

NEW BRIEF



HOPE's Strategic Use of New Markets Tax Credits Maximizes Development Impact in Distressed Communities in the Deep South

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OVERVIEW

The federal New Markets Tax Credit (NMTC) program finances community facilities and businesses which support economic development, job creation and the expansion of essential community services such as quality health care, education, and other services to underserved communities. A program of the Community Development Financial Institutions Fund (CDFI Fund), the NMTC program leverages private capital to encourage investment in low income communities. NMTCs are allocated to organizations that serve low-income communities through a competitive application process. Those organizations then partner with private investors to deploy economic investments in their communities.

Since the launch of the NMTC program in 2002, Hope Enterprise Corporation (HOPE) has been allocated \$190 million in NMTCs used to finance 90 businesses, community facilities, and non-profit organizations in the Deep South. HOPE's NMTC investments have created more than 3,700 jobs in the states of Alabama, Arkansas, Louisiana, Mississippi and Tennessee. Just in the past five years, HOPE's investments in 13 NMTC projects are projected to generate \$5.1 billion in private sector reinvestment over the next 20 years.

This paper highlights some of the needs HOPE seeks to address through its work with the NMTC program and the effects of those investments in distressed communities throughout the Deep South. HOPE's NMTC impacts are unique in addressing persistent poverty and serving communities of color. The share of HOPE's NMTC investments deployed in persistent poverty counties is more than double the share of NMTC investments overall. More than half of HOPE's NMTC projects are also located in counties where the majority of people who reside in the county are people of color.

The paper concludes with recommendations to ensure more NMTC investments are deployed in the places that need them most, by increasing the investments in persistent poverty areas and to make the program more inclusive by increasing allocations to community development entities controlled by people of color.

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HOW NMTCS WORK

The New Markets Tax Credit program provides tax credit allocations to community development organizations that work with businesses and non-profits in distressed areas to attract partner investors. Investors in the chosen projects are then able to apply the New Markets Tax Credits toward 39 percent of their investment amount on their federal income taxes.

However, not just any investments made in distressed areas allow investors to claim a tax credit. The CDFI Fund of the U.S. Treasury Department allocates a limited number of tax credits each year on a competitive basis. Those allocations are made to CDFI Fund certified Community Development Entities (CDE). CDEs are corporations or organizations whose primary mission is to serve low-income communities. CDEs must apply to the CDFI Fund each year in which credits are available for credits.

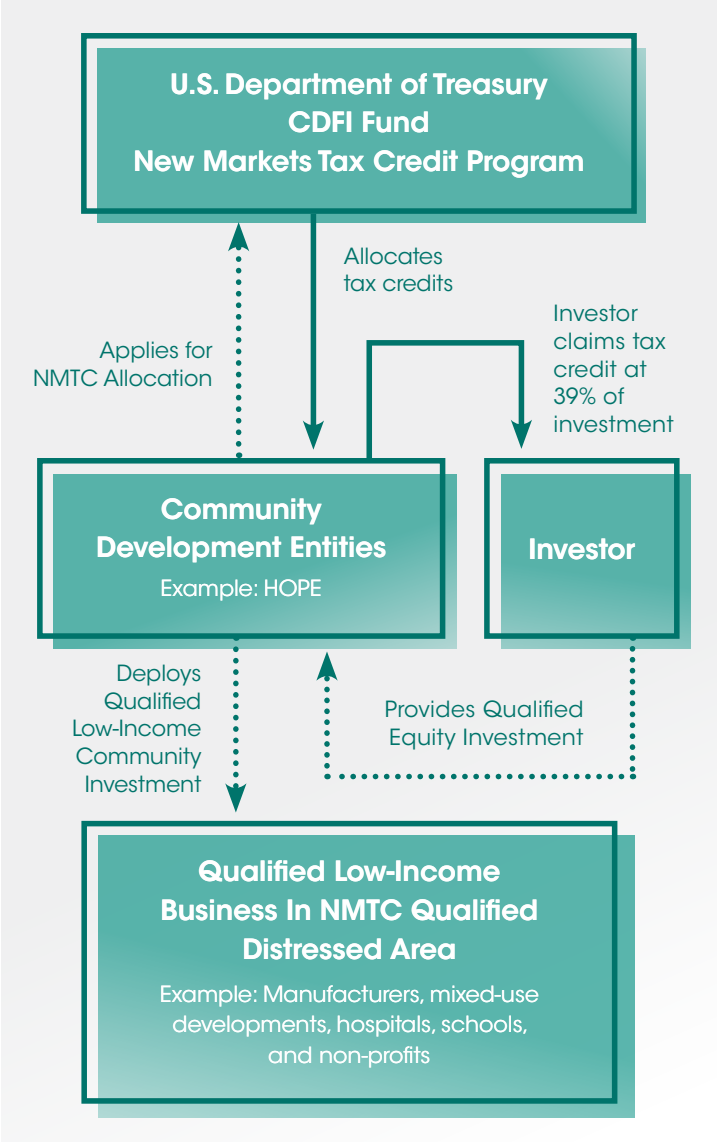
Once an allocation is received, the CDEs then partner with investors to make Qualified Low Income Community Investments (QLICI) into Qualified Low Income Community Businesses (QALICB). To be eligible to attract NMTC financing, a project must be a qualified business as well as be in an eligible, distressed area. Eligible census tracts either have a poverty rate of 20 percent, have a median family income that does not exceed 80 percent of the area median income (or 85 percent in a high migration rural county), or is in a designated Empowerment Zone, has a population of less than 2,000, and borders an area that is eligible due to its poverty rate or median family income.¹

HOPE'S NMTC HISTORY

The New Markets Tax Credit program was authorized in law in December 2000.² From the program's inception, HOPE played an active role in advocating to make the program accessible for CDFIs and increasing the sources of capital available for high impact projects. One of its first victories included the securing of a private letter ruling from the Internal Revenue Service to pave the way for the use of leverage loans in NMTC transactions – the primary structure used by CDFIs to fund projects today. The leverage loan structure combines funding sources like commercial loans from a financial institution, charitable donations, grant proceeds, and other sources with the equity investment from the investor that will claim the credits, to fully fund a project. During the program's early years, HOPE's CEO, Bill Bynum served as Chairman of the CDFI Fund Advisory Board from 2002-2012 and HOPE staff regularly advised the CDFI Fund on matters including reporting and compliance.³

The CDFI Fund solicited applications for its first round of New Markets Tax Credits in 2002, inviting Community Development Entities to compete for tax credit allocations for a total of \$2.5 billion of investments. During the first round, HOPE was awarded a \$15 million allocation for an innovative approach to capitalizing a community development credit union. CDFI Fund allocations for 2019 totaled \$3.5 billion. Throughout the history of the NMTC program, there have been a number of special allocations during times of disaster and hardship. In 2005 and 2006, the program set aside \$1 billion for Hurricane Katrina recovery. A few years later during the great recession, the American Recovery and Reinvestment Act of 2009 included \$3 billion in NMTC allocations.⁴

Hope Enterprise Corporation's strategy for its first allocation was to make investments in the Hope Community Credit Union (HOPE) which enabled the creation of a loan fund to provide affordable loan products for area businesses. With HOPE's first allocation setting up a loan fund through HOPE Credit Union, 66 businesses were financed.



IMPACT

Since the launch of the NMTC program, Hope Enterprise Corporation (HOPE) has been allocated \$190 million in NMTCs that were used to make investments in 90 businesses, community facilities, and non-profit organizations in the Deep South. After using the initial allocation to establish the loan fund, projects in subsequent years were largely funded with a leverage loan structure set up for each individual project. In the earlier rounds, HOPE's New Markets investments, included economic development projects with operating businesses, including two manufacturing facilities, a catfish farm, sawmill, car dealership, truck stop, and laundry business in low-income areas. These businesses provided much needed investments and jobs in distressed areas throughout the Deep South.

More recently, HOPE has sought to maximize the impact of its New Markets Tax Credit allocations by focusing investments on community facilities, like schools, hospitals, affordable housing and non-profit organizations. Not only is the support of those facilities consistent with HOPE's mission, those mission-based activities amplify the direct and indirect economic development benefits of the projects.

According to an IMPLAN analysis performed on HOPE's \$115 million in NMTC investments from 2015-2020, 13 HOPE projects will spur almost \$5.1 billion in private sector reinvestment over the next 20 years. The \$5.1 billion includes \$1.5 billion in wages supporting over 2,500 jobs. In addition to this economic impact, since the projects included three schools, four health care clinics or hospitals, and one non-profit organization, the investments support other community benefits, like the number of students educated and patients treated.



HEALTHCARE

Throughout the Deep South states served by HOPE, 27 rural hospitals have closed in the last ten years.⁵ As a result, nearly half of counties in the Deep South either do not have an Intensive Care Unit or have no hospital at all.⁶ Additionally, almost all the rural areas of Alabama, Arkansas, Louisiana, Mississippi and Tennessee are considered Health Care Shortage Areas due to a lack of adequate medical professionals. The New Markets Tax Credit program has helped mitigate the damage of this trend. HOPE has financed three rural hospitals, Field Memorial Hospital and Tippah County Hospital in Mississippi and Riverland Medical Center in Louisiana.

For Field Memorial Hospital in Centreville, Mississippi, HOPE provided \$6 million in New Markets Tax Credit investments and \$2.5 million in conventional financing toward Field Health System's \$21 million new state-of-the-art facility which was completed in 2015. The new 60,476 square foot facility houses sixteen acute/sub-acute beds, one "flex bed" to be used for inpatient rehabilitation services, an operating room, and four emergency department beds. It also includes a dozen clinical exam rooms. In total, the project retained 132 permanent jobs and created 150 construction jobs. Field Health System is a critical access hospital serving a medically underserved, rural community in Southwest Mississippi. While it is located in Mississippi, being situated near the border, it also serves patients from Louisiana. Field Health System provides vital preventive, emergency, surgical, rehab, and clinical health services to over 13,000 patients each year. It is the only hospital for 35 to 50 miles in any direction, with the closest hospital a 45-minute drive from Centreville.

Another rural hospital financed with NMTC from HOPE is Tippah County Hospital, a critical access hospital in Ripley, Mississippi. HOPE has provided \$10 million in NMTC financing for a new hospital facility that is currently under construction. The new hospital will replace the current facility that is 60 years old. The project is designed to improve patient outcomes, increase access to emergency care, and attract and retain medical professionals. The new facility will improve access healthcare for the residents of Tippah County and nearby Benton County which does not have a hospital. The Tippah County Hospital project was awarded the 2020 Non-metro QLICI of the Year.⁷ QLICI stands for Qualified Low Income Community Investment and refers to eligible NMTC investments.

Combined, the healthcare facilities supported by HOPE's NMTC financing have completed an estimated 500,000 patient visits since being funded.

Healthcare Projects

Southern Bone and Joint Specialists
Orthopedic and Sports
Medicine Clinic
Hattiesburg, MS

Field Health Systems
Hospital
Centreville, MS

CommCare
Skilled Nursing Facility
Ponchatoula, LA

CrescentCare
Federally Qualified Health Center
New Orleans, LA

Riverland Medical Center
Hospital
Ferriday, LA

Tippah County Hospital
Hospital
Ripley, MS

SCHOOL FACILITIES

HOPE also uses the NMTC to support school facilities. The quality of school facilities affects learning outcomes, student truancy and suspensions, as well as staff retention.

In HOPE's service area, the state's share of spending on capital outlay for schools is lower than average. In Mississippi, Louisiana, and Tennessee the state's share of spending on school facilities ranges from 0-2 percent.⁸ Additionally, federal funds are generally not available for school facilities. From 2004-2010, the federal government paid for less than .02% of capital outlay for K-12 school facilities and those funds were mostly spent by the Federal Emergency Management agency for national disaster recovery.⁹ With little state and federal support, schools districts must rely on local funds which can vary widely based on the amount of wealth in their communities. According to a study by the 21st Century School Fund, "Because it is more difficult for low-wealth districts to borrow the necessary capital to invest in the long-term stability of their facilities, these districts end up making necessary and emergency short-term repairs using their operating budgets — the same funds they need to pay teachers, purchase instructional equipment, and pay for other day-to-day educational necessities. As such, low-wealth districts often get trapped in a vicious cycle; underspending on routine and preventive maintenance in the short term leads to much higher building costs in the long term."¹⁰

School facilities also have an impact on the health of students and teachers. Research has shown that older school facilities that are in poor condition can mean more respiratory illnesses for students due to low air circulation rates.¹¹ This has become particularly relevant with the COVID-19 pandemic.

One school facilities project funded by HOPE was the Vicksburg High School project. The Vicksburg-Warren school district sought to update their existing facilities to provide a safe environment to promote innovative learning programs, including facilities for their career academies to prepare students for college and the workforce. After a facilities improvement bond was passed for the project, the school district still needed additional funds. HOPE partnered with investors and the school district to pursue an innovative use of NMTCs for the project, combining bond financing as well as NMTC financing for a public school project. HOPE provided \$11 million in NMTC financing for the \$37 million project.

As a result of this project, HOPE, the lawfirm Butler Snow, the Reinvestment Group, project sponsor, VHS Public Benefits Corporation, and investor, Wells Fargo, were awarded the Mississippi Governor's Award for Partnership Excellence for the project.¹²

Another innovative school facilities project HOPE supported was the construction of Thrive Academy in Baton Rouge, Louisiana. Thrive Academy is a public boarding school serving students in grades 7-12. Students stay in dormitories on campus during the week and go home on the weekends.

HOPE provided \$8 million in New Market Tax Credits for construction of the new \$13.2 million academic center. The project includes a gymnasium, an on-campus health care center and a commercial kitchen. The academy serves a student community with a nearly 53 percent poverty rate, providing students with a social worker and mental health services in addition to academic instruction.

Combined, the schools funded by HOPE's NMTC financing have cumulatively served more than 10,000 students, 88% of which are economically disadvantaged.¹³

School Facilities

McDonogh 42
Charter Elementary
and Middle School
New Orleans, LA

Power Center Academy
Charter Middle School
Memphis, TN

Thrive Academy
Public High School,
Boarding School
Baton Rouge, LA

Vicksburg High School
Public High School
Vicksburg, MS

Memphis Business Academy
Charter School, STEM Academy
Memphis, TN





NONPROFIT ORGANIZATIONS

In addition to schools and health care facilities, HOPE also provided NMTC financing to several non-profit organizations serving distressed communities in the Deep South. These have ranged from helping finance the second Mississippi Children’s Museum recently constructed in Meridian, Mississippi to a homeless shelter in Memphis, Tennessee and a Boys and Girls club in Birmingham, Alabama.

A new project in Birmingham, the Jones Valley Teaching Farm, seeks to address fresh food access and education throughout Alabama. Throughout the Deep South, food deserts, or areas where access to fresh food is a challenge, are prevalent.

The Jones Valley Teaching Farm (JVTF) is a nonprofit that offers educational services for students in Pre-Kindergarten through 12th grades, in collaboration with Birmingham City Public Schools. JVTF’s teaches children about food and farming through project-based learning in an outdoor learning laboratory.

HOPE provided \$7 million in NMTC financing to construct the Center for Food Education a \$7.58 million facility in Downtown Birmingham to provide more opportunities for hands on learning about food systems.

Some of JVTF’s services include standards and skills-based lessons, after-school programs, and fieldtrips, as well as taste tests. They also employ High School Juniors and Seniors in an internship program. The organization currently engages over 3,500 students a year.¹⁴



Nonprofit Organizations

Jones Valley Teaching Farm
Food systems nonprofit
Birmingham, AL

A.G. Gaston Boys and Girls Club
After school programming
Birmingham, AL

Memphis Union Mission
Homeless shelter
Memphis, TN

Mississippi Children’s Museum
Educational museum
Meridian, MS

DISASTER RECOVERY

Hurricane Katrina hit New Orleans, Louisiana and the Mississippi Gulf Coast in August 2005. The NMTC program was expanded in 2006 to include \$1 billion in funds to be spent in the designated Gulf Opportunity Zone, or GO Zone, which covered Southern Louisiana and Southern and Central Mississippi. These areas were determined to have special needs due to Hurricane Katrina. HOPE's 2006 NMTC allocation of \$15 million was earmarked for projects in GO Zone areas. The projects funded by the 2006 allocation included financing for operating businesses in the GO Zone Areas, including a catfish farm, truck stop and laundry business, as well as an investment in Habitat for Humanity Bay-Waveland Area to build homes on the Mississippi Gulf Coast.

Hurricane Katrina wiped out much of the housing stock on the Mississippi Gulf Coast in 2005, further worsening the existing shortage of affordable homes for low-income households in the area. HOPE invested \$5 million in NMTC allocation to help Habitat for Humanity of the Bay-Waveland build 45 single-family, owner-occupied homes to alleviate some of the need for affordable housing. Without the NMTC financing, it could not attract the necessary capital to do so. The uncertainty surrounding insurance coverage, property deeds, and post-hurricane land values dissuaded conventional lenders from providing long-term residential financing in the region.

The federal funds and NMTCs were depleted well before the needs of New Orleans and Gulf Coast were fully met. As the needs continued, HOPE continued to direct funds to such projects. One example was the McDonogh 42 Elementary School in New Orleans, LA. McDonogh 42 Elementary School is a charter school located in the Seventh Ward neighborhood of New Orleans. Built in 1925, the historic school building, located in New Orleans' 7th Ward, had not been fully rehabilitated since the 1950s and experienced significant damage during Hurricane Katrina. HOPE invested \$6 million toward the school's \$23 million renovation that now provides a high quality learning environment for up to 550 PreK- 8th grade students. The renovation includes updated classrooms, science labs, a library/media center, and a large multi-purpose area. The project created 200 construction jobs and now supports 50 permanent jobs. Of the students at McDonogh 42

99 percent are students of color and are eligible for free or reduced lunch. At the time of renovation, McDonogh 42 was administered by the New Orleans Recovery School District but is now managed by the InspireNOLA Charter Management Organization.

More recently, in recognition of the importance of the NMTC program's role in helping economically distressed communities recover from disasters, the U.S. Congress authorized \$25 billion in NMTCs over the next five years in response to the COVID-19 pandemic.¹⁵ The \$5 billion annual allocation represents a \$1.5 billion increase over the allocations of the last several years.¹⁶ Not only did the Consolidated Appropriations Act of 2021 allocate more NMTC than usual, it also reauthorized the program through 2025, rather than requiring an annual reauthorization.

NMTC and the COVID-19 Pandemic

HOPE's NMTC projects would not be able to proceed on time, or at all, without NMTC financing, and most are non-profit organizations operating with small margins of error in their budgets. The COVID-19 pandemic has been a challenge for some of HOPE's NMTC borrowers. Projects from nonprofits that have to cancel planned fundraising events to mixed use buildings with commercial and residential real estate tenants struggling to collect rent payments, have been affected. Changes to the corporate tax structure and the economic effects of the pandemic have led to a decline in the demand for tax credits. For HOPE's region, this has led some projects to be delayed and others to have significantly less equity than originally planned due to the lower value of the credit. For most of HOPE's NMTC borrowers, every penny of equity matters in determining whether a proposed project can come to fruition.

PERSISTENT POVERTY AREAS AND COMMUNITIES OF COLOR

To be eligible to receive NMTC financing, projects must either be located in an eligible census tract or serve a targeted population from an eligible census tract.

Much of HOPE’s service area meets the first eligibility criteria having at least a 20 percent poverty rate. However, HOPE has found that another measure, persistent poverty, often speaks to a community’s unique challenges and resources. The Deep South, where HOPE works, has the highest concentration of persistent poverty (a poverty rate of greater than 20 percent for at least 30 years) in the nation. Nationwide there are 395 persistent poverty counties – 126 (32%) of these are in the five Deep South states that HOPE serves.¹⁷

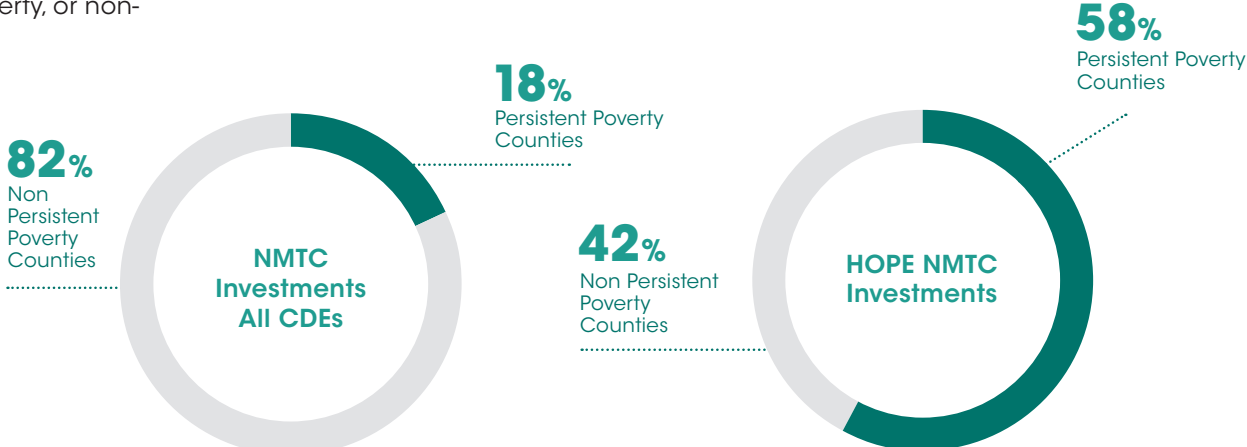
The figure below shows that 58 percent of the number of HOPE’s NMTC investments have been deployed in persistent poverty counties. In contrast, for the NMTC program as a whole, only 18 percent of NMTC investments have gone to projects in persistent poverty counties.

The number of investments, rather than the dollar value of NMTC investments, especially reflect the often smaller project sizes in the more distressed, i.e. persistent poverty, or non-metropolitan, communities that HOPE serves.



Figure 1:
NUMBER OF NMTC INVESTMENTS IN PERSISTENT POVERTY COUNTIES 2003-2019

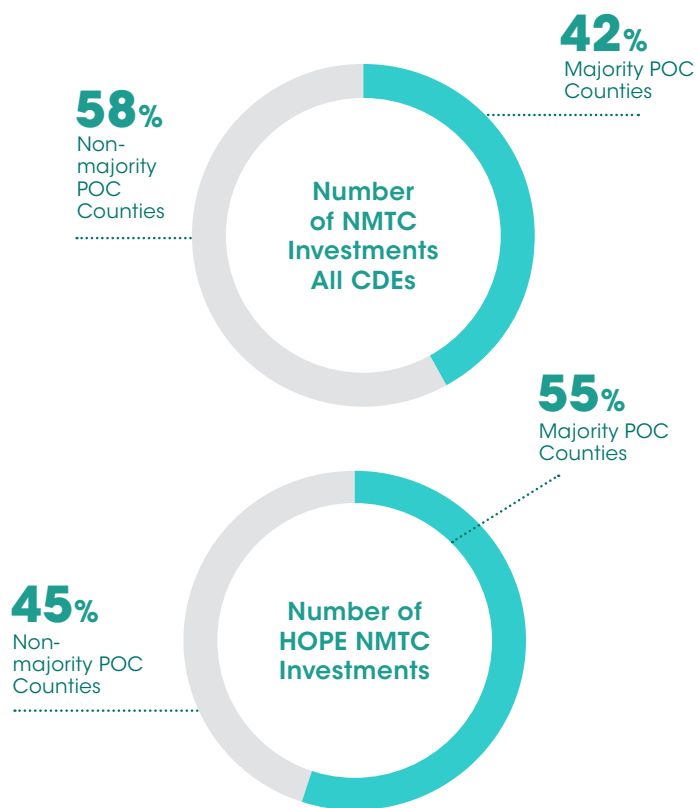
Source: Hope Policy Institute analysis of data from the CDFI Fund NMTC Award



Persistent poverty, at its core, is the result of systemic exploitation and extraction of the people and resources of a community. It is the result of centuries of policies such as slavery, land theft, and redlining, that have extracted and redistributed wealth and resources and contributed to generational poverty. The result of this extraction and exploitation can still be seen today as high unemployment, poor health outcomes, and lack of access to financial institutions.¹⁸ The New Markets Tax Credit is a tool that can help reverse this extraction. With targeted use, its impact is even greater when deployed in persistent poverty communities, and by CDEs that are located within and led by people from these communities.

Figure 2:
**NUMBER OF NMTC
 INVESTMENTS IN MAJORITY
 PEOPLE OF COLOR COUNTIES
 2003-2019**

Source: Hope Policy Institute
 analysis of data from the CDFI
 Fund NMTC Award and U.S.
 Census Bureau



The same is often true for communities with a majority of residents who are people of color. Of HOPE's NMTC investments, 55 percent have been deployed in counties with a majority of residents who are people of color while 42 percent of all NMTC investments have been deployed in majority people of color counties.

MINORITY-LED COMMUNITY DEVELOPMENT ENTITIES UNDERREPRESENTED IN THE PROGRAM

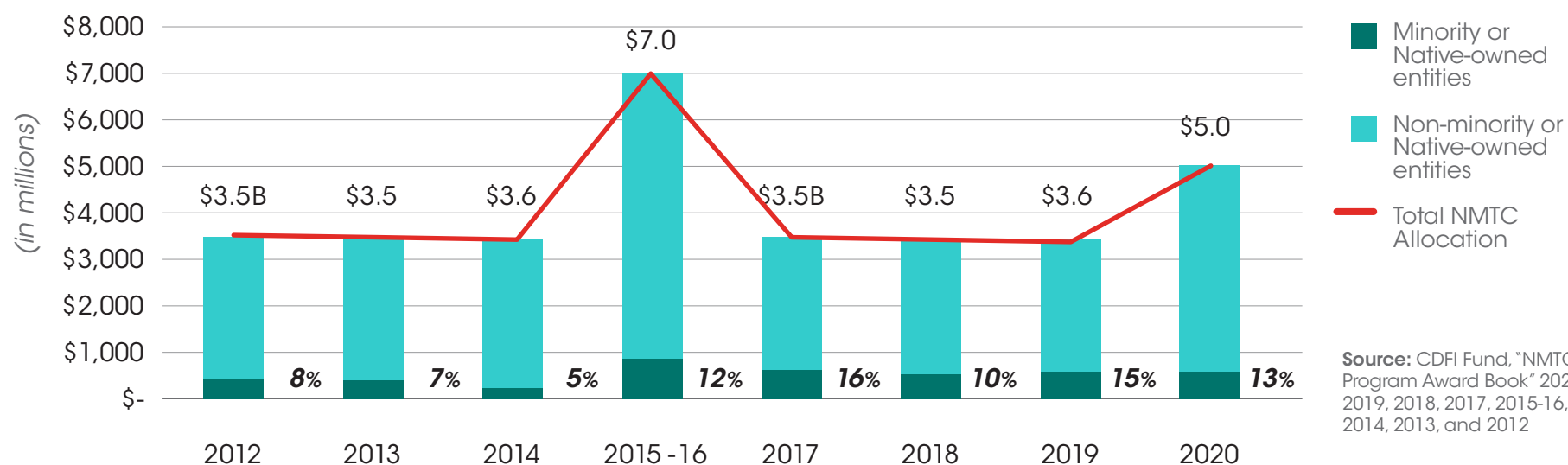
Not only does Persistent Poverty affect the economic history of the Deep South area the HOPE serves, the history of exploitation and extraction of wealth from Black persons in the Deep South have contributed to the large racial economic disparities in our communities. As a Minority-led CDE and a Minority Depository Institution (MDI), HOPE is well-situated to not only provide financial services and make targeted investments in Black communities but also advocate for policies that will help close the racial wealth gap caused by generations of under investment and extraction. New Markets Tax Credits are a powerful economic development tool that can be used to help close the gap.

Research from the FDIC has shown that MDIs are a proven way to advance economic mobility in Black communities. MDIs are located in Black communities and serve their communities more equitably. An estimated six out of 10 people living in the service area of Black owned banks are Black, in contrast to six out of 100 for banks that are not Black-led. Additionally, the study found that Black owned financial institutions originate a substantially higher proportion of mortgages and small business loans to Black borrowers than non-minority financial institutions.¹⁹

The benefits of a NMTC allocation go beyond the critical community investments deployed by CDEs in distressed areas. A NMTC allocation also provides an infusion of capital for the CDEs and earned revenue that can then be the basis for growth and attracting other types of investment for years to come. This is especially important for Minority-led financial institutions and community development organizations that are undercapitalized compared with white-led institutions.

Figure 3:

SHARE OF NMTC ALLOCATIONS AWARDED TO MINORITY-LED COMMUNITY DEVELOPMENT ENTITIES 2012-2020



Source: CDFI Fund, "NMTC Program Award Book" 2020, 2019, 2018, 2017, 2015-16, 2014, 2013, and 2012

Figure 3 shows the percentage of New Markets Tax Credit allocations that have gone to Minority-owned or Minority-controlled CDEs over the last several years for which data was available. The percentage since 2012 has ranged from 5% in 2014 to 16% in 2017. To put these numbers in scale, even in the peak year of 2017, minority CDEs received \$576 million dollars while white-led CDEs received over \$3 billion.

The CDFI Fund defines Minority-owned or Minority-controlled Community Development Entities as one of the following: a for-profit entity with 51 percent of equity ownership interest owned by a person or persons who identifies as a minority,²⁰ a nonprofit entity with 51 percent of its Board of Directors comprised of persons who identify as a minority, or an entity that is designated as a Minority Depository Institution by the FDIC.²¹

It is unclear if this is representational to the proportion of the number of minority-owned or controlled CDEs that apply for NMTCs because there is no comprehensive dataset of CDEs by ownership demographic. However, a GAO study found that from 2005-2008, only 9 percent of applications from minority owned CDEs were successful, while 27 percent of applications from non-minority CDEs were successful in getting a NMTC allocation. In looking at award amounts applied for vs allocated, minority owned CDEs were only allocated on average 4 percent of their requested allocations, while non-minority owned CDE's received 15 percent of their requested allocations.²²

RECOMMENDATIONS FOR IMPROVING ACCESS FOR MINORITY-LED CDES

The NMTC program should work to remove barriers for Minority-led CDEs and implement measures that will explicitly encourage both greater success for Minority-led CDE applicants, particularly those with a long-track record of serving communities of color and seeking to expand that impact via the NMTC program. To this end, HOPE recommends the following:

- Congress should study these racial disparities in the NMTC and solutions to address them. One potential solution would be to set aside a portion of NMTC allocations specifically for Minority-led Community Development Entities similar to the set aside for Rural CDEs. In conjunction with the development of a set aside, the definition of Minority-led CDEs should take into account an organization's track record of serving communities of color like the designation "minority lending institutions," as included in the Consolidated Appropriations Act of 2021 which could be broadened to include activities of non-lender CDEs.²³
- Cap the amount of allocation allowed for previous awardees to a certain amount over a 3-4 year period to allow the funds to be more equitably distributed across a range of CDEs, particularly new entrants.
- Conduct an in-depth assessment of the NMTC program application and scoring areas that may be perpetuating racial disparities in choosing which CDEs receive an allocation and how much of an allocation they are awarded. For instance, the areas of the evaluation process that assesses an applicant's experience with the NMTC program could inhibit the selection of new, Minority-led CDEs.
- Create incentives for experienced CDEs to work with new and/or Minority-led CDEs to gain NMTC experience.
- Provide consistent and detailed public data on Minority-led CDE certifications and awards for both CDE allocations and QLICs, including whether a CDE is Minority-led on public CDE allocation data. Further, data should be provided on the number of Minority-led and white-led applicants, not just awardees. Current data on allocation awards to Minority-led CDEs is only publicly available in aggregate in the narrative of the NMTC Program Award Book.

HOPE has been involved with the NMTC program throughout its history, making targeted investments in the communities with the most need throughout the Deep South and in the projects that will have the most impact in our communities. Looking ahead, HOPE will advocate for policies that will make the NMTC program even more useful as a tool for resilience for persistent poverty areas and communities of color to reverse the effects of generations of exploitive policies and under investment. Its impact can be multiplied by increasing investments in organizations rooted in persistent poverty communities and in Minority-led institutions.

¹ CDFI Fund, "New Markets Tax Credit Program 2020 Application" [https://www.cdfifund.gov/Documents/\[Updated\]%20CY%202020%20NMTC%20Allocation%20Application%20FINAL%2021OCT2020.pdf](https://www.cdfifund.gov/Documents/[Updated]%20CY%202020%20NMTC%20Allocation%20Application%20FINAL%2021OCT2020.pdf)

² Public Law 106-554 (Appendix G) Community Renewal Tax Relief Act of 2000, enacted December 21, 2000 <https://www.govinfo.gov/content/pkg/PLAW-106publ554/pdf/PLAW-106publ554.pdf>

³ https://files.consumerfinance.gov/f/201506_cfpb_bios_consumer-advisory-board.pdf

⁴ Public Law 111-5 (Subtitle E, Section 1403) American Recovery and Reinvestment Act of 2009, enacted February 17, 2009 <https://www.govinfo.gov/content/pkg/PLAW-111publ5/pdf/PLAW-111publ5.pdf>

⁵ The Cecil G. Sheps Center for Health Services Research, University of North Carolina, Rural Hospital Closures available at <https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/>

⁶ Diane Standaert and Kiyadh Burt, "Standing in the Need of Care" Hope Policy Institute, April 1, 2020 available at <http://hopepolicy.org/blog/standing-in-the-need-of-care/>

⁷ <https://hopecu.org/2020/10/hope-enterprise-corporation-to-receive-recognition-at-the-novogradac-2020-new-markets-tax-credit-fall-virtual-conference/>

⁸ 21st Century School Fund "State of our Schools: America's K-12 Facilities" 2016 <https://files.eric.ed.gov/fulltext/ED581630.pdf> p.31

⁹ *ibid.* p.20

¹⁰ 21st Century School Fund "State of our Schools: America's K-12 Facilities" 2016 <https://files.eric.ed.gov/fulltext/ED581630.pdf>

¹¹ *Ibid.*

¹² Mississippi Association of Partners in Education 2020, <https://mapems.org/blogs/governors-awards/vicksburg-warren-school-district>

¹³ An economically disadvantaged student is defined as one who is eligible for free or reduced-price meals under the National School Lunch and Child Nutrition Program

¹⁴ Architectural renderings for Jones Valley Teaching Farm Center for Food Education from Architecture Works, Birmingham, AL

¹⁵ PL 116-260 "Consolidated Appropriations Act of 2021" December 27, 2020, available at <https://www.congress.gov/bill/116th-congress/house-bill/133/text>

¹⁶ CDFI Fund, "NMTC Program Award Book" 2019, 2018, 2017, 2015-16, 2014, 2013, and 2012

¹⁷ Hope Policy Institute analysis of data from the CDFI fund "Persistent Poverty Data—By County" https://www.mycdfi.cdfifund.gov/what_we_do/persistentpoverty.asp

¹⁸ Partners for Rural Transformation, "Transforming Persistent Poverty in America" March 2020 available at https://www.ruraltransformation.org/wp-content/uploads/2020/03/Transforming_Persistent_Poverty_in_America_-_Policy-Paper-PRT_FINAL.pdf

¹⁹ Ed Sivak, Hope Policy Institute "Minority Depository Institutions of the Deep South" Policy Matter Blog, July 15, 2020 <http://hopepolicy.org/blog/minority-depository-institutions-in-the-deep-south/>

²⁰ Including persons who identify as Black American, Asian American, Hispanic American, or Native American

²¹ CDFI Fund, "New Markets Tax Credit Program 2020 Application" See Glossary of Terms [https://www.cdfifund.gov/Documents/\[Updated\]%20CY%202020%20NMTC%20Allocation%20Application%20FINAL%2021OCT2020.pdf](https://www.cdfifund.gov/Documents/[Updated]%20CY%202020%20NMTC%20Allocation%20Application%20FINAL%2021OCT2020.pdf)

²² U.S. Government Accountability Office, "New Markets Tax Credit: Minority Entities are less Successful in Obtaining Awards than Non-minority Entities." April 2009, available at <https://www.gao.gov/products/gao-09-795t>

²³ Sec. 523(c)(4) of the Consolidated Appropriations Act of 2021 defines a minority lending institution as a CDFI where a majority of both the number and dollar volume of arm's-length, on-balance sheet financial products of the CDFI are directed at minorities or majority minority census tracts or equivalents; and is (1) an MDI as defined by FDIC or NCUA or (2) meets other standards of accountability to minority populations as determined by the Fund



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