

**Statement of the CDFI NMTC Alliance for the Record**

**House Ways and Means Committee**

**Tax Reform Working Group on Real Estate**

**April 15, 2013**

Chairman Johnson, Vice Chairman Pascrell, and Members of the Working Group:

Thank you for the ability to provide comments on our current tax code as the House Ways and Means Committee considers comprehensive tax reform.

The CDFI NMTC Alliance is a coalition of large, successful CDFIs that work with NMTCs. Together we have received more than \$1.5 billion in NMTC allocations to date. These allocations have been invested to bolster major development strategies in emerging communities. Investments ranging from community health centers to fresh food access programs to schools have created thousands of jobs since the NMTC program began. Beyond NMTC deals, the Alliance has financed more than 150 grocery stores, 85,000 housing units, 157,000 charter school seats, and 72 community health centers. In the process, we have created or retained more than 200,000 full time equivalent or construction jobs.

Community Development Financial Institutions (CDFIs) connect low-income communities with flexible, low-cost capital. They finance individuals, small businesses, home mortgages, community facilities, charter schools, and several other community development projects. CDFIs finance the facilities and equipment that nonprofits depend on to grow, serve, and revitalize low-income communities, including community health centers, daycare centers, and charter schools. They also provide other vital financial services in communities that otherwise lack them. To become certified as CDFIs, organizations must demonstrate a primary mission of promoting community development, provide development services in conjunction with financing activities, and maintain accountability to their defined target markets. There is a clear alignment of objectives between the New Markets Tax Credit program and mission-based CDFIs, which makes CDFIs highly effective practitioners of NMTCs.

The CDFI NMTC Alliance recognizes that the New Markets Tax Credit program is a highly targeted program deployed effectively by mission-based organizations to develop low-income communities. Further, demand for NMTC allocations exceed supply more than four times over. A small tax credit, the NMTC program pays for itself in revenue over time. As such, the CDFI NMTC Alliance seeks the permanent extension of the New Markets Tax Credit program.

The CBO projects that unemployment will stay above 7.5 percent at least until 2015 -- the longest period of high unemployment in 70 years. In NMTC-targeted communities, the unemployment rate is typically much higher. At a time of stubbornly high unemployment and deficits, we should support programs that can spur private-sector job creation while not expanding the deficit. As the Ways and Means Committee considers comprehensive tax reform, we advocate for the permanent inclusion of NMTC in the tax code.

Thank you for the opportunity to submit comments on the importance of the NMTC from the mission-based perspective of CDFIs. We look forward to working with you to ensure a strong and permanent NMTC as Congress pursues comprehensive tax reform.

Sincerely,

Hope Enterprise Corporation/Hope Credit Union

Housing Partnership Network

IFF

Low Income Investment Fund

NCB Capital Impact

Opportunity Finance Network

Opportunity Fund

Partners for the Common Good

Self-Help

The Reinvestment Fund