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April 10<sup>th</sup>, 2023

Shannon McKay  
Program Manager  
Office Financial Strategies and Research  
Community Development Financial Institutions Fund  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220  
Re: Request for Public Comment: New Markets Tax Credit Program  
(NMTC Program) Transaction Level Report

Dear Program Manager McKay:

Please find below the comments of Hope Enterprise Corporation / Hope Credit Union / Hope Policy Institute in response to the Request for Comment on the CDFI Fund New Market Tax Credit (NMTC) Program, Transaction Level Report (TLR). We support the proposed changes and the CDFI Fund's efforts to improve data collection and ensure that Community Development Entities (CDEs) that participate in the NMTC Program are deploying capital in a manner that truly benefits historically underserved people and places.

Founded in 1994, HOPE's mission is to increase financial inclusion among vulnerable populations in the Deep South states of Alabama, Arkansas, Louisiana, Mississippi, and Tennessee – a region that is home to more than a third of the nation's persistent poverty counties. HOPE is a credit union, loan fund, and policy institute established to ensure that all people regardless of where they live, their gender, race or place of birth have the opportunity to support their families and realize the American Dream.

Since the launch of the NMTC program in 2002, HOPE has been allocated over 190 million dollars, which have funded 90 community development projects across the Deep South. These projects have included businesses, community facilities, hospitals, Historically Black Colleges and Universities and nonprofit organizations, all of which have advanced racial equity, improved lives or fostered economic growth in persistent poverty communities. HOPE finances projects in areas with the greatest need for the greatest impact which have created more than 3,700 jobs in the states of Alabama, Arkansas, Louisiana, Mississippi and Tennessee. <sup>i</sup>

We are supportive of the proposed revised and new data points for the TLR. These data points will create greater equity and transparency among NMTC applicants and promote diverse projects that prioritize the long-term social and economic impact for underserved people and places.

### **Fee Data**

The proposed changes to data on fees should provide greater equity and transparency among NMTC allocatees and projects. In alignment with the findings of the Government Accountability Office report referenced in the Federal Register notice, we have concerns around the lack of transparency regarding the costs of transactions and a misalignment of incentives where returns overly benefit investors at the expense of low-income communities across the entire program. By quantifying costs with the revised data points, the CDFI Fund will be in a better position to identify and prioritize the most impactful investments and the allocations to Community Development Entities that bring them to fruition.

### **Community Outcomes**

The proposed community outcome data points will encourage high quality projects that prioritize investments underserved areas and communities of color. The newly defined metrics will encourage NMTC applicants to demonstrate how projects contribute to the long-term wellness of the businesses and communities they serve.

### **Data Collection Process**

The collection of new data points is not overly burdensome. HOPE already collects most of these data points such as race, job quality and community and environmental impact during the intake process. Other data points are disclosed in community benefits agreements. The CDFI Fund should use these data to hold developers accountable for the projects they finance. Additional improvements include:

- Streamline the data collection process by creating standard CBA & Intake Forms
- Use the data to inform future funding decisions by prioritizing applicants with a track record of community minded projects with lower fees and higher social returns.

Thank you for the opportunity to comment on proposed changes to the CDFI Fund New Market Tax Credit TLR Report. The updated data points represent positive efforts to ensure that the New Market Tax Credit Program meets its Congressional intent by prioritizing the needs of low-income communities.

Sincerely,

Ed Sivak  
Executive Vice President of Policy & Communications

Courtney Thomas  
Senior Policy Analyst

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<sup>1</sup> <http://hopepolicy.org/manage/wp-content/uploads/HOPE-Strategic-Use-of-NMTC-Maximizes-Development-Impact-in-Distressed-Communities-of-the-Deep-South-Brief.pdf>