New Market Tax Credit (NMTC)  
Overview and Request for Expression of Interest  
August 2023

Commonwealth Cornerstone Group (CCG), an affiliate of the Pennsylvania Housing Finance Agency (PHFA), announces a Request for Expression of Interest (EOI) to identify projects to be considered for its New Market Tax Credit (NMTC) program to facilitate financing for the construction or rehabilitation of critical mixed-use projects and/or community facilities located within low-income communities\(^1\) across the Commonwealth. This program serves as a funding mechanism to bridge the gap that exists between traditional commercial lending sources while fostering sustainable partnerships to leverage public and private resources. The EOI is intended to assist CCG in educating Pennsylvania communities on the benefits of NMTC and develop a robust pipeline of current and future projects across the state.

**Program Goals**

To administer this program most effectively, CCG has outlined the following program goals. These goals will be used as the framework and basis for review and selection of projects. Applications will be evaluated based on their ability to address each goal as well as the financial capacity of the applicant to successfully implement and manage the project as a core component of a broader community revitalization strategy. CCG will review the EOI submissions and engage with respondents to further discuss their interest in receiving NMTC financing from CCG.

1. Stimulate economic opportunities for low-income persons and residents through job creation, enhancement of wealth creating opportunities and addressing unmet goods and services in low-income communities.

2. Maximize the leveraging of resources to the greatest extent possible.

3. Foster sustainable partnerships that will be committed to addressing needs over a significant period of time.

4. Ensure that resources are used in an effective and efficient manner to meet the needs of communities impacted.

5. Provide strategic financing for "cornerstone" projects that will advance an overall strategy for revitalization of a community.

6. For 2023/2024, CCG would like to give emphasis to rural areas of need across the Commonwealth, but all applicants will receive thorough consideration.

\(^1\)Includes any population census tract if (1) the poverty rate for such tract is at least 20%, or (2) (a) in the case of a tract not located within a metropolitan area, the median family income of such tract does not exceed 80% of statewide median family income, or (b) in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80% of the greater of statewide median family income or the metropolitan area median family income.
**NMTC Requirements**

This section outlines the specific requirements for projects under the New Market Tax Credit Program.

1. The proposed property must be located in a qualifying census track in Pennsylvania. Please refer to the following NMTC mapping tool to determine census track eligibility.
   - Enter physical address to determine eligibility. Preferential consideration will be given to projects that meet the severely distressed qualification.

2. All projects submitted for review must include uses in some combination of medical/commercial/retail/office/housing. Housing focused investments may not exceed 80% of the project’s overall revenue and a minimum of 20% of housing units must be affordable.²

3. Total project cost must be in excess of $5 million in order to keep the program cost effective.

4. Evidence of financial viability.

5. The use for commercial portions, identifying proposed or existing tenants, build-out requirements, existing rents, and lease agreements, should be provided if available.

**Required Project Details**

1. **Narrative:** A short description of the proposed project, its scope, the need for and the expected impact of the NMTC funding. All key features of the project, including jobs created (temporary and full time) and goods and services to the community should be addressed in this section. **Please include contact information.**

   Include a description of the existing real estate market and detail how the proposed project will address present needs while also providing stability for the community into the future. Applicants are strongly encouraged to supply sufficient market information (i.e. market study) regarding the need for the project.

2. **Financing:** Projects will be evaluated based on their ability to leverage resources to the greatest extent possible and their demonstrable ability to secure other financing sources in a timely fashion. A detailed plan including all of the following should be included, if applicable:
   - A list showing sources of matching and/or leveraged funds and uses
     - This list should specify the funding availability of each source listed (i.e. requested or committed). **For the sources that have not been committed at the time the application is submitted, please note the current status and timeline for securing and accessing those funds**

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² Throughout the seven-year NMTC compliance period, 20% or more of total rental units must be both (i) Rent Restricted (the maximum monthly rent should not exceed 30% of the adjusted income of a family whose annual income equals 80% of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit) and (ii) occupied by individuals whose family income calculated in accordance with the U.S. Department of Housing and Urban Development (HUD) Handbook 4350.3 REV-1 (or subsequent versions), is less than or equal to 80% of the area median family income as determined and adjusted annually by HUD.
Commitment letters from identified funding sources must be included, as should any contracts that set forth funding conditions.

3. **Comprehensive Plan:** Evidence that the site is part of an existing or proposed comprehensive neighborhood revitalization strategy (such as a Main Street Corridor Plan, Downtown Development Strategy, etc.), with a detailed description of the strategy.

4. **Impact on Inequalities and Disparities:** Evidence that the proposed project will address persistent, historical, and significant disparities and inequities that may exist by race, income, culture, or education.

5. **Site Control:** Evidence of site control or, in the alternative, evidence of the ability to acquire the proposed site in a timely manner.

6. **Zoning:** Evidence satisfactory to CCG that the proposed development complies with zoning ordinances and local land development plans.

7. **Timeline:** Proposals must show an overall timeline for the utilization of the funds. Projects should be prepared to complete construction within eighteen (18) months of the award of funds.

8. **Letters of Support:** Applicants should be prepared to submit letters of support from elected officials, local organizations, and other community stakeholders at a later date.

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**Proposal Submission Instructions**

Applicants must submit one (1) electronic copy of the proposal through the drop box upload process using the link provided in the email or [https://mft.phfa.org/form/CCG](https://mft.phfa.org/form/CCG) File should be titled: CCGNMTCRFI-[project name]

*Project proposals and supporting documentation may be submitted on a rolling basis up until **Friday September 29, 2023.**

**NMTC EOI Question Submissions** - All EOI questions must be submitted via email to Wendy Gessner at wgessner@phfa.org. Phone calls will not be accepted.