmworkers Ministry, Inc., Wimauma • Seaside National Bank & Trust, Winter Park

