Texas CDFI Coalition:
New Markets Tax Credits 101

Advantage Capital: Tax Credit Consulting
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Advantage Capital Growth Ready.



Agenda

- NMTC Overview
- What makes a project a good fit for NMTC?
- NMTC Financing Mechanics
- NMTC at a Glance in Texas
- Other Key Considerations
- Sample Projects



NMTC Overview

NMTC Program Overview

- Created in 2000 through the Community Renewal Tax Relief Act to help economically distressed communities attract investment.
- Community Development Entities (CDEs) are independent third parties that receive tax credit allocation authority through a competitive process.
- Investors make qualified equity investments (QEIs) into CDEs in exchange for federal tax credits (39%).
- CDEs use the tax equity investments to make flexible loans to projects in low-income communities that are effectively forgiven after seven years.
- The NMTC program was made permanent in July 2025
- $5 billion of NMTCs usually awarded in any given year ($10 billion in 2025)

Overview: Key Parties

- **Community Development Financial Institutions Fund (CDFI Fund)**
  - Program is jointly Administered by the CDFI Fund (a division of the US Treasury) and the IRS. This is who administers the NMTC program and reviews applications to grant tax credit authority to CDEs.

- **Tax Credit Investors**
  - Provide capital to projects in the form of an equity investment in a CDE. In exchange for investing in CDEs, investors claim a tax credit (NMTCs).
  - Examples: US Bank, Capital One, Valley National Bank, JP Morgan Chase.

- **Qualified Low-Income Community Businesses (QALICBs)**
  - Are projects eligible for NMTC financing that will directly serve Low-Income Communities (LICs)
  - CDEs will use the equity investment from the tax credit investor to make flexible loans to QALICBs
  - The NMTC financing amounts to a 15%-20% subsidy of project costs in the form of these flexible loans

Overview: Key Parties - CDEs

- Intermediaries granted tax credit authority by the CDFI Fund through an application process. CDEs exchange tax credits with the Investor for capital to make investments in Low-Income Community Projects.

- Certification as a Community Development Financial Institution (CDFI) or CDE allows an organization to apply for awards under the CDFI Fund's NMTC program.

- In 2024, ~500 CDEs applied for NMTC. The awards were announced in late December 2025 with 142 receiving allocation.

- To become certified as a CDE, an applicant must meet each of the following requirements:
  - Be a legal entity at the time of application;
  - Have a primary mission of serving LICs; and
  - Maintain accountability to the residents of its targeted LICs.

- CDFIs are automatically presumed to meet the requirements to become certified as CDEs but still need to apply.

Overview: Impact of NMTC Investments

- For every $1 invested by the federal government, the NMTC Program generates more than $8 of private investment.
- Over three-quarters of NMTC investments have been made in highly distressed areas. These are communities with low median incomes and high rates of unemployment.
- Low-income communities benefit from the creation of jobs and the increased access to community and commercial goods and services.
- Businesses benefit as well gaining access to flexible and affordable financing

What makes a project a good fit for NMTC?

What makes a project a good fit for NMTC?

- Location
- Community Impact
- Use of NMTC proceeds

Qualified Location – the basics

What makes a project a good fit for NMTC:

- Qualifying is census tract driven. Mapping the project address is typically the first step in deciding whether a project is a fit for NMTC.
- There is a statutory minimum for qualifying location. A Qualified Census Tract has a poverty rate greater than 20% and/or Median Family Income less than 80%.
- But CDEs invest most of their allocation in projects that meet higher levels of distress, specifically, severe and deeply distressed census tracts.
- Severe distress: A poverty rate greater than 30%; and/or Median Family Income less than 60%; and/or unemployment greater than 1.5x the national average; and/or is non-metropolitan (rural)
- Deep distress: A poverty rate greater than 40%; and/or; Median Family Income less than 40%; and/or unemployment greater than 2.5x the national average

Location – Census Tract Eligibility (mapping)

What makes a project a good fit for NMTC:

Project must be in an eligible census tract:

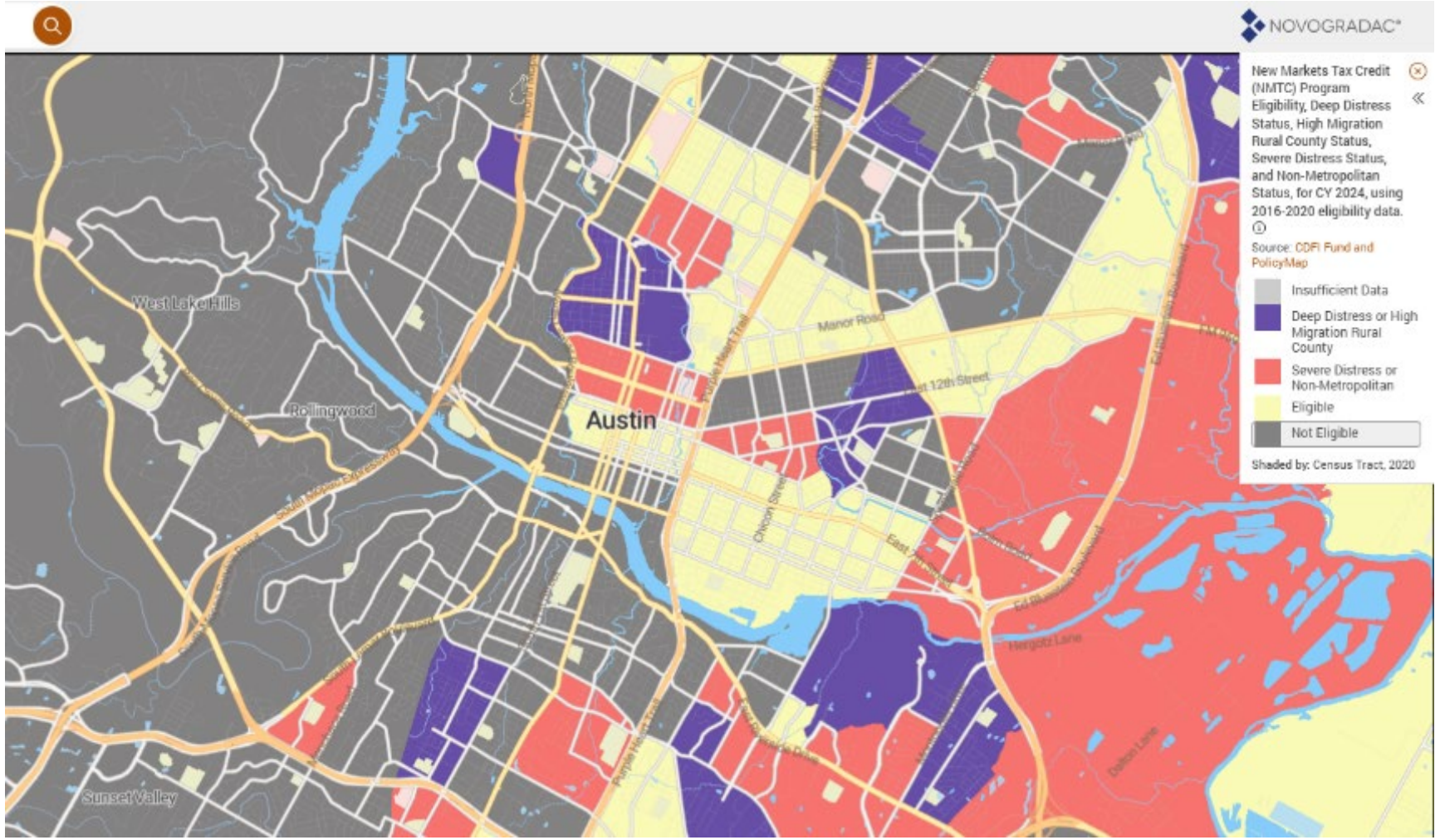
1. Gray means not eligible
2. Yellow means eligible
3. Red means eligible AND severely distressed
4. Purple means eligible AND deeply distressed

While the yellow is eligible for NMTCs, most CDEs are prioritizing the purple and red census tracts as these are deemed as having more serious need for investment.

Rural counties, identified as “non-metropolitan” are also prioritized

Additional geographic considerations:

- Designated brownfield site
- Federally medically underserved areas (MUAs)
- FEMA disaster areas (ex: Hurricane Beryl in Texas)
- Federally recognized Native areas



Source: Novogradac’s Policy Map

Community Impacts

What makes a project a good fit for NMTC:

Community Benefits / Outcomes are measurable outcomes for the project. These are quantifiable numbers that hold the Borrower, the CDE, the Investor, and the CDFI Fund accountable.

Employment impacts: New jobs created; jobs retained

1. Number of jobs created
2. Quality jobs
3. Accessible jobs

Community goods & services which includes:

1. Education (i.e. schools, early learning centers)
2. Medical (i.e. Federally Qualified Health Clinics)
3. Workforce development
4. Youth services

Commercial goods & services

1. Grocery
2. Community retail

Use of NMTC proceeds

What makes a project a good fit for NMTC:

Types of qualifying costs and operations that can be financed with NMTC and their industry uses







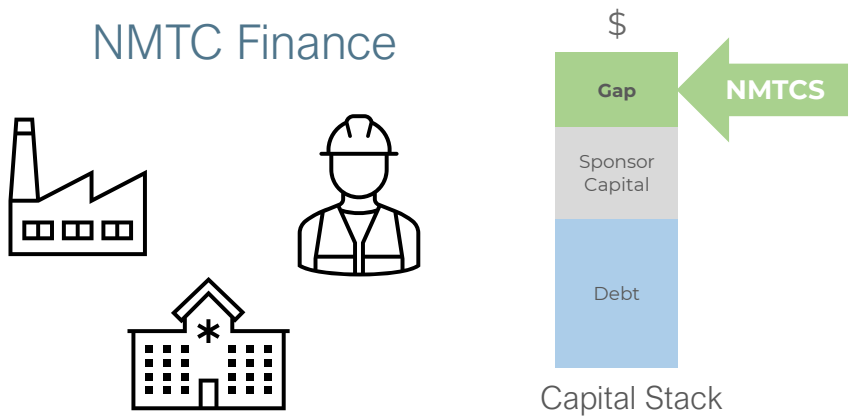






NMTC Finance Mechanics

NMTC Finance Mechanics

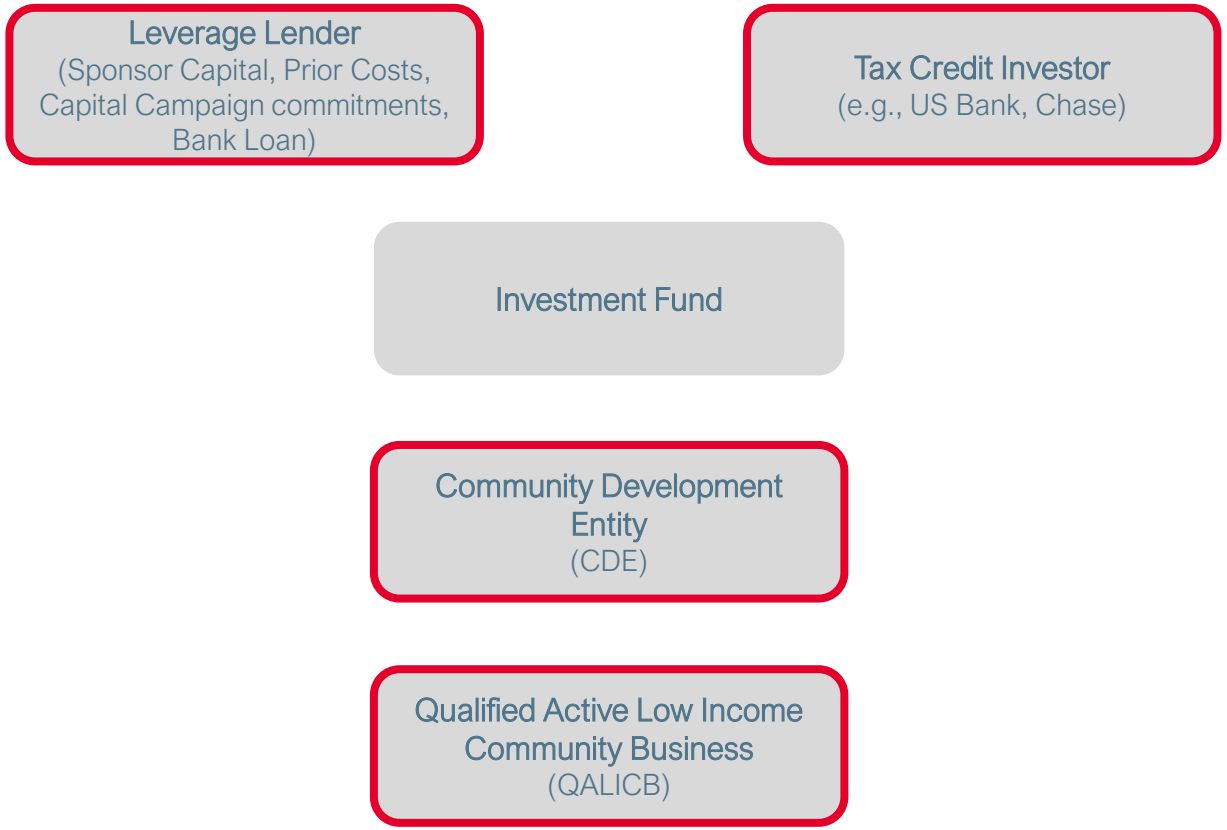


For impactful businesses and projects, most NMTC industry participants use credits to generate tax equity investments that are forgivable after 7 years. Typically, this will generate a net benefit of 15-20% of the overall project cost.

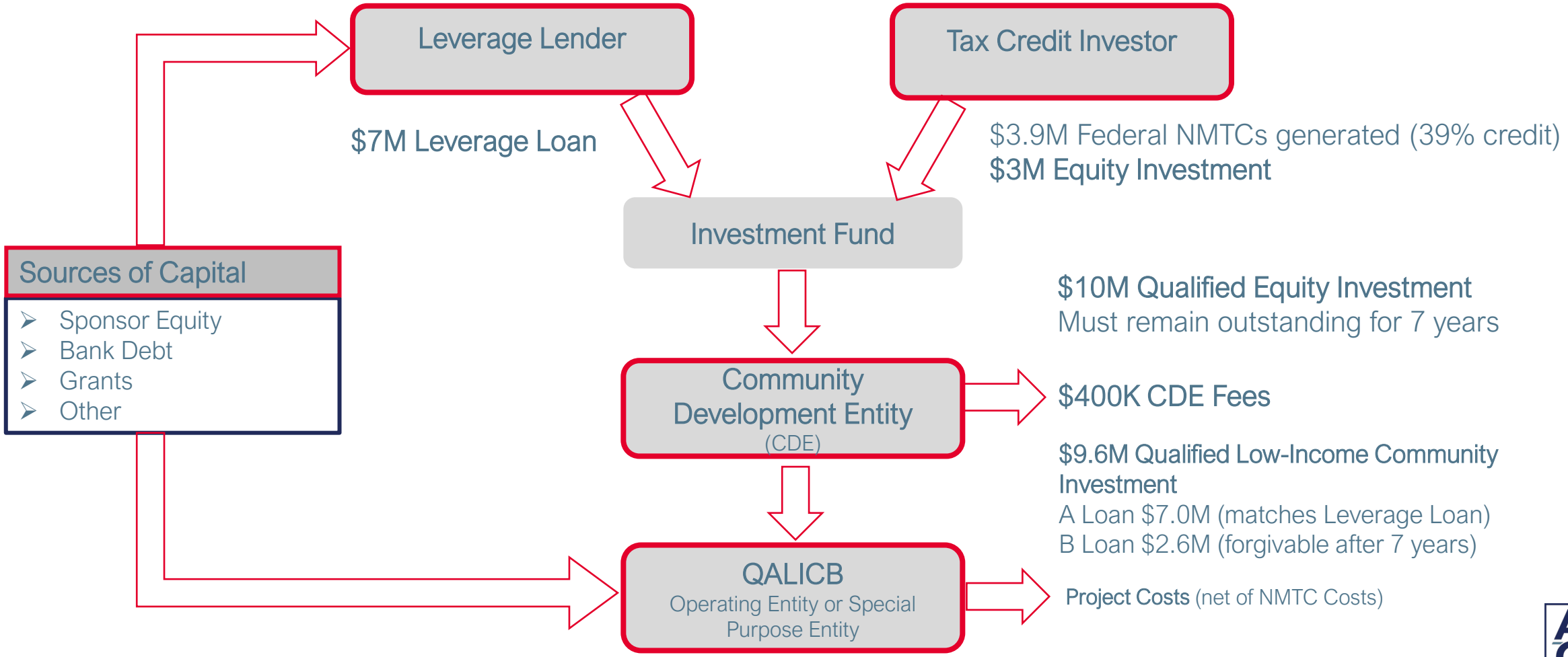
NMTC Finance Mechanics – Key Parties

There are typically 4 key players to any NMTC transaction:

- **Tax Credit Investor**: A financial institution that will pay cash now to receive tax credits over time
- **Leverage Lender**: An entity providing the remaining capital needed for the investment (typically an affiliate of the sponsor)
- **CDE**: entity that is awarded tax credit authority by CDFI fund
- **QALICB / Sponsor**: The recipient of the investment



NMTC Finance Structure Mechanics – Funding Diagram ($10M Allocation)



NMTC at a glance in Texas

NMTC at a Glance in Texas

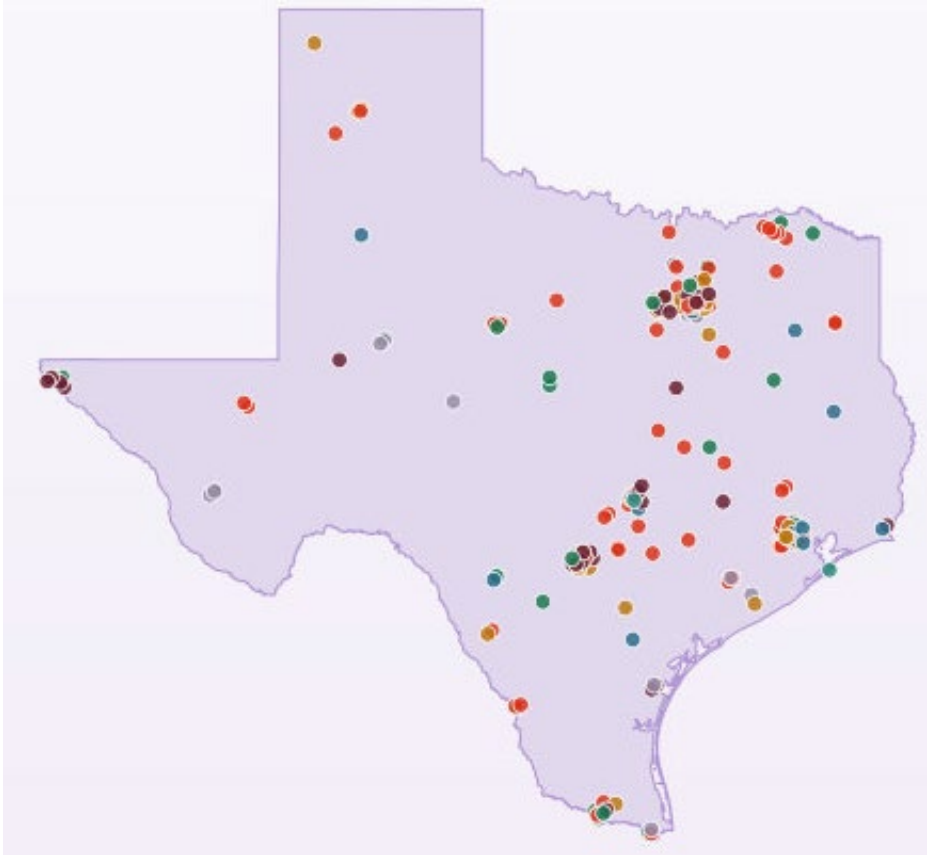
- Designated as an underserved state by the CDFI Fund (There are 10 in total)
- $4.1 billion in direct NMTC investment since the program started (compared to $143+ billion invested nationwide)
- 373 projects financed creating over 32,000 jobs and the same amount in construction jobs
- 9 Texas-based CDE's were awarded $635 million of NMTC allocation in the most recent 2025 round ($10 billion was awarded vs $5 billion typically)
- CDE's that won are based in Mercedes, Dallas/Fort Worth, Austin, and San Antonio

NMTC at a Glance in Texas

A breakdown of projects by sector, financed with NMTC in Texas to date (373)



Source: New Markets Tax Credit Coalition; CDFI Fund transaction data



Other Key Considerations

Other Key Considerations

- **Highly competitive program.** NMTCs are a scare financial resource. Demand for NMTCs far exceeds the number of projects seeking funding.
- **Transactions are complex**: In addition to traditional closing due diligence and other lending practices, NMTC regulatory overlay adds complexity and cost (allocation fees, legal costs for multiple parties, and accounting and legal costs during the 7-year compliance period (NMTC closing costs are paid out of NMTC loan proceeds).
- **Extremely flexible program.** NMTC can be used in conjunction with other tax credit programs. It can also finance a wide array of projects and costs.
- **Excellent source of gap financing.** Last dollar in to finance a project. "Net benefit" amounts to a 15%-20% subsidy on projects that are generating significant community benefits.
- **Early planning is critical.**

A Consultant Can Help Secure NMTC Funding For Your Project

A NMTC consultant is a final intermediary within the NMTC ecosystem. Engaging one has benefits, including helping answer “is my project a good fit for NMTC financing”, finding NMTC allocation, and maximizing the financial net benefit to your project.

Advantage Capital’s NMTC consultants:

- **Strong track record** Over $900M allocated from 13 NMTC awards, producing 50K jobs.
- **Rigorous underwriting & project scoping.** Work with borrowers early to evaluate project viability, refine impact goals, and structure financing for success.
- **Proprietary sourcing strategy.** We help position projects for NMTC capital. Deep experience and relationships with CDEs and investors enable us to target potential partners based on their investment strategies.
- **Communication.** Educate staff and board members on NMTC structure, process, estimated financial net benefit, and compliance & reporting expectations

A Consultant Can Help Secure NMTC Funding For Your Project

What services does a NMTC project consultant offer (continued):

- **Client advocacy.** We advocates on behalf of project sponsors in discussions with CDEs/investors in order to secure reservation letters. We recommend legal counsel in advance of entering a deal closing.
- **Single point of contact through closing and beyond.** They lead the deal closing; collecting due diligence, structuring a transaction that is compatible for NMTC and providing support and explanations along the way.
- **Support post-close.** NMTC financing comes with a seven-year compliance period. Advantage provides support on reporting and compliance associated with a transaction.

What a NMTC project consultant isn't:

- Doesn't consult on construction
- Not involved in fundraising and capital campaigns, can help with connecting to suitable lenders
- Not a lawyer or tax accountant



Sample Projects

PORTFOLIO HIGHLIGHT

Barnwell Tissue Solutions

Manufacturing | Barnwell, South Carolina



"Barnwell Tissue Solutions will bring good jobs and investment to our county. On behalf of Barnwell County, we look forward to providing a business-friendly home for their operations for years to come. Every good job created represents a brighter future here in Barnwell County."

– Freddie Houston, Barnwell County Council Chairman

Barnwell Tissue Solutions will acquire, renovate, and restart a 300,000 SF tissue manufacturing mill in rural Barnwell County, South Carolina. The facility, which was shuttered in 2023, will produce bath tissue, paper towels, kitchen rolls, and napkins, restoring a major industrial asset in a deeply distressed non-metro community.

The project will employ 130 workers by year five, with average wages of approximately $32 per hour. All projected jobs are quality positions, and 94% are accessible to workers without advanced credentials. The investment will help rebuild Barnwell's manufacturing base, provide local residents with quality employment, and reduce the need for workers to commute outside the county.

$30 Million
NMTC Allocation

130
Jobs Created

Distress Criteria:

Deep Distress | Poverty: 36% | Non-Metro | FEMA Disaster Area | SBA HUBZone

PORTFOLIO HIGHLIGHT

Cristo Rey Charleston High School

High School Campus | North Charleston, South Carolina



"We want to make something happen not just for the school, but for the community. The building is what it is, but the people make everything work. If we don't do this, then shame on us. If we don't help change these kids' lives, shame on us,“

– Reggie Burress, Mayor of North Charleston, SC

Cristo Rey Charleston High School will redevelop the vacant, historic 60,000 SF former Chicora Elementary School into a college-preparatory high school serving students from low-income families in North Charleston. The school will welcome its first class of 100 students in August 2026 and grow to 400 students across four grades. Cristo Rey's nationally recognized model combines rigorous academics with a corporate work-study program, giving students professional experience, career exposure, and a pathway to postsecondary success.

The project's goal to help address longstanding educational disparities in the Chicora-Cherokee community, where nearly 40% of residents live in poverty and median family income is approximately 30% of the area median. By restoring a long-vacant community asset, the school will expand high-quality educational opportunity and help build a more diverse local talent pipeline.

$25 Million
NMTC Allocation

400
Students Annually

Distress Criteria:

Poverty: 40% | Median Family Income: 30%
FEMA Disaster Area

PORTFOLIO HIGHLIGHT

Women & Children First

Multi-Service Community Organization | Little Rock, Arkansas



"Investing in the Forest of Hope Family Peace Center means investing in the future of our community and the entire state of Arkansas. By supporting initiatives that uplift vulnerable populations we can create a more thriving state for everyone."

– Barry Hyde, Pulaski County Judge

WCF's Forest of Hope Family Peace Center (FPC), the state's first Family Peace Center and a national model for coordinated survivor care, received NMTC financing to support the construction of the new facility. The 13,500 SF center will more than double the existing shelter's capacity and bring together over a dozen partner agencies under one roof to streamline services. The FPC's services will include a statewide domestic violence 24-hour hotline, emergency shelter, sexual assault program, counseling, advocacy support, children's program, legal aid, transitional housing assistance, job readiness training, community outreach and education, and a children's summer camp.

$9 Million
NMTC Allocation

15,000+
People Served Annually

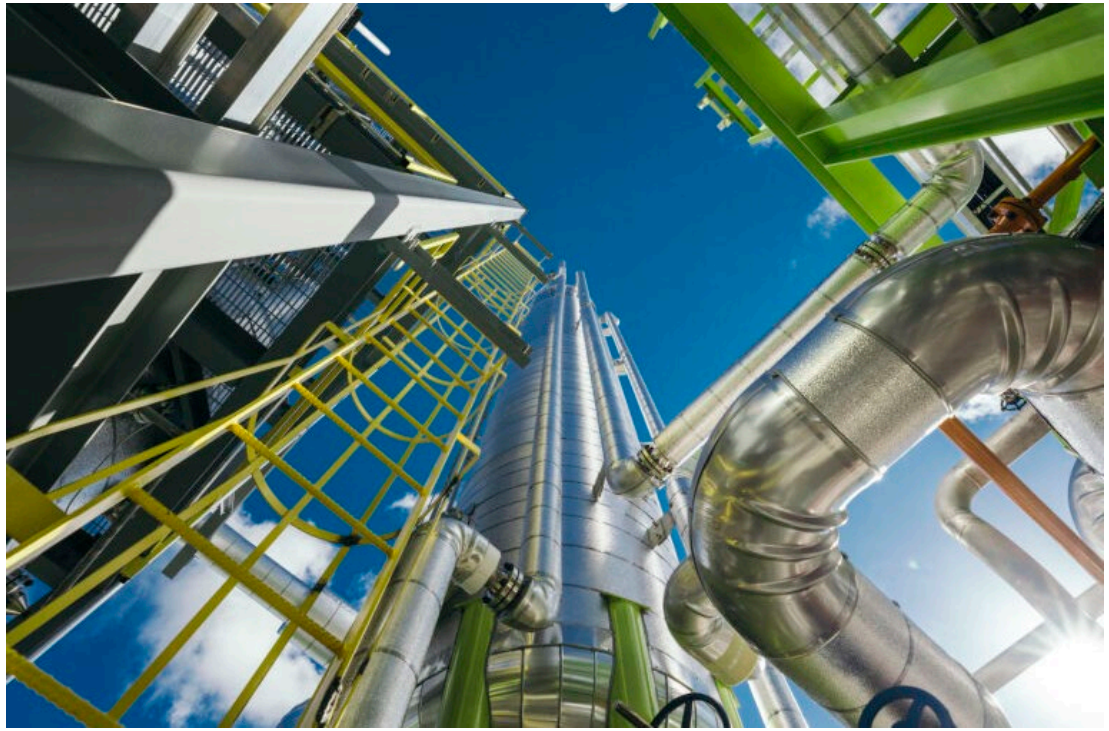
Distress Criteria:

Median Family Income: 74% | Unemployment Ratio: 2.3x
USDA Food Desert | FEMA Disaster Area

PORTFOLIO HIGHLIGHT

Solugen, Inc.

Green Manufacturing | Houston, TX



Solugen Inc. developed a proprietary process to produce and manufacture end-use green chemicals. After years of research and development, the company needed to scale its first manufacturing facility in Houston, Texas in order to increase chemical manufacturing capacity by more than 50%. With $18 million of NMTC allocation and equity investment from a regional bank, Solugen was able to purchase equipment for its new manufacturing facility in order to meet demand for its products.

The investment will result in the creation of approximately 100 high quality jobs in Houston. Employees participate in on-going subsidized advanced manufacturing training programs as well as role based technical training. All employees are eligible for full benefits including mental health care, maternity & paternity leave and financial literacy training. The growing focus on green manufacturing means more demand for employees in this industry. Companies like Solugen that create quality jobs and invest in their employees are poised for continued growth.

"New Markets Tax Credits have allowed us to accelerate our growth while focusing on our commitment to our employees. Our workplace environment of opportunity allows our employees to grow within the company and to access training that puts them on a path to success."

$18 MM

NMTC Allocation

100+

Jobs Supported

Learn More Here

PORTFOLIO HIGHLIGHT

George Modular

Modular Housing Manufacturer | Minneapolis, MN



In March of 2024, George Modular Innovation Solutions, undertook a complex financial transaction using $21.5 million of NMTC allocation along with senior permanent debt, subordinate debt, government debt and grants and private sponsor equity in a true public private partnership to acquire and upfit an approximately 83,000 square foot warehouse located at 1400 Washington Ave N into a state-of-the-art volumetric modular manufacturing plant.

Volumetric modular manufacturing is the off-site construction of building modules that are then assembled on a site to make a building. This plant will produce steel modular units for on-site assembly of permanent, multi-story apartment buildings to support demand for affordable and market rate houses throughout Minnesota and the Midwest. The project will support the creation of 157 quality, accessible jobs. The sponsors include a non-profit which will coordinate local hiring efforts, and the company will support union training programs for entry level employees.

$21.5 MM

NMTC Allocation

157+

Jobs Created

As the leader of the African American Leadership Forum, a think-and-do tank focused on accelerating transformative community-driven solutions and policy recommendations to vastly improve Black Minnesotans' social and economic outlook, this [project] is the type of transformation we seek to amplify.

– Adair Mosley, CEO, African American Leadership Forum

PORTFOLIO HIGHLIGHT

Inspiration Center

Multi-Service Community Organization | Baton Rouge, Louisiana



"When you look at what we want for our kids, what we want for our community, this is it. This is the diverse group of people coming together to achieve that one goal of making other people's lives better."

– Col. Lamar Davis, Retired Louisiana State Police Superintendent and Inspiration Center Chair Member

NMTC financing was essential in completing the capital stack for the Inspiration Center, a 34,000 SF multi-use community facility to be anchored by Boys & Girls Clubs of Metro Louisiana and the Law Enforcement and Criminal Justice Foundation. The project is modeled after successful programs in Atlanta, GA and St. Cloud, MN, which show that programs that incorporate sports, entertainment, and education can build stronger relationships between community and law enforcement and ultimately reduce the root causes of crime. About 300 students will participate in before and after-school programs, spanning STEM education, arts and culture, leadership development, educational support, and recreational opportunities. An additional 400 low-income community members will receive free medical and dental services each month.

$12 Million
NMTC Allocation

300
Youth Served Annually

PORTFOLIO HIGHLIGHT

Ouachita Baptist University

Healthcare | Arkadelphia, Arkansas



Without the New Markets Tax Credit support, Ouachita would have struggled to fully realize its goal of building a health corridor at its Arkadelphia campus. Ouachita is proud of its' role in training nurses and individuals in other health related fields who can help close the healthcare access gap in our State.

– Dr. Ben R. Sells, President

Ouachita Baptist University elected to build a new state-of-the-art nursing education center on its campus to train more students in nursing. In conjunction with this investment, the University elected to expand other health-related programs that it offered to both undergraduate and graduate students.

New Markets Tax Credits allowed the University to complete the construction of the Nursing Education Center, grow health related majors, and add staff to teach in various health related fields. The funds also enabled Ouachita to establish a four-year Bachelor's Degree program in nursing, something that had not previously been available on campus. Low-income students also benefitted from the New Markets support. Approximately 100 low-income students electing to study nursing received scholarships through the project.

$8 Million
NMTC Allocation

500+
Students Served

Our Project Finance Team



Pete Byford
PRINCIPAL



Debbie Singer
PRINCIPAL



Chimeka Gladney
SENIOR VICE PRESIDENT



Morris E. Borenstein
VICE PRESIDENT



Caleb Gipple
SENIOR ANALYST



David Eberts
DUE DILIGENCE COORDINATOR



Cati Ryan
DUE DILIGENCE COORDINATOR



Shannon Bush
DUE DILIGENCE COORDINATOR

Project Finance

Successfully navigating NMTC financing requires a partner who understands the priorities of Community Development Entities (CDEs), and who can align capital, impact objectives, and project outcomes.

We use a rigorous, disciplined approach to maximize exposure and deliver the best results for our clients.

Our clients cross all sectors and geographies to create impacts in low-income communities.

30+ years

Combined NMTC Experience

$500+ Million

NMTC Allocation Secured*

$600+ Million

Invested in LICs*

* Reflects only work completed through Advantage Capital

Our Mission

Job Creation

We support the creation of quality jobs through investments in a wide range of growth-focused industries.

Community Impact

The entrepreneurs, developers, and investors we work with are committed to helping communities grow.

Access to Capital

We provide catalytic capital that empowers growth for those who need it and are ready to seize it.

Thank you.

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