



New Markets Tax Credit Program CY 2024-2025 Allocation Application Webinar

December 2024

Presentation Roadmap



- CY 2024-2025 NMTC Application Key Updates
- CY 2024-2025 Application Frequently Asked Questions (FAQs) Updates
- Questions Received via Service Request
- CY 2024-2025 Round Deadlines

CY 2024-2025 NMTC *Allocation Application* – Content



- The NMTC *Allocation Application* has five main sections:
 - Part I: Business Strategy (Exhibit A & Exhibit B)
 - Part II: Community Outcomes
 - Part III: Management Capacity (Exhibit C & Exhibit D)
 - Part IV: Capitalization Strategy (Exhibit E)
 - Part V: Information Regarding Previous Awards
- A glossary of terms is included in the CY 2024-2025 NMTC Allocation Application for reference. Any *italicized* word in the Application Materials is defined in the Application glossary.

CY 2024-2025 NMTC Allocation – Key Updates



- Glossary Terms Revisions
 - Definition of *Disadvantaged Business* has been revised and combined with the Definition of *Disadvantaged Community* (DBC) combined into a single term since they are considered collectively.
- Application Question 25 Areas of Higher Distress
 - Secondary areas of targeted areas of distress have been revised and subparts (b) and (c) have been updated with optional commitment to new areas meeting one of four indicia of deeper distress.
- Application Question 27 Community Accountability and Involvement.
 - Substantive changes to the subparts (a), (b), and (c).
- Application Question 28 Key Personnel
 - New subpart (c) has been added.
 - Instructions revised in Table C2 Key Personnel.
- Application Question 37 Investment Strategy
 - Substantive changes to subparts (b) and (c)
 - Tables E1 and E2 have been removed. Table E3 has been renamed as Table E1.

CY 2024-2025 NMTC Allocation – Key Updates

Community Outcomes (Question 25)



- Application Question 25 - Areas of Higher Distress
 - Subpart (a) Federally Medically Underserved Areas and Food Deserts have been updated.
 - New areas of deeper distress (listed below) have been added to subpart (b):
 - Deep Distress (as defined in the application)
 - NMTC Native Areas
 - High Migration Rural Counties
 - U.S. Territories
 - Applicants have the option to commit to serving these areas in subpart (b).
 - Applicants that commit to providing up to 20% of QLICs to these areas will be scored more favorably in Phase 1.
 - Applicants that commit to an amount that is 20% or greater may be considered for additional allocation.
 - Applicants that commit to serving these areas that are selected to receive an Allocation Award, will be required to meet the greater of the commitment percentage in Q. 25b(i) and Q.25 b(ii) as a condition of the Allocation Agreement.
 - Subpart (c) has been revised to support the Applicant’s optional commitment in subpart (b).
 - See FAQ# 81.

CY 2024-2025 NMTC Allocation – Key Updates

Community Outcomes (Question 27)



- Application Question 27 - Community Accountability and Involvement
 - Subpart (a) has been revised. The Applicant should discuss the roles of their Advisory Board and/or Governing Board members play in formulating the Applicant’s pipeline of investments, setting investments priorities, and approving the Applicant’s investment decisions.
 - New question added in subpart (b) for the Applicant to describe its process for ensuring that Low-Income Persons and/or LIC residents will benefit from its proposed investments. When answering this question, make sure to specifically discuss:
 - How specific needs or challenges of the Applicant’s service area will be addressed with NMTC, including a summary of the service area.
 - Provide quantitative and/or qualitative data used by the Applicant to determine the needs of the communities in which the Applicant intends to invest; and
 - How the Applicant will target its investments to address needs or challenges of Low-Income Persons and/or LIC residents in its service area.
 - Formerly subpart (b) has been revised and re-named as subpart (c)
 - More guidance can be found in FAQs # 98-100.

CY 2024-2025 NMTC Allocation – Key Updates Management Capacity (Question 28)



- Question 28 - Key Personnel
 - Questions in Subpart (a) and (b) have been revised to focus on key personnel that will have a direct role in managing the NMTC Allocation.
 - The Applicant will be limited to 15 individuals in Table C2.
 - New questions added to subparts (c) and (d)
 - Only applicable to Applicants Awarded Allocation in CY 2021, 2022, or 2023.
 - The Applicant should discuss any notable changes to key personnel who have a direct role in managing the Allocation since their previous Allocation Award. Changes can include, but are not limited to, key personnel changes described in a Material Events form.
 - Applicants must also submit a Material Events Form if required to do so by its Allocation Agreement(s) or any Award Agreement(s) with the CDFI Fund.
 - See FAQs # 101, 105.

CY 2024-2025 NMTC *Allocation* – Key Updates

Capitalization Strategy



- Application Question 37 - Investment Strategy
 - Tables E1 and E2 from prior round have been removed. Table E3 has been renamed as Table E1.
 - The question has been revised to no longer require Applicants who answer “yes” to subpart (a) to complete subparts (b), (c), or Table E1.
 - Applicants who answer “no” to subpart (a) will be required to:
 - provide investment letters in subpart (b);
 - discuss their strategy to raise capital in subpart (c), and
 - complete Table E1.
 - FAQ# 127.

Presentation Roadmap



- CY 2024-2025 NMTC Application Content & Key Updates
- **CY 2024-2025 Application Frequently Asked Questions (FAQs) Updates**
- Questions Received via Service Requests
- CY 2024-2025 Round Deadlines

CY 2024-2025 FAQs – General Question Updates



- FAQ 23: Is there a limit to the total NMTC Allocation amount that an *Applicant* may request in the current *Allocation* round?
 - While there is no limit on the amount of *NMTC Allocations* that an *Applicant* may request, the CDFI Fund does not anticipate issuing more than \$120 million in general allocation authority to any one *Allocatee*.

CY 2024-2025 FAQs – Business Strategy New FAQ



- FAQ 41: If an Applicant is proposing to use its *NMTC Allocation* to finance one or more loan funds, including small dollar loan funds (*QLICs* of up to \$4 million) and/or revolving loan funds (with terms of 60 months or less), what information should be provided as part of its product description in Q. 14?
 - In addition to elements listed in Q. 14(b) (e.g. % of Allocation, rates, terms, flexible features, if the product will be structured with a single note or multiple notes, etc.), the Applicant should indicate if a single *QEI* will finance *QLICs* to multiple unaffiliated *QALICBs*.
 - If the loan fund will use leveraged debt, the *Applicant* should discuss the typical source(s) of leverage debt that will be used (e.g. project sponsor, third-party lender, NMTC investor, *Applicant/Controlling Entity*).

CY 2024-2025 FAQs – Business Strategy Updates



- FAQ 44: What information will the CDFI Fund evaluate to determine whether a prior *Allocatee* has utilized its prior allocations in a manner that is generally consistent with the representations made in the relevant prior year *Allocation Applications*?
 - *Applicants* that receive an allocation under prior rounds should ensure that the information they provide in their Transaction Level Report (e.g. business description primary and business description narrative, fees, note purpose, etc.) is in accordance with the Allocatee (CDE) Transaction Level Report Data Point Guidance for AMIS on the CDFI Fund’s website.

CY 2024-2025 FAQs – Business Strategy Updates



- FAQ 48: What information should an *Applicant* include in its response to Question 17?
 - Total number of businesses or *CDEs* the *Applicant* intends to finance with the Allocation, including the total dollar amount of NMTC financing (e.g. *QEI* and *QLICI* amount) to be provided. Total *QEI* needs should be equivalent to the *Applicant's* allocation request in Question 1;
 - The portion of the *Applicant's* pipeline that falls into different business types (e.g. education/training, retail, multiservice community organization, business services, consumer retail/services, energy generation, manufacturing/industrial, etc.) consistent with the selections in Table A5 (row n) and activity types (e.g. loans to *QALICBs*, investments in *CDEs*, loan purchases from *CDEs*, etc.); and
 - Factors that inform the *Applicant's* investment strategy, including borrower/investee selection criteria, the capital needs of its borrowers/investees, the *Applicant's* range of dollar amounts of proposed NMTC investments, etc.

CY 2024-2025 FAQs – Business Strategy Updates



- FAQ 51: In Table A5, what are the most important items to cover in Project/Business Name (row a1) and Description (row a2)?
 - For all pipeline projects in Table A5, the Description should include how the QLICs will be used.
 - For an investment in, or loan to, a QALICB that is an Operating Business (non-Real Estate):
 - The description (row a2) must include the type of business that is being financed (for example: grocery store) AND the products or services provided by the Operating Business (for example: healthy foods).
 - For an investment in, or loan to, a QALICB that is a Real Estate business (where the real estate will be principally leased to third-party tenants or sold to a third-party):
 - The description (row a2) must include the type of businesses that will be the anchor tenant(s), (for example a distribution center) AND of the products or services provided by the anchor tenant(s), (for example wholesale distribution of meat and seafood to restaurants).

CY 2024-2025 FAQs – Business Strategy Updates



- FAQ 52: In Table A5, how should an *Applicant* respond if a single *QLICI* will finance several business types (row n), will finance several planned uses (row o), or result in several community outcomes (row p)?
 - Updated business types in Table A5 include Cultural, Education/Training, Healthcare, Multi-service Community Organizations/ Social Services, For Sale Housing, Mixed-use Real Estate, Office Space, Hospitality/Tourism, Manufacturing/Industrial, Consumer Retail/Services, Business Services, Utilities/ Energy Generation, Infrastructure, and Other.
 - The Applicant should use “Other” only when the QALICB’s business activities do not align with any of those listed in Table A5. If the Applicant selects “Other,” it should clearly describe the QALICB’s business activities in Description (row a2) as well as the QLICI uses.
 - *Note:* The NMTC TLR Data Point Guidance for AMIS indicates that “transportation, logistics, or warehousing space” are to be recorded as Industrial under “Business Description –Primary”.

CY 2024-2025 FAQs – Business Strategy Updates



- FAQ 57: What types of due diligence should the *Applicant* address in Q.18?
 - Due diligence conducted in determining QALICBs' ability to remain financially viable and operational, prior to making a QLICI, should include:
 - Financial considerations of the borrower or investee;
 - The likelihood of project completion related to the asset(s) financed with NMTC;
 - Management teams' ability to effectively undertake and successfully manage the operations of the QALICB;
 - Market demand for the QALICB's products or services.
 - **The *Applicant* should be sure to explain how the different business types (e.g., education, retail, manufacturing/industrial, etc.) and planned uses of financing (e.g., acquisition, construction, equipment purchase and installation, etc.) described in Q. 17 and selected in Table A5 inform the due diligence performed prior to making a QLICI.**
 - The *Applicant* should describe the analysis performed and how the analyses performed are documented.

CY 2024-2025 FAQs – Business Strategy New FAQ



- FAQ 58: If the *Applicant* uses market analysis software to assess market demand for the QALICBs products or services, what specific information should the *Applicant* describe in its response to Q. 18?
 - When describing the due diligence conducted to determine a QALICB’s ability to remain financially viable and operational, the *Applicant* should:
 - Identify the software used;
 - Which industries, business types and geographies (e.g. national, local markets) would be referenced in these reports and;
 - What factor(s) would support the *Applicant’s* decision to provide NMTC financing.

CY 2024- 2025 FAQs – Community Outcomes New FAQ



- FAQ 81: If my CDE commits to use 85% of QLICs in Application Q. 25(a) and plans to make additional commitments in Application Q. 25(b)(i) or Q. 25(b)(ii), how will the CDFI Fund measure compliance with these commitments?
 - To meet the commitments in Q. 25(b)(i) or Q. 25(b)(ii), the CDE must make the stated percentage of QLICs in census tracts located in areas identified as:
 - Deep Distress;
 - NMTC Native Areas;
 - High Migration Rural Counties, or
 - US Island Areas.
 - Reports on census tracts that meet these criteria are provided on CDFI Fund's website: <https://www.cdfifund.gov/documents/geographic-reports>
 - Applicants can also utilize the CIMS mapping tool for NMTC: <https://www.cdfifund.gov/Pages/mapping-system.aspx>

CY 2024-2025 FAQs – Community Outcomes Updates



- FAQ 91: What distinct information should the *Applicant* provide in each of the three job-related questions in Question 26?
 - For Question 26(a)(3) Accessible Jobs, the *Applicant* should quantify the number or percentage of jobs created/retained that will be targeted and/or available to:
 - *Low-Income Persons*;
 - Residents of *Low-Income Communities*;
 - People with lower levels of education; and/or
 - People who face other barriers to employment (e.g. longer term unemployed, justice-involved individuals, etc.).
 - The *Applicant* should also describe the *QALICB*'s strategy for placing these individuals in accessible jobs (e.g. partnerships with community job training agencies, internal *QALICB* resources dedicated to training or technical assistance for jobseekers, recruiting from local community colleges, listing with state/local government employment divisions, etc.).

CY 2024-2025 FAQs – Community Outcomes Updates



- FAQ 92: What are some examples of commercial goods and services that would be included in Question 26(a)(4)? How does commercial goods and services differ from community goods and services to *Low-Income Communities*?
 - Applicants will be scored more favorably if they can quantify how residents of Low-Income Communities and/or Low-Income Persons will be served as a result of the Applicant’s QLICs.
 - Example of LIC benefits of commercial goods and services:
 - QLICI will finance a new pharmacy that will provide X number of LIC residents within Y radius with access to prescription and over-the-counter drugs accessible by walking or public transportation.
 - Example of LIC benefits of community goods and services:
 - QLICI will finance a multiservice facility that provides after-school programs for X number of low-income at-risk youth and mental health services to Y number of individuals that are homeless or are at risk of being homeless.

CY 2024-2025 FAQs – Community Outcomes Updates



- FAQ 93: What are other examples of how *Applicants* can demonstrate that projected community outcomes will clearly benefit *Low-Income Persons* and residents of *LICs*?

- Solely indicating that the location of a project is in a *LIC* is not sufficient to demonstrate benefit to *LIC* residents/*LIPs*; specific community outcomes must be identified.
- Commercial Goods or Services Updated Examples:
 - The QLICI will finance a new grocery store located in a census tract that is designated as Low Income and Low-Access to supermarkets according to the USDA’s Food Access Research Atlas. The grocery store will provide X number of *LIC* residents access to healthy foods (fresh meat, vegetables, and fruits) at affordable prices.
 - A QALICB will provide broadband internet services to non-metro areas, including tribal lands serving to Y households and X businesses.

CY 2024-2025 FAQs – Community Outcomes Updates



- FAQ 98: What information should be provided when describing community engagement and the AB's and/or GB's role in formulating the Applicant's pipeline of investments, setting investment priorities and approving investment decisions?
 - The *Applicant* should explain at what point in time the *LIC* representatives on the AB and/or GB inform the Applicant's investment strategy and priorities, including the types of businesses selected for the pipeline, how these investments will address the needs of *LIP* and *LIC* residents in the service area, and how *LIC* representatives inform the Applicant's investment decisions.
 - The Applicant should be sure to explain key documents related to the *Applicant's* investment priorities provided during the investment decision-making process.

CY 2024-2025 FAQs – Community Outcomes New FAQ



- FAQ 99: What are some examples of quantitative data and qualitative data used to determine the LIC needs?
 - Quantitative Examples include (but not limited to):
 - Published research studies (e.g. Governmental entities, Federal Reserve, think tanks, philanthropic organizations, advocacy organizations)
 - Formal surveys conducted by the CDE, QALICB or other parties
 - Qualitative Examples Include (but not limited to):
 - A tribal council resolution for a project on tribal land and how the project will meet tribal member needs;
 - City or neighborhood plans adopted by the local government specifying the needs or challenges of LIC and efforts to address the needs or challenges (e.g. affordable childcare, access to healthy foods, access to healthcare, commercial corridor etc.);
 - QALICB waitlist for homeownership training and mortgage assistance.

CY 2024-2025 FAQs – Management Capacity Updates



- FAQ 115: What are NMTC transaction costs versus *Applicant* fees? Should NMTC transaction costs be included in Table D2?
 - NMTC transaction costs include legal, financial modeling/projections, audit, tax preparation, and accounting expenses regardless of when those costs occur.
 - Not included in Q. 34 (b) or Table D2.
 - The specific costs and uses should be included in Table D3, if these costs are paid through the *Applicant*.
 - Should be discussed in the response to Question 34(c).
 - *Applicant* fees include operating costs such as impact assessments, Application preparation, loan servicing, and asset management, as well as *Allocation Agreement* compliance and related reporting, even if these activities are performed by third parties.
 - These fees should be included in both Tables D2 and D3.
 - Included in the narrative responses to Question 34 (b).

CY 2024-2025 FAQs – Management Capacity New FAQ



- FAQ 118: How will the change in NMTC Transaction Level Report (TLR) data points in AMIS and updated TLR guidance on fees affect the CDFI Fund's evaluation of the *Applicant's* fees for prior awards?
 - For QLICs closed on or after October 1, 2023, fees and transaction costs should be reported in accordance with the NMTC TLR Guidance published on the Fund's website.
 - The CDFI Fund will review the *Applicant's* TLR to determine general consistency with the proposed fee structure described in the *Allocation Application* that was awarded.
 - Refer to the fee disclosure document provided to the QALICB per [NMTC Compliance FAQ #48](#) and in accordance with the most recent [NMTC TLR Guidance](#).

Questions Received via Service Request



Questions & Answers

Questions Received via Service Request



- Please do not submit multiple service request for the same question.
- Use the public comments section to follow-up on an existing Service Request.
 - Creating a new service request for the same question may result in delays.

Questions Received via Service Request



- In Question 14(b), the Question notes no longer includes the following the phrase: *“and how often the best rates and terms would be offered”*. However, FAQ 40 still references the phrase.
 - FAQ 40 will be updated for consistency with Application Q.14(b) removing the phrase: *“and how often the best rates and terms would be offered”*.
- In FAQ 116, should the years provided in the example refer to 2025 and 2026, not 2024 and 2025 (from the CY 2023 FAQ document)?
 - The example in FAQ 116 will be updated to reflect 2025 and 2026, consistent with Application Tables A1-A4: Projected Activities.

Questions Received via Service Request



- In the note for Exhibit B, Tables 1-4, there is a new definition for Disadvantaged Businesses or Communities in CY 2024. In Table B2, the Applicant must show the total amount of investments in DBCs for the period 2019-2024. Should the Applicant use the new definition for all years 2019-2024? Or only the current year (2024)?
 - Applicants are required to use the current definition of *Disadvantaged Businesses or Communities (DBC)s* for completing the tables in Exhibit B. Past investments in Low-Income Communities remain part of the new definition.

Questions Received via Service Request



- Is an Applicant permitted to discuss its community engagement activities in Question 27 on projects that have not closed by the cut-off date (November 19, 2024 - release date of CY 2024-2025 Allocation Application)?
 - Applicants may discuss community engagement activities in Question 27(c), including those related to the pipeline described in Question 17(c) and those related to NMTC investments using prior allocations.
 - Please refer to FAQ #98.

Questions Received via Service Request



- Will the CDFI Fund publish a list of High Migration Rural Counties in addition to the individual tracts published in the New Markets Tax Credit Low-Income Community Census Tracts & High Migration Rural Tracts - American Community Survey 2016-2020 Excel file published February 1, 2024?
 - *The High Migration data file was updated on December 5th, 2024 to include the county codes.*
 - The data file may be found at:
<https://www.cdfifund.gov/documents/geographic-reports>

Questions Received via Service Request



- For Question 28(c), if an Applicant received awards in 2021, 2022 and 2023, is the Applicant only required to address changes to key personnel in Table C2 in the most recent previously awarded round (e.g., 2023), or any changes to key personnel in Table C2 from their 2021, 2022 and 2023 applications?
 - The Applicant is only required to address changes to key personnel in Table C2 from the most recent previously awarded round (e.g., 2023).

Questions Received via Service Request



- FAQ 98 states that “Q. 27(a) asks how the input received through community engagement and the role the LIC representatives on the Applicant’s Advisory Board (AB) and/or Governing Board (GB) play in formulating the Applicant’s pipeline of investments, setting investments priorities, and approving the Applicant’s investment decisions...” However, “the input received through community engagement” is not addressed in Question 27(a) or Question 27(b). ***Which question should contain response(s) with this information?***
 - Q.27(c) should contain responses with information regarding “the input received through community engagement”.
 - Q.27(a) should contain information regarding the “the role the LIC representatives on the Applicant’s Advisory Board (AB) and/or Governing Board (GB) play in formulating the Applicant’s pipeline of investments, setting investments priorities, and approving the Applicant’s investment decisions.”
 - *Applicants may discuss how the LIC representatives on the AB/GB evaluate the input received through community engagement in their response to Q.27(a), however this is not required.*
 - FAQ 98 will be edited to reflect that Q.27(a) refers to community accountability and the role of LIC representatives on the AB/GB and not the input received through community engagement.

CY 2024-2025 Round Deadlines:



Table 1: CY 2024- 2025 ALLOCATION ROUND NMTC PROGRAM CRITICAL DEADLINES FOR APPLICANTS

Description	Deadline/Date	Time (eastern time – ET)	Submission Method
Request to modify <i>CDE</i> certification service area	December 3, 2024	11:59 p.m. ET	Electronically via AMIS
Subsidiary <i>CDE Certification Application</i> for meeting Qualified Equity Investment (<i>QEI</i>) issuance thresholds	December 3, 2024	11:59 p.m. ET	Electronically via AMIS
CY 2024 - 2025 Allocation Application Registration	December 5, 2024	5:00 p.m. ET	Electronically via AMIS
Amendment request to add Subsidiary <i>CDEs</i> to <i>Allocation Agreements</i> for meeting <i>QEI</i> issuance thresholds	January 17, 2025	11:59 p.m. ET	Electronically via AMIS
Amendment request to remove a <i>Controlling Entity</i> from <i>Allocation Agreement(s)</i>	January 17, 2025	11:59 p.m. ET	Electronically via AMIS
Last date to contact CDFI Fund staff	January 27, 2025	5:00 p.m. ET	Electronically via AMIS
CY 2024 - 2025 <i>Allocation Application</i> (including required Attachments)	January 29, 2025	5:00 p.m. ET	Electronically via AMIS
<i>QEI</i> Issuance and making <i>Qualified Low Income Community Investments (QLICs)</i> by	April 17, 2025	11:59 p.m. ET	Not Applicable
Report <i>QEIs</i> and certify <i>QLICs</i> by	April 24, 2025	11:59 p.m. ET	Electronically via AMIS

Keep in mind:



- Application questions have character limits.
- Be sure to address all question elements.
- Be sure to save often when working on your Application.
- All deadlines are strictly adhered to.
- If you have questions, submit a service request in AMIS.
- If your organization does not have an AMIS account, please send your questions to nmtc@cdfi.treas.gov.
- Be sure to subscribe to GovDelivery to receive updates (e.g., Supplemental Application FAQ).

Contact Information



- Visit the CDFI Fund’s NMTC Program website at www.cdfifund.gov/nmtc
- Contact the CDFI Fund directly:

Program Support	IT Support
Phone: (202) 653-0421 (option 3)	Phone: (202) 653-0422
Please submit a service request in AMIS for programmatic questions	Please submit a service request in AMIS for technical issues

- Contact the IRS via James Holmes and Dillon Taylor, Office of the Chief Counsel (Passthroughs and Special Industries), IRS, by telephone at (202) 317-4137, by facsimile at (855) 591-7867, for questions about IRS regulations, eligibility of possible QLIC activities and other tax implications of the program. These are not toll-free numbers. Applicants wishing for a formal ruling request should see IRS Internal Revenue Bulletin 2021-1, issued January 4, 2021.