

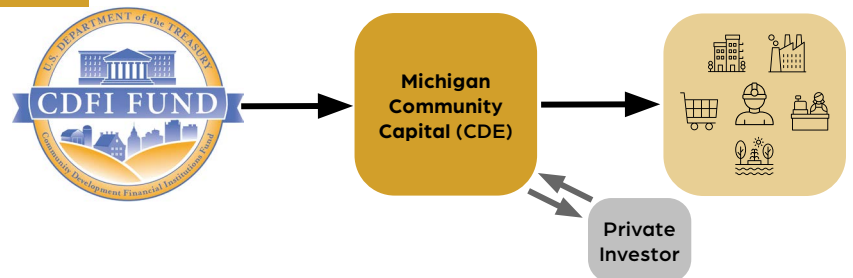
New Markets Tax Credits

Michigan Community Capital (MCC)

Michigan Community Capital is a Community Development Entity (CDE) that exists to promote community and economic development, the creation of wealth and job opportunities; and to facilitate investment of private and public capital in Michigan. Since 2005, Michigan Community Capital has received \$510 million in New Markets Tax Credit (NMTC) allocations and has remained the only CDE that deploys funds exclusively across the entire state of Michigan.

How Do New Markets Tax Credits Work?

CDEs, including MCC, apply for competitive NMTC Allocations from the Community Development Financial Institutions (CDFI) Fund, a division of the U.S. Department of Treasury. When their applications are successful, CDEs use NMTCs to support high-impact community and economic development projects.



To generate subsidy for a qualifying business or project, a CDE reallocates NMTCs to an investor who claims the credits, equivalent to 39% of the NMTC allocation amount, over a period of 7 years. In turn, the investor makes a qualified equity investment (QEI) into an investment fund where it is combined with other sources to finance the business or project with grant-like loans, yielding subsidy for the business or project equivalent to approximately 15% to 20% of the QEI.

MCC's NMTC Strategy

MCC focuses on a 3-pronged strategy of accessible jobs for low- to moderate-income individuals, healthy food access and attainable housing. Our winning business strategy is designed to fund projects that achieve high-impact business and community development outcomes.

MCC focuses its NMTC investments on industrial, mixed-use, and food retail projects that:

- Anchor revitalization efforts
- Deliver affordable housing with connections to opportunity
- Create quality, accessible jobs for disadvantaged Michiganders
- Bring fresh food to areas with no or limited access

MCC's NMTC investment platform includes extensive hands-on technical assistance offered at no cost to borrowers, allowing the tax credit to be accessible to applicants who lack prior experience with structured finance or the ability to retain expensive technical advisors.

Obtaining NMTC financing for a project is highly competitive. MCC finances projects that best meet our business strategy and the goals of the NMTC program — providing real, measurable benefits to low-income communities — not just projects that meet the program's minimum requirements. **Projects must have total costs of at least \$5 million and must be located in an [eligible deep distress or severe distress census tract](#)** (there are alternative routes to severe distress; if your project is in a qualified tract, MCC can explore potential paths to achieving severe distress).

Competitive Mixed-Use Projects

- 30% of housing units must be reserved for tenants earning 80% AMI or lower. Highly competitive projects will have a higher percentage of units below market rate.
- At least 20% of project revenue must come from commercial tenants (25%-30% highly competitive; it's possible to condo portion of housing out of NMTC defined project to meet that threshold).
- Project should include at least one Impact Tenant; Impact Tenant is defined as an organization, business or social enterprise that provides goods or services to low- to moderate-income residents that are otherwise limited or challenging to access.
- Example Impact Tenants include grocery stores; childcare and/or early education center; job training or placement, health or social services; or social enterprise.



Harrison Block YMCA, Flint, MI 2023



Detroit People's Food Co-op, Detroit, MI 2022

Competitive Healthy Food Retail Projects

- Projects that provide retail access to healthy food, either as part of a mixed-use project or standalone.
- Examples include traditional grocery stores, co-op stores, year-round farmer's markets.
- Healthy food projects must be retail in nature. Membership programs are acceptable, but food pantries or meal services do not qualify.
- Competitive projects will:
 - address an established need for healthy food access in the surrounding community, and
 - ensure affordability, including through participation in assistance programs (SNAP/MI Bridge, Double Up Food Bucks, etc).

Competitive Industrial Projects

- Highly competitive projects will create or retain a significant number of quality, accessible permanent jobs. Retained jobs must be at-risk without completion of the project.
- Quality jobs will pay a [living wage](#), offer competitive benefits, provide training opportunities, and majority of positions will be full-time.
- Accessible jobs are those that are available to individuals with less than a 4-year degree. Not all must be, but majority of new or retained jobs should be accessible.
- Businesses committed to hiring "hard-to-employ" populations will be considered highly competitive.



Hudsonville Creamery, Holland, MI 2021