

New Markets Tax Credits



New Markets Tax Credits (NMTC) are an important financing tool for community development projects across the country. Klein Hornig lawyers represent clients in every aspect of NMTCs, as we have since the inception of the NMTC program. We routinely represent developers, tax-exempt organizations, leveraged lenders, NMTC investors, community development entities (CDE), and qualified active low-income community businesses (QALICB). The NMTC team at Klein Hornig helps our clients efficiently navigate the complexities of the NMTC program, from the initial structuring of the transaction to a successful closing, as well as unwinding the structure after the NMTC process has concluded.

The Klein Hornig NMTC team is highly skilled in navigating the complex structures used in the NMTC program, including combining NMTCs with state and federal historic rehabilitation tax credits (HTC), state NMTCs, renewable energy tax credits, and tax credit pass-through leases. Our experience includes closing both large multiple-CDE transactions as well as small allocations of NMTCs, targeted-population QALICB financings, separate portion of business QALICB financings, bond financed transactions, and unique leverage loan sources including federal and state grant programs.

We are proud to have worked on hundreds of NMTC financings, including community centers, health centers, adult education facilities, food banks, YMCAs, Boys and Girls Clubs, commercial and retail spaces, operating businesses, performing venues, educational institutions, charter schools, grocery stores, and more. Many of the NMTC projects we have worked on are twinned with HTCs, including a flagship location for a nonprofit arts center, a nonprofit mixed-use project involving a bookstore, cafe, event space, office space and rental housing, and a commercial condominium development to facilitate the use of Low Income Housing Tax Credits (LIHTC), NMTCs, and HTCs for a mixed-use residential rental project, with the LIHTC project in a separate condominium.

In addition to complex tax structuring issues, these projects often involve challenging real estate issues, including multiple layers of leases, air rights, and condominium structures. While we always aim to employ the simplest possible tax and real estate structure that meets the project's needs, Klein Hornig's extensive experience is critical in designing – and implementing – the complex structures needed to develop these important projects.



Featured Work



Farm Fresh Rhode Island

Farm Fresh RI

The Farm Fresh Rhode Island project is a 60,000 sq. ft. development on a 3.2 acre site in Providence featuring dedicated space for Farm Fresh RI's programs and initiatives, including a year-round farmer's market. The remaining space is rented to local farm-related small businesses. Klein Hornig represented Farm Fresh in all aspects of this NMTC closing.

Essential Strengths

- Tax advice concerning NMTC structures, as well as structures involving multiple tax credits;
- Representation of CDEs with respect to allocation agreements, CDE operating agreements, CDE tax opinions, diligence, and closing documentation, as well as NMTC compliance and asset management;
- Representation of leveraged lenders with respect to commitments, diligence, and closing documentation;
- Representation of NMTC investors; and
- Representation of developer and QALICB clients, including:
 - Structuring the NMTC transaction;
 - Negotiation of CDE and investor commitments and closing documentation;
 - Negotiation of leveraged loan closing documentation;

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- Formation of new organizations as needed, including nonprofit corporations and applications for 501(c)(3) status;
- Issuing organization, authority, and enforceability opinions;
- Issuing QALICB tax opinions;
- Structuring and closing on the unwind at the end of the NMTC compliance period; and
- Issuing CDE and QALICB tax opinions.

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News

- Klein Hornig Hosts NMTC QALICB Training – 01.14.25
- Klein Hornig NMTC QALICB Training Webinar – 05.10.24
- Klein Hornig Hosts NMTC QALICB Training – 03.12.21

