



# Transformative Community Projects: Financing, Feasibility and Site Selection



**WHAT CAN YOUR COMMUNITY DO TO ENCOURAGE INVESTMENT**

## Income Producing Properties

**1**

Understand the local financial resources in your community and know how and when to use them – walk investors through the process

**2**

Know where the **federal financial tools** can be used in your community

**3**

Market your buildings and properties to developers and investors

**4**

Understand the approval process for projects and become an expert in walking investors through it – your reputation as a good place to work will spread quickly

## WHAT CAN YOUR COMMUNITY DO TO ENCOURAGE INVESTMENT

### Corporate Facilities

1

Understand the strengths of your community and how they align with different industries – this is worth studying

2

Network with and market to sectors that align with your communities strengths

3

Be organized and responsive. Businesses and site selectors like it when you make it easy for them.

4

Understand your state and local financial resources and how they are likely to be used. The more uncertainty you can remove from the process, the better your chances.

5

Know where your best sites are and have information about the sites readily available.



# The Brookfield Building

## Sources of Funds

Bank Debt**	16,947,500
Deferred Developer Fee	1,000,000
Federal Historic Tax Credit Equity	4,675,230
State Historic Tax Credit Equity	6,103,772
Brownfield Tax Credit Equity	524,095
NMTC Equity	1,388,000
Investor Member Equity	3,000,000
PACE loan	1,661,774
Total sources:	35,300,371





## New Markets Tax Credits (NMTC)

### Program overview

- Created in 2000 to encourage investment in eligible low-income communities
- Investors (receiving benefit of federal tax credit) provide low-interest loans to businesses

### Eligibility

- Location
- Community benefit through job creation or retention, community services, environmental sustainability, etc.

### Funding





NEW  
MAP

# New Markets Tax Credit (NMTC) Program Eligibility and Distressed Status, 2018 Application...

SHADED BY:

Census Tract, 2010



Location

Address, City, County, State, Zip



EXPAND LEGEND

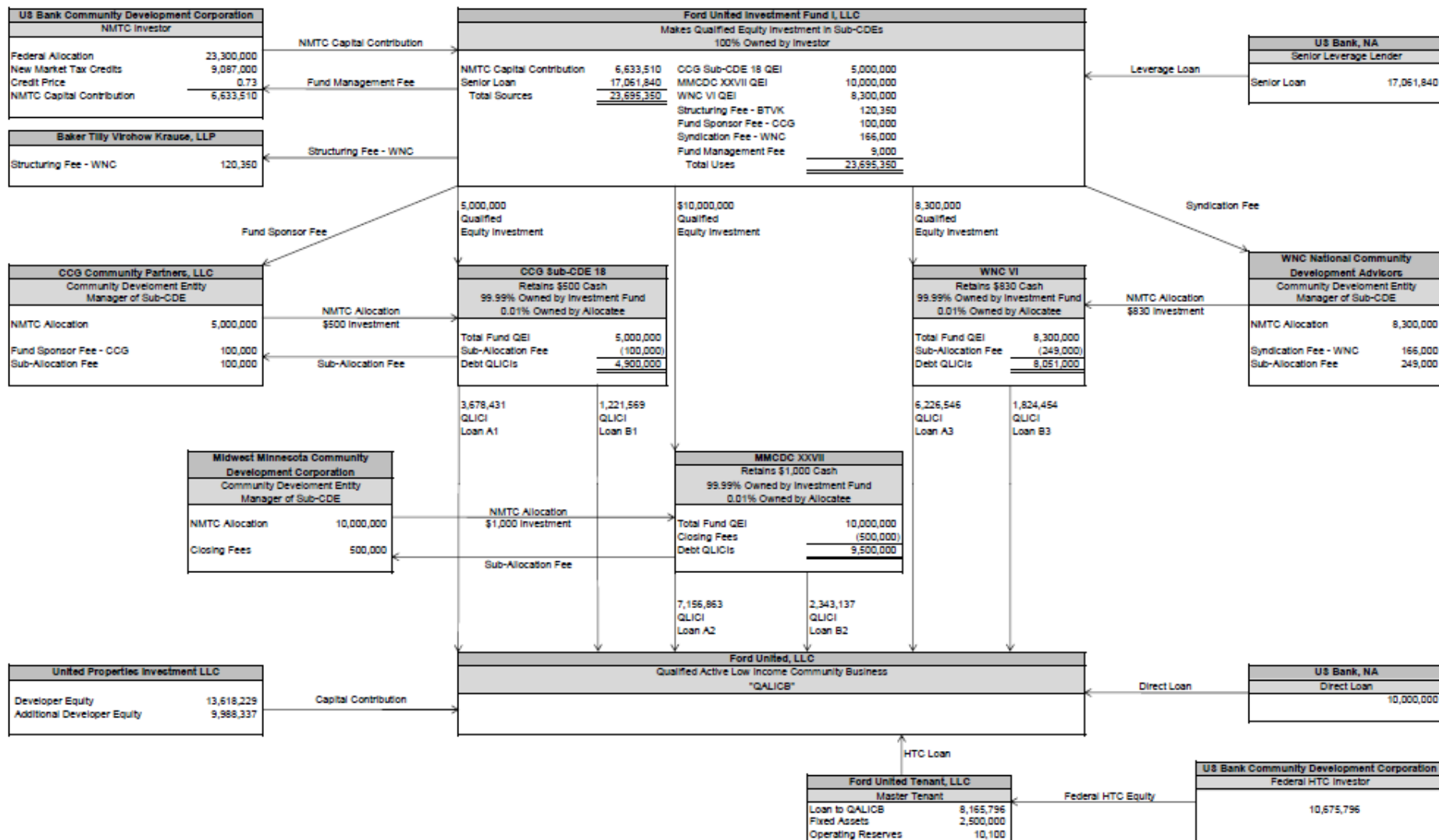
## NMTC Status

- Insufficient Data
- Eligible - NMTC, severe distress
- Eligible - NMTC, distressed
- Eligible - Other incentives

Source: CDFI Fund and PolicyMap

[bakertilly.com/nmtc-lihtc-tax-credit-mapping-tool](http://bakertilly.com/nmtc-lihtc-tax-credit-mapping-tool)

# LIHTC/NMTC transaction diagram





## Opportunity Zones

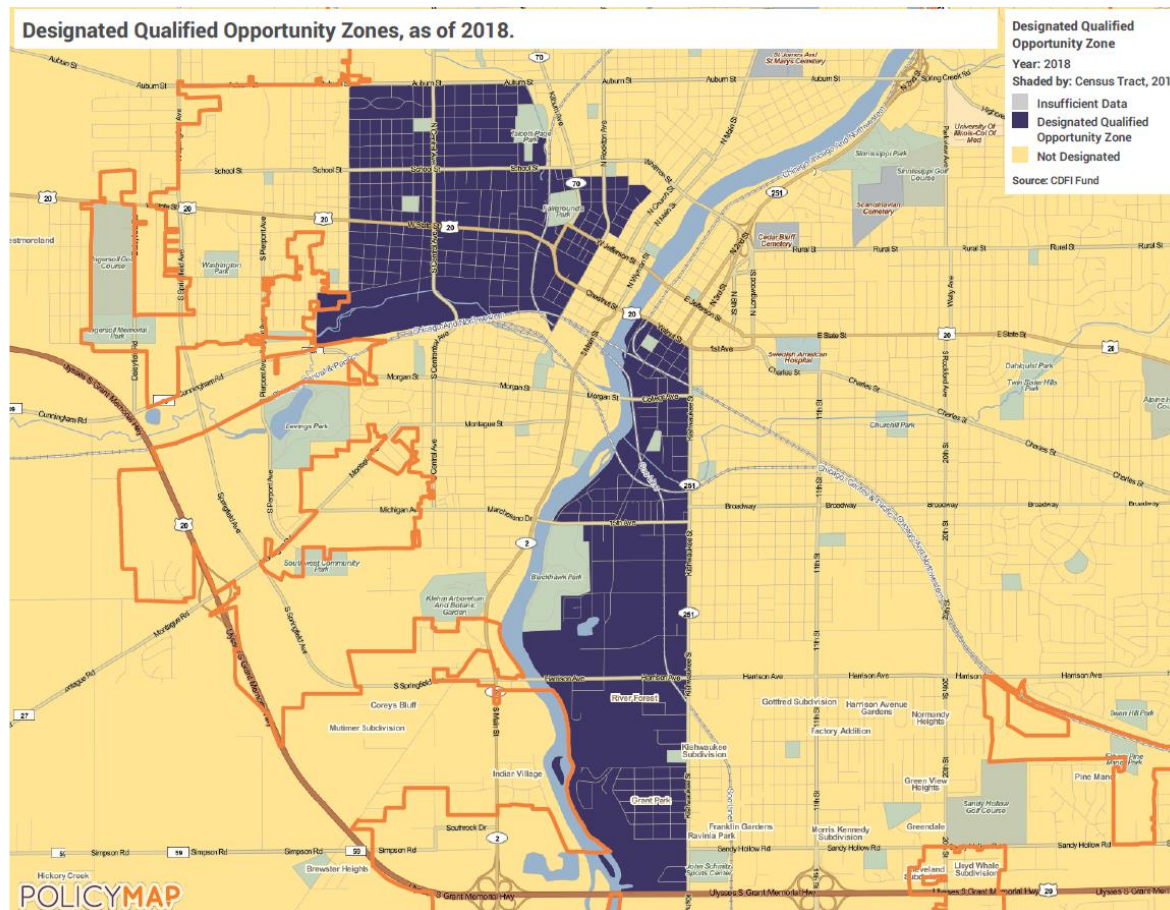
**A powerful new tax incentive for real estate investors, venture capital, private wealth, family offices and private equity**





## OPPORTUNITY ZONES

# Baker Tilly's mapping tool



Find eligible areas at [bakertilly.com/opportunityzones](https://bakertilly.com/opportunityzones)

## OPPORTUNITY ZONES

What are the tax incentives for investment in a QOZ?





# Historic Tax Credits





## HISTORIC TAX CREDITS

### Program overview

- Federal community revitalization program to preserve historic buildings, stimulate private investment, create jobs, and revitalize communities
- Administered by the National Park Service and the Internal Revenue Service in partnership with State Historic Preservation offices
- Abandoned or underused buildings have been restored to life in a manner that maintains their historic character

### Eligibility

- Rehabilitation must be substantial and involve a depreciable building

### Funding

- 20% tax credit for certified rehabilitation of certified historic structures – national register or historic district
- State programs also available up to 25%



## PACE Financing

**Powerful additions to your development  
project's capital stack**



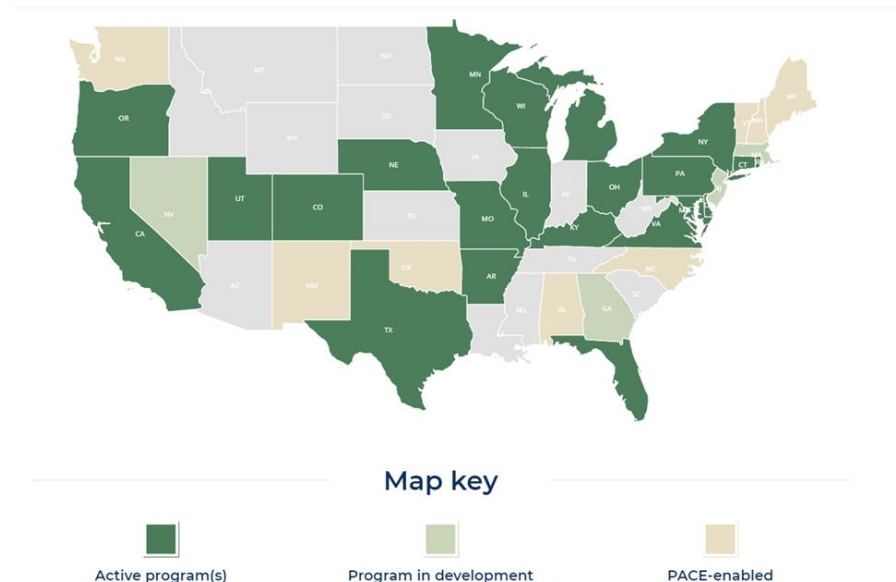
## PACE FINANCING

# Program overview

Provides loans for energy improvements that are repaid through a special property tax assessment

## Advantages

- 20 year fixed rate financing
- High LTV – functions like mezzanine debt
- Funds up to 20% of project costs
- Non-recourse
- Senior lender retains foreclosure rights





# Q&A

