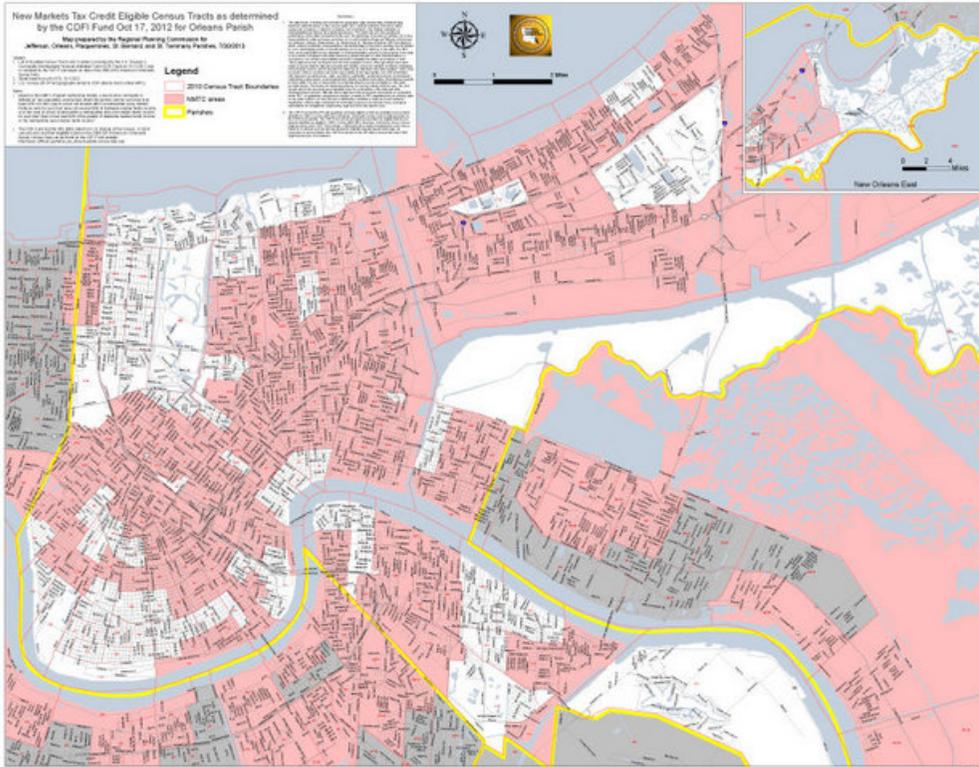


\$380 million in New Markets Tax Credit allocations go to Louisiana entities



The shaded areas in this map of Orleans Parish indicate Census tracts that qualify for projects that qualify for the New Markets Tax Credit program. It provides development incentives in low-income and rural areas where the poverty rate is at least 20 percent or median family income in the tract does not exceed 80 percent of the area median.



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The U.S. Treasury is providing \$7 billion in tax credits to stimulate development in low-income and rural areas, and \$380 million has been set aside for Louisiana organizations to administer. It's the latest allocation of New Markets Tax Credits, which provide investors with a sizeable tax break for putting their money into economically challenged regions.

Five Louisiana "community development entities" were chosen to disperse \$380 million in credits. The service area for the credits is national, meaning the projects to which they are allocated do not necessarily have to be in Louisiana. The entities were established as arms of banking or investment companies to connect developers with investors seeking tax credits.

The NMTC program provides investors with a 39 percent federal tax break for putting their money into economically depressed areas. In the New Orleans area, New Markets has been used in stand-alone projects and combined with historic tax credits for renovations of older properties. Schools, medical facilities and housing have been developed through the program. The program has also been used for business expansions.

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The Treasury allocated credits to a total of 120 CDEs nationwide out of 283 applicants. The largest award given to a single entity was \$90 million, and two in Louisiana received that amount: Capital One Community Renewal Fund and Enhanced Community Development.

Louisiana New Market Tax Credit allocatees

Name	Service area	Amount
Advantage Capital Community Development Fund	National	\$80,000
AMCREF Community Capital	National	\$80,000
Capital One Community Renewal Fund	National	\$90,000
Enhanced Community Development	National	\$90,000
Stonehenge Community Development	National	\$40,000

Source: U.S. Department of Treasury

To qualify for tax credits, a New Markets project has to be located in a census tract where the individual poverty rate is at least 20 percent or where median family income within the tract does not exceed 80 percent of the larger area median. Most tracts in New Orleans fall within that designation based on information from the 2010 Census (see the map above).

The ultimate efficacy of New Markets Tax Credits depends on the appetite of investors and their willingness to put money into areas considered high risk, even with incentives. Treasury Secretary Jack Lew said Friday (Nov. 18) he expects the program to weather the presidential transition, given that it was created with bipartisan support in 2000, according to a Washington Post report. NMTC allocations are also authorized through 2019, meaning President-elect Donald Trump won't have to make a decision on the program until well into his term.

New Markets has encountered debate during its 16 years in existence. After Hurricane Katrina in 2005, a \$2 billion NMTC set-aside was created for the Gulf Opportunity Zone -- portions of Louisiana, Mississippi and Alabama that saw the worst effects of the storm. Some uses of that allocation drew criticism, specifically projects that weren't directly linked to storm

recovery. Yet proponents said the incentives still achieved their goal of stimulating an area that was economically distressed following the natural disaster.

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