



Economic Development Roundtable

Economic Development Programs and Funding

Presented By:

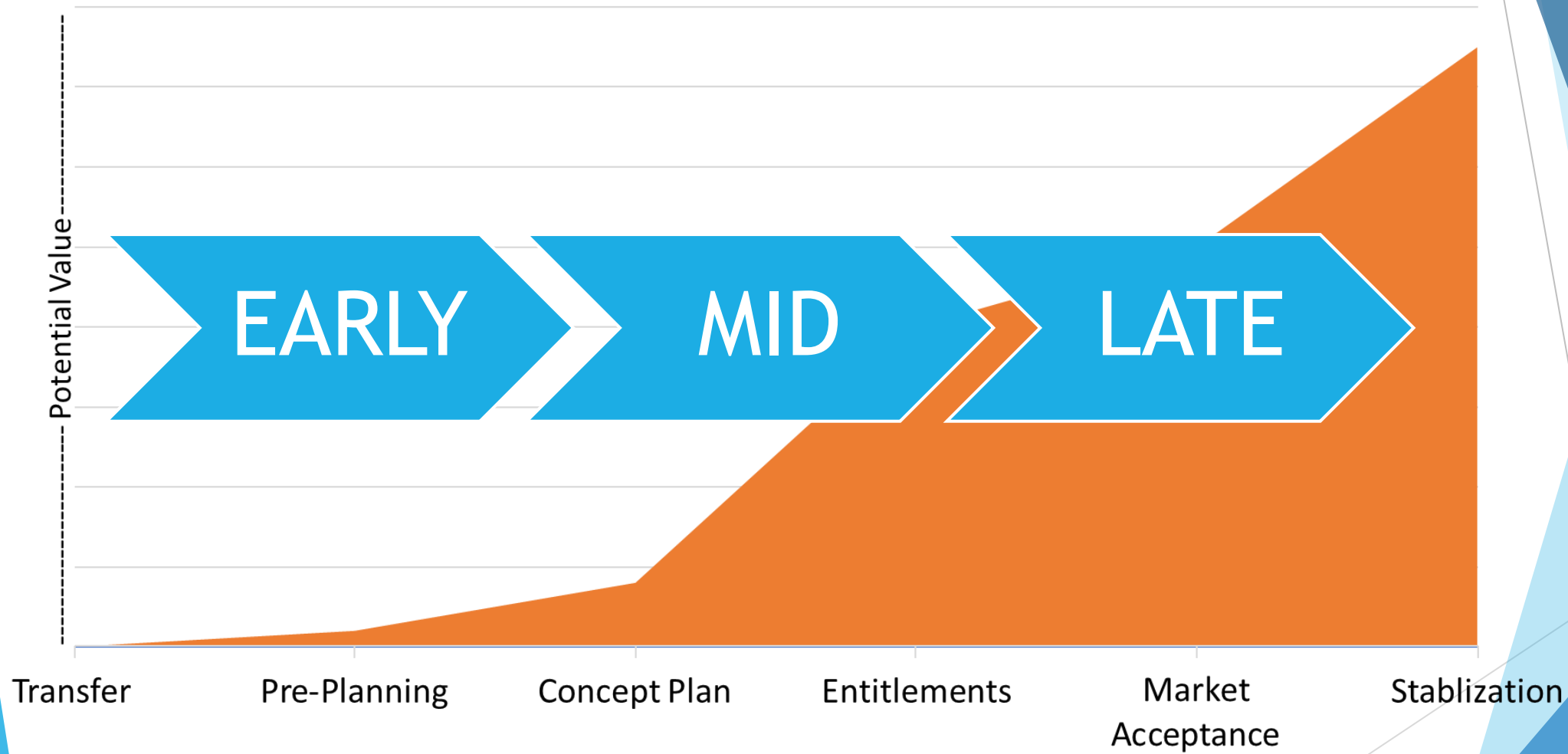
Kyle S. Talente, Principal
RKG Associates, Inc.

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Development Toolbox Discussion

Stages of Development



Early Stage Sources of Funds

- ▶ **Early Stage financing primarily needed for planning and infrastructure**
 - ▶ DoD/OEA
 - ▶ State/Federal
 - ▶ Community investment
 - ▶ General Obligation Bonds



Mid Stage Sources of Funds

- ▶ As the plan comes together, the future becomes more ‘real,’ and value can be attributed to the real estate
 - ▶ Funding requirements for the project become more concrete
 - ▶ Financial planning focuses on Sources & Uses
 - ▶ Property Sales/Leases (if LRA not direct investor) generate cash flow
- ▶ However, big investments for infrastructure or facilities usually are still needed, requiring more capital
 - ▶ Debt (leveraging the land) becomes a primary source of funds



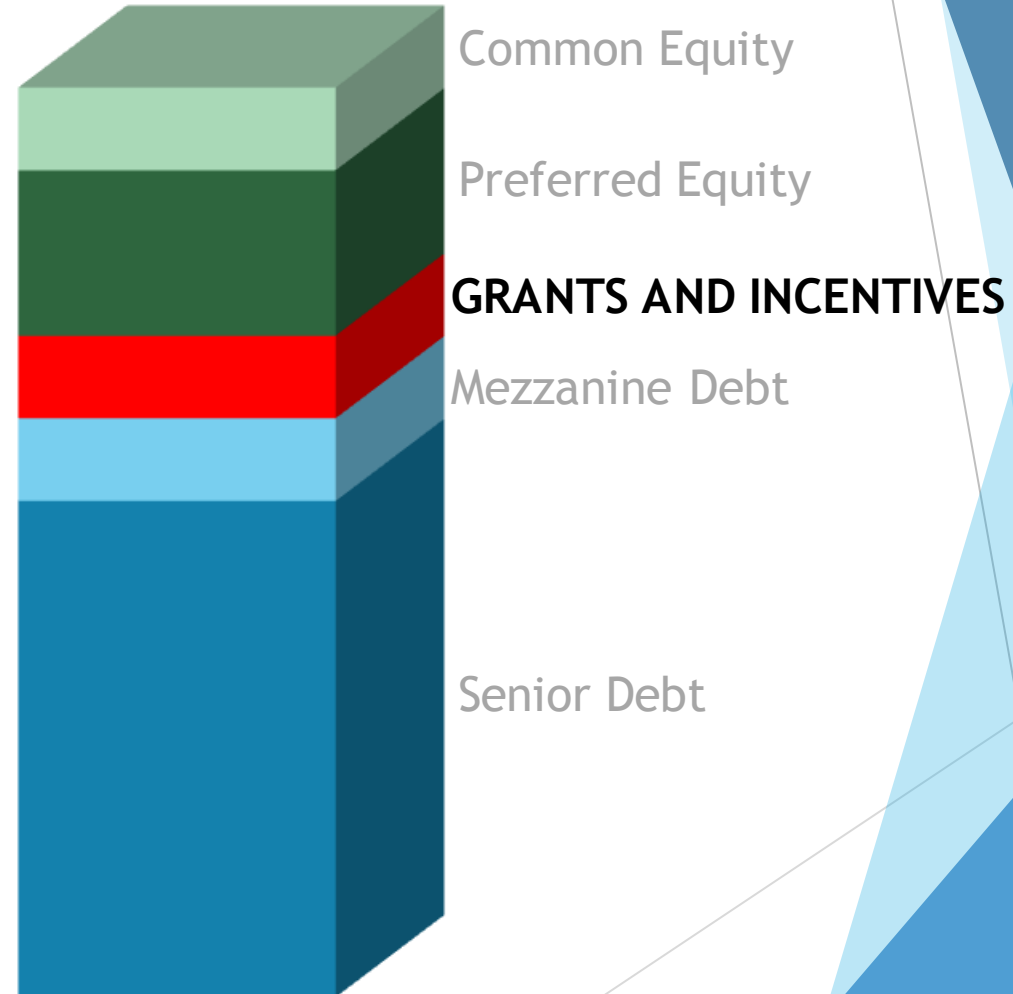
Late Stage Sources of Funds

- ▶ With future values quantified, many additional sources of funding become available:
 - ▶ Revenue Bonds
 - ▶ Private Investment
 - ▶ Direct Assessments
 - ▶ Tax Increment Financing
 - ▶ Leasing
 - ▶ BIDs



Capital Stacking for Success

- ▶ Regardless of the stage of development, having the appropriate debt and equity resources are critical to the go/no go decision
 - ▶ Project facing 'gaps' require intervention
 - ▶ Measuring the 'gap' critical to understanding the need
- ▶ Defining the parameters of the deal equally critical to reaching go/no go decision for the community
 - ▶ Need to do your own research
 - ▶ Finding partners, not profiteers



Local/Regional Investment Tools

- ▶ What a community or region can bring to the table largely is determined by its **risk aversion** and **entrepreneurial spirit**
- ▶ Underlying these tools is the potential to leverage local dollars to attract state and federal grants/matching funds

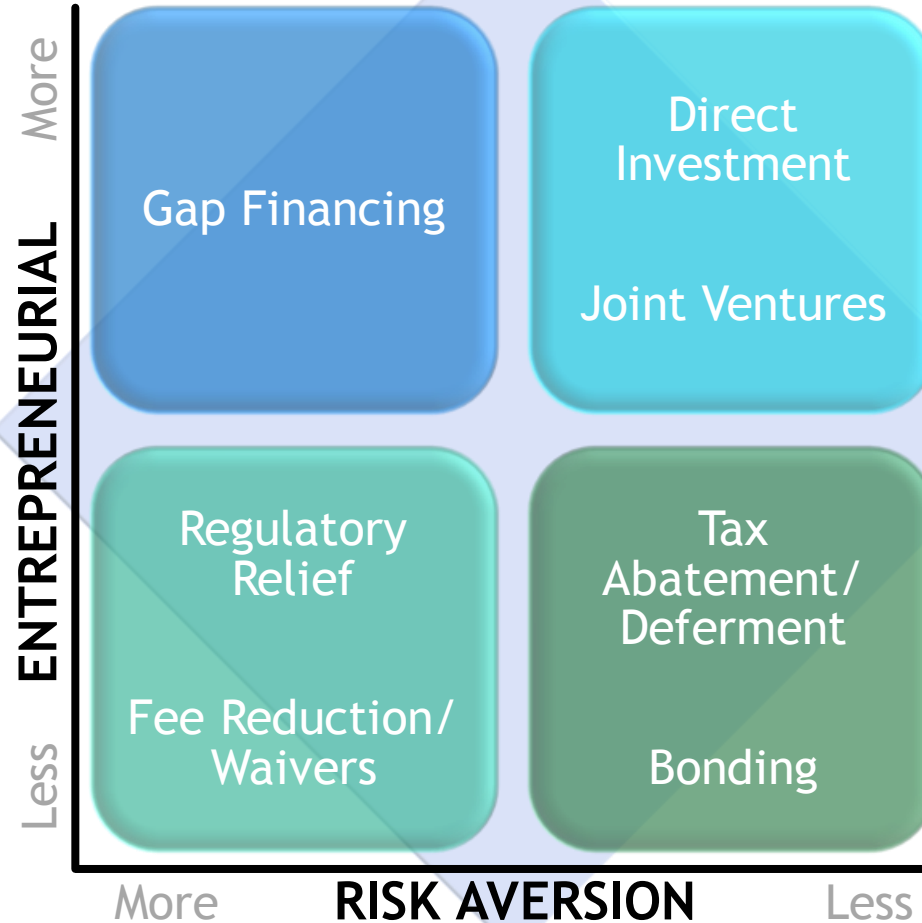


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New Markets Tax Credits

New Markets Tax Credits

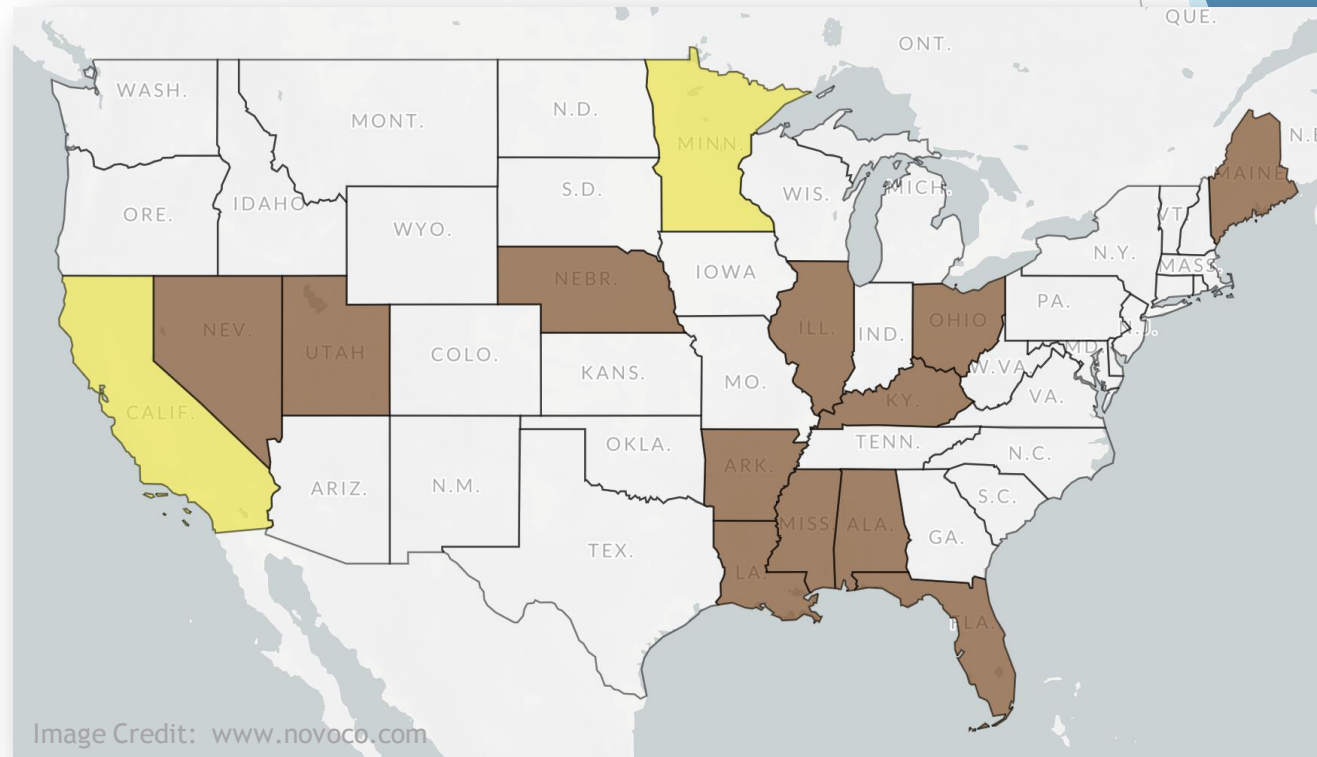
- ▶ **15 rounds of funding totaling \$57.5B (CDFI Fund data)**
 - ▶ \$49B in low-income communities
 - ▶ Approximately 75% of that in highly distressed communities
 - ▶ Current allocation level of \$3.5B annually
- ▶ **Awarded CDEs range in geographic coverage and focus**
 - ▶ National, regional, statewide, areas-specific
 - ▶ General financing, community development healthcare...
 - ▶ Approximately 4x more requested than awarded

New Markets Tax Credits

- ▶ **Current extension set to expire December 31, 2019**
- ▶ **Two concurrent bills in House and Senate to extend**
 - ▶ New Markets Tax Credit Extension Act of 2019
 - ▶ H.R. 1680 (Sewell/Reed) - 82 cosponsors
 - ▶ S. 750 (Blunt/Cardin) - 19 cosponsors
- ▶ **What these bills would change**
 - ▶ Indefinite extension of the program
 - ▶ Increases the annual allocation and indexes future growth to inflation
 - ▶ Provides NMTC investors exemption from Alternative Minimum Tax

New Markets Tax Credits

- ▶ **There also are 12 state NMTC-styled programs**
 - ▶ 2 additional states have proposed legislation
- ▶ **State programs generally follow federal approach**
 - ▶ Some variations in timing/amount of benefit
 - ▶ Maximum investment levels generally lower
 - ▶ Some unique qualification rules
 - ▶ Sunset dates vary



Challenges of NMTC

- ▶ **Have to be in a qualified Census Tract**
 - ▶ 20% of HHs in Poverty or median family income <80% of AMI
 - ▶ Outside factors (i.e. Census changes) can effect qualification
- ▶ **Have to have investment from a CDE**
 - ▶ Not all areas covered by a CDE
- ▶ **Project has to be market competitive locally/nationally**
 - ▶ NMTC are allocated to CDEs
 - ▶ They decide where to invest; what to invest in; and how much

Q & A

► Thank you for your attendance!



Kyle S. Talente
Vice President & Principal
RKG Associates, Inc.
703.739.0965 x1
kst@rkgassociates.com

