

OPPORTUNITYFINANCE 
NETWORK

Matt Josephs
New Markets Tax Credit Program Manager
Community Development Financial Institutions Fund
U.S. Department of the Treasury
601 13th St. MW, Suite 200 South
Washington, DC 20005
Via fax: 202.622.7373

Dear Matt:

The Opportunity Finance Network (formerly the National Community Capital Association) appreciates the opportunity to comment on the New Markets Tax Credit (NMTC) Program Allocation Application [70 FR 76913]. Opportunity Finance Network has a longstanding and demonstrated interest in the success of the NMTC program. We are ourselves a NMTC allocatee, our Membership has received a significant portion of the allocations won by CDFIs, and we are a founding and active member of the New Markets Tax Credit Coalition.

We worked hard on the legislation that created the NMTC, and are currently fighting for its reauthorization, because we believe that the NMTC can and should be a valuable tool to bring new investment into markets missed by many investors. The NMTC can be successful only if it brings new investment to deals that truly need its subsidy, and we urge the Fund in the strongest possible terms to use mission and track record in targeted communities as the primary means to make allocation decisions.

Our research indicates that CDFIs (or CDEs affiliated with CDFIs) increased their portion of the NMTC allocations in the 2005 round. We hope this trend continues, and we urge the Fund to use an application and allocation process that recognizes the track record and success of mission-driven organizations meeting the NMTC program's goals. Though your request for comments targets the NMTC application, we believe the allocation selection process is closely tied to the application, and our comments focus on those issues rather than on the application contents and format.

Emphasizing Mission in the Allocation Process

Our letter of July 8, 2005, outlined several ways in which the Fund could emphasize mission in its allocation decisions. Some of those strategies, which Opportunity Finance Network continues to support, included:

- Putting teeth into the "accountability" requirements for Boards and Advisory Boards of community development entities (CDEs);
- Awarding "Priority points" in the "community impact" section of the application to CDEs with a strong focus on and track record of stimulating new investment
- The Fund's public relations and allocatee materials should not include municipal organizations as "mission driven" along with CDFIs and related entities, as public and municipal CDEs have distinctly different goals and accountabilities.

The criteria used by Wachovia Bank in making NMTC investments (please note that I serve on their NMTC Advisory Board) provide additional screens that should be used by the Fund in targeting deals and recipients of the NMTC:

- The CDE has a track record of putting its own capital at risk in the market in which it would use a NMTC allocation, or a similar market. Using this criterion would help measure an applicant CDE's commitment to bringing capital to qualified communities and building a permanent, rather than short-term, deal-related, presence there.
- The CDE has a track record of "trailblazing" projects that are the first to bring new investment into opportunities that others miss and would likely use its NMTC allocation for the same kinds of projects. This criterion would allocate NMTCs to CDEs that have proven ability to enter the New Markets for which the program is named.
- The CDE's projects would create jobs to be filled by residents of the low-income community and/or provide space for locally-owned, minority- or women-owned businesses or nonprofit tenants, demonstrating true commitment to the residents of the community.

Thank you for the opportunity to comment and your consideration of our views. Opportunity Finance Network knows that the CDFI Fund is committed to stimulating investment in underserved communities and recognizes the value of the NMTC for doing so. We look forward to a continued partnership to make the NMTC the most useful tool it can be, and in helping the Fund refocus the NMTC on its mission of financing deals that truly need its subsidy and bring new investment to emerging markets. Please do not hesitate to contact me if you have questions or would like additional information.

Sincerely,



Mark Pinsky
President and CEO