

INFORMATIONAL MEMORANDUM

TO: Agency Commissioners

FROM: Fred Blackwell, Executive Director

SUBJECT: Informational Update on New Market Tax Credits (NMTC), partnership with the Office of Economic and Workforce Development (OEWD) on a Request for Proposals for a Consultant for New Market Tax Credit Services and the Intent to create a Community Development Entity (CDE); All Redevelopment Project Areas.

EXECUTIVE SUMMARY

The Agency, in partnership with the Office of Economic and Workforce Development, plans to apply for a designation as a Community Development Entity for the purpose of applying for an NMTC (New Market Tax Credits) allocation from the United States Treasury in 2010. To that end, the Agency and OEWD are seeking a qualified consultant to assist with the entire range of activities required to compete nationally for a CDE designation and an NMTC allocation.

The NMTC Program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). If the Agency and OEWD are successful in obtaining a CDE designation and are awarded an allocation, NMTC may be able to provide additional financing for Redevelopment Projects.

Agency staff will conduct a workshop at the November 17, 2009 Commission meeting to provide an overview of the potential benefits of an NMTC allocation, as well as the process involved with seeking an allocation.

DISCUSSION

Due to the substantive cuts in this year's budget, the Agency is seeking alternative and innovative ways to address gaps in funding for redevelopment activities and projects. There are currently several development projects in the Agency's pipeline that could potentially qualify for NMTC financing. Combined with OEWD's development projects, there are a substantial number of projects in San Francisco that could benefit from NMTC.

The Agency plans to apply for a CDE designation, which is a requirement for receiving NMTC allocations from the Community Development Financial Institutions (CDFI) Fund, a Fund

created by the United States Department of the Treasury. The CDFI Fund was created in 1994 for the purpose of promoting economic revitalization and community development. Since 2002, the CDFI Fund has allocated NMTCs to CDEs annually through a competitive application process. CDEs must make specific investments in qualified businesses located in low-income communities.

If the Agency is successful in obtaining a CDE designation, it will then apply for an NMTC allocation from the CDFI Fund. Agency and OEWD staff are confident that the city's combined pipeline development projects will make for a competitive application. Receiving an allocation would enable the Agency and OEWD to attract investment from the private sector and re-invest these amounts in their respective projects in low-income communities.

RFP

OEWD, in partnership with the Agency, will issue a Request For Proposals (RFP) for a qualified consultant to assist with the entire range of activities required to compete for NMTC awards. OEWD will be responsible for the procurement of consultant services and payment for these services will not require or utilize the Agency's funds. The consultant will provide assistance with processes and transactions including but not limited to: assistance with forming a CDE, applying for an NMTC allocation, identifying qualifying development projects, marketing and placement of NMTCs with investors, executing NMTC allocation agreements, NMTC compliance review, and determining future staffing and service resources required to administer the NMTC program.

The proposed contract for services shall have an original term of 3 years. In addition, the City shall have 2 options to extend the term for a period of 3 years each, which the City may exercise in its sole, absolute discretion.

OEWD, in partnership with the agency, plans to issue the RFP on September 30, 2009, with a submittal deadline of October 19, 2009. (RFP attached).

Originated by Claudine del Rosario
SOMA Fund Director- Special Projects

Fred Blackwell
Executive Director

Attachment: NMTC RFP