

April 5, 2023

Ms. Shannon McKay  
Program Manager for Office of Financial Strategies  
And Research  
Community Development Financial Institutions Fund  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, DC 20220

RE: NMTC Program Transaction Level Report, OMB Number 1559–0027

Dear Ms. McKay:

The members of the Community Development Bankers Association (CDBA) respectfully submit the enclosed comments on the Notice for Public Comment published on February 8, 2023 by the Community Development Financial Institutions (CDFI) Fund seeking comments on the Transaction Level Report (TLR) for the New Markets Tax Credit (NMTC).

CDBA is the national trade association of banks and thrifts with a primary mission of promoting community development. Today there are 189 CDFI certified banks and thrifts and 154 certified bank holding companies. CDBA represents Federal and State chartered banks, thrifts, and their holding companies that are certified by the CDFI Fund. Many of our members are also MDIs. These mission-focused financial institutions are a specialized niche within the banking industry, and are active contributors to the work of the CDFI sector. For example, in the 2021 NMTC round, CDBA member banks, bank holding companies, or member bank-affiliated CDEs received NMTC allocations totaling \$385 million.

CDBA thanks the CDFI Fund for the opportunity to comment on the NMTC reporting requirements. Our members appreciate the hard work of CDFI Fund staff to support the work of the CDFI industry, particularly CDFI banks.

General Comments:

The NMTC supports complex projects that have great potential to benefit communities by bringing disparate funding sources together for projects that might not otherwise happen. CDBA supports updates that increase the ability of the CDFI Fund to assess the activities of NMTC allocatees, the uses of their allocations, allocatees financial conditions, the socio-economic characteristics of allocatees borrowers/investees, loan and investment terms, repayment status, and community development outcomes, and allocatees overall compliance with the terms and conditions of the allocation agreements.

The proposed changes generally add clarity to the TLR process, and support the stated goals of the proposed changes. For example, data points are now defined as being mutually exclusive which reduces the risk of confusion through “double counting.” Data points are also well defined.

Specific Comments:

There are specific areas that would benefit from additional clarity. While the areas we have identified may not be *comprehensive*, we hope the following *illustrative* examples are helpful. For example:

*Estimated Annual Net Operating Income (Page 63)*

This field provides an acceptable definition for a for-profit entities' calculation of Net Operating Income (annual revenue less operating costs). Then, it notes "In the case of a non-profit entity, report the Change in Net Assets or the Addition to Net Assets." For non-profit entities, this will cause a more conservative calculation of Estimated Annual Net Operating Income as it burdens the calculation with non-operating costs (such as depreciation, amortization, interest, and one-time non-operating costs). We recommend the CDFI Fund review this data point to ensure that this reflects the intent. We recommend that the CDFI Fund ensure a level field for all entities, and not use definitions that burden non-profit entities to the advantage of for-profits.

*Actual Jobs to Be Created at Tenant Businesses (Page 75)*

Due to the nature of the report, we believe this text should be re-written to reflect the past tense. In this case, the CDFI Fund would strike "to be" so the text reads "Actual *Jobs Created* at Tenant Business."

*Job Quality Measures (Page 77)*

This field has six job quality data points. As presented, it appears that one of these measures could be selected even if only one of the jobs associated with the project offered the applicable quality. The CDFI Fund should clarify whether and what numeric threshold exists for a legitimate election in this field.

*Impact Data Points (Pages 79 – 81)*

Starting with "Square Feet of Real Estate" on page 79 and ending with "Affordable Housing Units" on page 81, we believe that the word "or" should be rewritten to state "and/or."

We thank you for the opportunity to comment. If you have questions, please contact Brian Blake, Chief Public Policy Officer, at (202) 689-8935 ext. 225 or [blakeb@pcgloanfund.org](mailto:blakeb@pcgloanfund.org).

Sincerely,



Brian Blake  
Chief Public Policy Officer