

Minkin, Cheryl

From: Meyer, David
Sent: Tuesday, March 18, 2014 11:05 AM
To: NMTC
Subject: FW: CDFI Help Desk- Comments on NMTC Program Allocation Application
Attachments: Request for Comments on the NMTC Program Allocation Application.pdf

Legal has advised that these comments can be considered at our discretion.

David Meyer
Associate Program Manager
New Markets Tax Credit Program - CDFI Fund
Department of Treasury

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From: CDFIHELP
Sent: Tuesday, March 18, 2014 10:43 AM
To: Meyer, David; Martinez, Rosa
Cc: Ibanez, Robert
Subject: CDFI Help Desk- Comments on NMTC Program Allocation Application

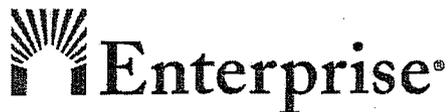
Cheryl Minkin
The CDFI Fund- US Dept. of Treasury
Phone: 202-653-0359

From: Crowder, Shelly [<mailto:scrowder@enterprisecommunity.com>]
Sent: Monday, March 17, 2014 4:25 PM
To: CDFIHELP
Subject: Comments on NMTC Program Allocation Application

Please find attached Enterprise Community Investment, Inc's comments on the NMTC Program Allocation Application.

Best Regards,

Shelly Crowder
Director of Portfolio Management, NMTC Program
Enterprise Community Investment, Inc.
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044



March 17, 2014

Mr. Robert Ibanez
NMTC Program Manager
Community Development Financial Institutions Fund
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Request for Comments on the NMTC Program Allocation Application

Dear Mr. Ibanez:

Enterprise Community Investment, Inc. is a long-time New Markets Tax Credit ("NMTC") industry participant through our affiliate ESIC New Markets Partners LP, a certified Community Development Entity ("CDE"). We have deployed \$722 million in Qualified Equity Investments to date and have submitted eleven NMTC Allocation Applications. We have participated in the letters submitted today by the members of the Novogradac NMTC Working Group and the NMTC Coalition. In addition to those letters we would like to provide the CDFI Fund our specific comments in response to the CDFI Fund's request for comments on the NMTC Allocation Application (the "Application").

We applaud the CDFI Fund for some of the changes already made to the Application, and the CDFI Fund's efforts to continuously strive to make the NMTC program successful and efficient. For example, the changes to Question 13 of the Application should reduce confusion about the distinction between non-real estate and real estate QALICBs and appropriately place the focus on the type of investments an applicant might make – in QALICBs, other CDEs, etc. We hope our comments provide practical feedback and identify opportunities for the CDFI Fund to obtain more meaningful Application responses that will result in the highest and best use of the limited NMTC Allocation while also reducing the burden on CDEs.

- We recommend that the CDFI Fund consider making Question 14 one question that asks the applicant to describe its products in total. The current question separates the answer into four separate responses, but each response must address the same list of flexible or non-traditional features that the products will offer. Many CDEs provide multiple products to the same QALICB and the benefits are provided through the aggregate of flexible features. Combining Question 14 into one response (with adequate character limit of at least 10,000 characters) would allow applicants to more accurately describe the product or products they provide using their NMTC allocation, and would reduce redundancy when describing the same flexible features on multiple product types.
- We recommend that the CDFI Fund allow applicants to complete Table A4 from the perspective of the Controlling Entity even if Tables A1-A3 and other tables are completed only for the applicant. This will allow applicants to draw a direct connection between the information in the chart and in the narrative response to Question 18(b). Often the applicant may only have NMTC experience, which they explain in Tables A1-A3, but their Controlling Entity has a significant

track record of non-QLICI activity which relates to the NMTC strategy and therefore is described in Question 18(b).

- There are several questions in the Application that appear to ask for similar responses. We recommend that the CDFI Fund review these questions and consider combining them into just one question (possibly with additional characters allowed) or to clarify the questions to differentiate what information the CDFI Fund is seeking from each question. For example, Questions 19(c), 24(b) and 26 all ask the applicant to describe their process for identifying potential investments, prioritizing investments and assessing community support. Because most applicants commit to investing the majority of their NMTC Allocation in highly distressed census tracts, their answers to these three questions may be very similar because they do not differentiate between identifying and assessing investment opportunities in Low-Income Areas verses in areas of higher distress.
- We ask that the CDFI Fund consider updating Table D1 to make it more consistent with the updated Tables A and B, which ask for information about investments in QALICBs rather than separating out investments in Non-Real Estate Activities from investments in Real Estate Activities.
- Consistent with feedback we expect the CDFI Fund is receiving from other respondents, we encourage the CDFI Fund to remove Table E1, along with removing the requirement for applicants to collect and submit investor letters of interest and/or commitment. The industry has a strong track record of investor interest, and the collection of these letters creates more of an administrative burden for both investors and applicants than it provides support for an applicant's ability to raise investor equity capital.
- The Application now includes information that Parts III and IV are not scored by the Phase I reviewers, and now, along with Part V, are evaluated during the Phase II stage of Application review. We strongly encourage the CDFI Fund to review the questions asked in Parts III, IV and V and only keep those questions where responses will provide meaningful information to the CDFI Fund and assist in the evaluation and decision making process. In addition, we request that the CDFI Fund provide specific information about how the CDFI Fund will evaluate these sections. This information will help applicants spend an appropriate amount of time and resources responding to these questions focusing on providing information that would be most relevant and helpful to the CDFI Fund's evaluation process.
- Lastly, we encourage the CDFI Fund to ensure the guidance given to applicants (whether in the Application, the Tips in the Application, the Q&A documents, or conference calls) and reviewer instructions are consistent. We encourage the CDFI Fund to make the instructions provided to reviewers available to applicants, and to also update those instructions as the CDFI Fund updates and refines guidance in the Q&A documents. One of the best features of the NMTC is

its flexibility. This allows allocatees to use NMTC in various ways to achieve the best community outcomes possible. Applicants have consistently increased their commitments to a variety of priorities and exceeded minimum regulatory requirements to make their Applications more competitive and increase their chances of receiving allocation. This flexibility and strong competition also makes the CDFI Fund's evaluation and award process more difficult and necessitates that the instructions to applicants and reviewers be clear and consistent. When instructions are not clear, applicants make assumptions and may end up focusing on information that is not helpful to the CDFI Fund's evaluation process. Likewise, if reviewers' instructions are inconsistent with guidance provided to applicants, the Applications could be improperly evaluated.

Enterprise is committed to the NMTC program and its objectives. We appreciate the opportunity to provide these comments and the CDFI Fund's efforts to continuously make the NMTC program successful and efficient. We would be happy to provide any additional information or assistance if necessary.

Sincerely,



Elaine DiPietro
Vice President, NMTC Program