NEW MARKETS TAX CREDITS

The New Markets Tax Credit (NMTC) Program was established to spur private investment in distressed communities. To date, LIIF has received $458 million in NMTC allocation authority. LIIF aims to use this allocation to support projects that bring economic development and essential services – including charter schools – to low income neighborhoods nationwide.

For example, LIIF allocated $19 million in NMTCs to help leverage a $6.5 million private investment for the benefit of North Star Academy in New Jersey. The transaction enabled North Star to develop two school campuses serving 450 students. North Star is a member of Uncommon Schools, a nonprofit organization that develops and manages urban public schools, with the goal of closing the achievement gap and preparing low-income students for college.

**Purpose:** Mini-permanent financing for the construction or rehabilitation of community facilities. Project needs to be located in a qualified census track

**Type:** NMTC allocation and leveraged loan

**Allocation Size:** $5 – 20 million. For larger transactions, LIIF will look to partner with other CDEs

**Loan Term:** 7 years

**Interest Rate:** Priced at affordable rates based on the transaction structure

**Repayment:** Structured as interest-only or amortizing. No prepayment allowed.

**Collateral:** Secured by the subject site. Guarantees may be required.

**Loan-to-Value:** Product can deliver proceeds of up to 115% of the appraised value

**Contact:** For more information on LIIF’s NMTC program, please contact:
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