

Commonwealth Cornerstone Group will allocate \$60,000,000 of New Markets Tax Credits

The Commonwealth Cornerstone Group, a nonprofit corporation created by PHFA, has been awarded \$60,000,000 of New Markets Tax Credits by the United States Treasury Department. This award will be used to help low-income areas across the State. The Commonwealth Cornerstone Group was one of 63 nationwide and one of five recipients in the Commonwealth to receive funding in this highly competitive program.

New Markets Tax Credits will greatly benefit low-income neighborhoods. Community investments, including debt and equity, can be leveraged to fund projects that are 'community cornerstone initiatives' used to expand businesses or sponsor for-sale housing, community facilities, and mixed-use commercial and residential development in distressed communities. Because the credits attract private-sector capital, their effectiveness is greatly multiplied, making comprehensive redevelopment and rebuilding efforts more feasible by bringing down costs.

Plans call for 60 percent of the credits to be used in major urban areas, with the remainder going to activity in smaller urban and rural areas.

New Markets Tax Credits were authorized by Congress in 2000. The program allows individual and corporate taxpayers to receive credits against federal income taxes for making qualifying equity investments in community development entities, which, in turn, use those investments for improvements to low-income communities.

The credits are expected to be available late this year. (See *Questions and Answers* below.)

Commonwealth Cornerstone Group Q&A

What is Commonwealth Cornerstone Group?

It is an independent nonprofit corporation created by the Pennsylvania Housing Finance Agency as a Community Development Entity, certified by the U.S. Department of Treasury's Community Development Financial Institutions Fund to be eligible for New Markets Tax Credits.

What are New Markets Tax Credits?

In 2000, Congress passed legislation creating the New Markets Tax Credit Program to encourage private investment in low-income communities. Community Development Entities, or CDEs, attract equity by selling NMTCs (39 percent tax credits available over seven years) to investors. Program regulations require the resulting equity to be invested and held in "Qualified Active Low-Income Community Businesses" for the seven year period. These businesses must be located in NMTC qualified census tracts.

Where are the NMTC qualified census tracts?

Approximately 38 percent of the Commonwealth of Pennsylvania is NMTC qualified. The CDFI Fund offers a mapping program to determine which addresses and census tracts are NMTC qualified. While the CDFI Fund mapping program

is the official method for determining NMTC qualification, some private firms offer more convenient quick checks for determining eligibility, such as www.qsgconsulting.net/web/default.asp. *Note: NMTC qualified census tracts are not defined the same as other HUD or IRS programs.*

What assistance can be provided using NMTC?

CCG is committed to facilitating private investments into the Commonwealth's neediest communities. It intends to offer flexible financial products, which may include: subordinated debt, below market interest rates, lower-than-standard origination fees, longer-than-standard period of interest-only loan payments, higher-than-standard loan-to-value ratios, longer-than-standard amortization periods, lower-than-standard debt service coverage ratio, or loan loss reserve requirements that are less than standard.

Is there a place to get information and applications?

For additional information, contact David L. Evans, Executive Director of Commonwealth Cornerstone Group at devans@phfa.org. CCG expects to make investments by the end of the year, and will accept applications on a rolling basis. See www.commonwealthcornerstone.org for an application.

Flood Insurance meeting slated

PHFA will host a one-day Flood Insurance Seminar for mortgage professionals working with PHFA homeownership programs on Wednesday, October 18, at the Spring Garden Reception and Conference Center near Middletown, Dauphin County. Information will be presented by Richard Sobata, CPCU, Regional Manager of the National Flood Insurance Program, who will provide a comprehensive analysis of the Flood Disaster Protection Act, including Mandatory Purchase Requirements, documentation, and common violations. Participants will receive a thorough review of federal law, regulations, FEMA Grandfather Rules, and suggestions to strengthen their National Flood Insurance compliance. There is a nominal \$25 seminar fee. Register online at www.phfa.org.

Pennsylvania Affordable Apartment Locator

A free, Web-based service that helps renters search for affordable apartments, the Locator can provide individualized reports based on selected criteria. Check www.phfa.org/pal for entries that include apartment locations, accessibility features, vacancies, waiting lists, and contact phone numbers.

FHLBank of Pittsburgh deadline approaches

September 28 is the last day the Federal Home Loan Bank of Pittsburgh will accept applications for its second 2006 Affordable Housing Program funding round. Only electronic submissions will be accepted. Go to www.bank4banks.com Web site and click on the AHP information link.

Rural Housing Study published

The Center for Rural Pennsylvania has released a new study, *Affordable Housing in Rural Pennsylvania*, detailing the findings of research conducted in 2004 among the Commonwealth's less-populated counties. A number of findings were reported, including the need for: better access to information about funding and programs; paperwork reduction; enforcement of fair housing laws; transportation for people who live a long way from their jobs; rural homeless shelters; and, infrastructure, new construction, and rehabilitation. For a copy, call or e-mail 717.787.9555, or info@ruralpa.org, or check the Web site www.ruralpa.org/reports.html.

AUGUST 2006

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