




CONNECTIONS

NEWS, INSIGHTS AND OPPORTUNITIES FOR COMMUNITY BUSINESSES & ORGANIZATIONS



INSIDE THIS ISSUE:

| | |
|-----------------------------------------------------------------------------------|---|
|  | |
| Building Lives... | |
| Rebuilding Communities | 2 |
| Project Connections | 2 |
| Board Connection | 4 |
| Staff Connection | 5 |
| Wedding News! | 5 |
| News Wanted! | 5 |



17 South High Street
 Suite 900
 Columbus, Ohio 43215
 614-221-1114
 1-800-959-2333
 614-221-7493 Fax
 info@financefund.org
 www.financefund.org



Are tax breaks created to revive America's poorest neighborhoods being used as intended?

New Market Tax Credits: Intention vs. Use

A recent article in The Oregonian titled "Blight-area tax breaks aid rich" highlights a growing perception: Are tax breaks created to revive America's poorest neighborhoods being used as intended?

Before answering this question, the definition of New Markets Tax Credits and its original intentions should be examined. According to the United States Department of The Treasury web site "The NMTC Program, established by Congress in December of 2000, permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in investment vehicles known as Community Development Entities

(CDEs). Substantially all of the taxpayer's investment must in turn be used by the CDE to make qualified investments supporting certain business activities in low-income communities." Additionally, the program title defines the intended use. These funds are meant to entice investment into a "new market" or community.

As in any other NMTC program, to qualify for Finance Fund's New Markets Loans, projects must result in positive economic and social impact. This means new jobs, affordable housing, or the revitalization or stabilization of a low-income community or disadvantaged population.

The next question then becomes: How are low-income communities defined? Regulations define low-income communities (LICs) using census information.

continued on page 3



Project Connections

Recent Board Approvals for Award Activity

(October through January)

Adams Brown Counties Economic Opportunities, Inc, Georgetown

Project: Virginia Estates

Award: \$20,000 (Predevelopment)

Jireh Services, Inc., Columbus

Project: RevEcon

Award: \$16,000 (Predevelopment)

Faith In Action, Inc., Columbus

Project: Faith Assisted Living Facility

Award: \$20,000 (Predevelopment)

Detroit Shoreway Community Development Organization, Cleveland

Project: Capitol Theater

Award: \$20,000 (Predevelopment)

Lake Communities Development Corporation, Painesville

Project: Asper Commons

Award: \$20,000 (Predevelopment)

Northeast Shores Development Corporation, Cleveland

Project: LaSalle Theater

Award: \$16,350 (Predevelopment)

Cornerstone Corporation for Shared Equity, Cincinnati

Project: Friars' Court

Award: \$20,000 (Predevelopment)

Community Housing Options Involving Cooperative Efforts, Youngstown

Project: Economic Development Outreach

Award: \$20,000 (Predevelopment)

Creative Housing, Inc, Columbus

Project: Creative Housing III

Award: \$20,000 (Predevelopment)

Building Lives...Rebuilding Communities



Dayton. With hi-tech machinery capable of fabricating the walls for up to seven 2,000 sq ft homes per shift, 30 new jobs will be created in the plant; including 20 production, 4 IT, 3 administrative and 3 management positions. The company will also provide set crews to assemble the panels on site.

ISUS graduates will fill the majority of the new employment opportunities created by this project.

Development Model and contributes a more upscale look that compliments existing home styles.

ISUS has won national recognition through awards such as Professional Builders Magazine Best in American Living Award and the HUD Secretary's Award for Excellence. In December, Automated Builder Magazine selected ISUS as its feature story. Ann Higdon, President and founder of ISUS, began with the mission to transform the lives of out-of-school youth by giving them a second chance at a high school diploma, job skills, and higher education. In addition to the original non-profit ISUS Corporation, ISUS has created three charter schools:

- 1) The ISUS Institute of Construction Technology,
- 2) The ISUS Institute of Advanced Manufacturing, which includes a computer technology program
- 3) The ISUS Institute of Health Care

ISUS demonstrates an impressive ability to produce comprehensive programs that remove young adults from situations of hopelessness, train them for high growth and high demand jobs while using their skills to rebuild the low-income communities in their area. In fact, it is anticipated that ISUS graduates will fill the majority of the new employment opportunities created by this project.

ISUS "gets it"; a holistic approach to community development is not only a good idea, and a great concept, but it can be put to practical use with amazing results. The Finance

ISUS (Improved Solutions for Urban Systems) renovated 32,500 square feet of their facility to house a new panel construction plant and operations control center. The grant awarded by the Finance Fund was used toward the purchase of Intelligent Building Systems' (IBS) new automated production line. In addition to supporting their own projects, ISUS will produce panels for residential and other construction projects within a 200 mile radius of

Currently ISUS is completing a 60 house rejuvenation of the once depressed Wolf Creek Neighborhood. The project supports the City of Dayton's Economic



FINANCE FUND BOARD OF DIRECTORS

CATHERINE CAWTHON, Chair
Fifth Third CDC

JAYHUE MURDOCK, Vice Chair
Stark County Out of Poverty
Partnerships, Inc.

KEN KEMPTON, Treasurer
LEADS Community Action Agency

RANDY RUNYON, Secretary
Community Action Commission
of Pike County

BEN KENNY, Chair Emeritus
WSOS Community Action Commission

PATRICIA BARNES
Ohio CDC Association

HUGH GREFE
Local Initiatives Support Corporation

CAROLE GRIMES
Community Representative

JERRY KATZ
Huntington National Bank (Retired)

GREG KIGER
KeyBank

AMY KUHN
Ohio Department of Development

JACK LAVERTY
Columbia Gas of Ohio

PHILLIP SMITH
Youngstown Choice Homes

WILLIAM WHITNEY
Enterprise Community Partners

GUEST BOARD ADVISORS

ERIK RICKARD
Squire, Sanders & Dempsey

BRENDA STIER
Marketing Works, Inc.

MARK VAN BENSCHOTEN
Norman Jones Enlow

LES WARNER
Ohio Department of Development

New Market Tax Credits: Intention vs. Use (continued)

Current LICs were mapped back in 2000. As the national census is taken every decade, these communities' characteristics are often changing, particularly if there are on-going economic development activities. What was an obviously low-income, distressed area in 2000, may have experienced revitalization with new housing and business developments and, though still technically qualifying as a LIC, may exhibit the positive character of the change.



Which project is the best social investment? The first or the last?

Some of the projects in question may be located in areas on the fringe of an LIC or be happening as the LIC is emerging from its distressed status. This usually solicits cries of gentrification that are inevitable as communities move toward economic stability. The question may well be: Which project is the better social investment? The very first projects in the distressed area kick starting the path to economic viability or the last "capstone" project that compels the re-classification of the area to a non-LIC?

Timing is also a factor: Often community development is planned for an entire area. In that planning, several projects are proposed at once to show the future development. During this planning, NMTCs are proposed to enable each project to happen. While that planning may happen at once, the development may not. In the final stages of the plan, the last projects will look dramatically different than they did at inception. Is it then logical to remove the resource assistance that was originally proposed? The target LICs are by definition economically unstable, therefore each project, any project, completed has a dramatic affect on the entire community. It is important to step back and refocus on the bigger picture.

Sometimes the social impact of a project is less obvious. For example, when a newly constructed shopping center takes over an abandoned lot on a blighted corner of a poor community on the outskirts of a thriving urban area, the impact is evident – jobs, needed goods and services, blight reduction and economic opportunity. But imagine that this retail center also led to the development of affordable housing, a community center, a health care facility, and other retail businesses. Now in one of the last remaining blighted areas of the LIC, a mid- to high- priced condominium building is developed. Are the social impacts as apparent at the end of the revitalization plan as at the beginning?

Initially, the impact may not be as easy to spot, however distressed communities are complex organisms impacted by a multitude of internal and external economic and political factors. The Finance Fund has adopted a basic outcome evaluation that is simplistic in character; i.e. look for the value. In this axiom it is understood that value may be found in other places than the "surface" indicators of jobs or houses. It is critical

continued on page 4



STAFF

JAMES R. KLEIN

Chief Executive Officer

PROGRAMS

JON MOOREHEAD

Chief Program Officer

CAROL CARTER

Program Officer

MICHAEL THOMAS

Program Officer

JULIE NICHOLS

Quality Assurance Officer

AMY PALMER

Quality Assurance Assistant

RHENA KLAYMAN

Program Assistant

FISCAL

DIANA TUROFF

Chief Financial Officer

VALERIE HEIBY

Director of Development

LAURIE PALMA

Business Manager

OPERATIONS

TAMRA HALL

Director of Operations

JENNIFER DEUBER

Marketing Manager

TIM MARCUM

Information Technology Manager

AMANDA POOLE-SPRAGUE

Administrative Assistant

AMBER SEITZ

Marketing Assistant

New Market Tax Credits: Intention vs. Use (continued)

to look at the economic “impact tremors” that move through the community. For example, the up-market condominium may provide upward employment opportunity, attract additional wealth to stimulate and stabilize the local economy, change the look and perception of the area, increase area property values, spur ancillary development of local businesses, reduce the call for public services such as police and fire, result in a reduction in crime, drugs, prostitution, and increase both property and sales tax revenue. The development of more up-scale projects in LICs is, in itself, an indicator of the positive impact of all the revitalization development that has previously happened. The unspoken part of the rather stark New Markets Tax Credit definition is the goal of moving LICs out of distress. At the 2010 census, will this same community be classified as distressed and poor? That is not the goal.

It is critical to look at the economic “impact tremors” that move through the community.

When evaluating the validity of a New Market Tax Credit venture, it's important to look for the value. The New Market Tax Credit program was designed to revitalize low-income communities and it's doing just that. In fact, Congress' recent one year \$3.5 billion extension of the tax credit program will enable many communities to continue to move beyond LIC status into vibrant and stable economies further adding value to the whole community.

More information on the NMTC program can be found at www.cdfifund.gov. ■



Building Lives... Rebuilding Communities (continued)

Fund is pleased to partner with ISUS, an organization that is truly Building Lives ... Rebuilding Communities.

ISUS has also been the recipient of the Finance Fund's PreDevelopment and Linked Deposit awards. ■

Board Connection

Board Appointment:

The Board of Directors proudly accepted the appointment of Randy Runyon, Community Action Committee of Pike County. Runyon has been appointed to the office of Secretary, and has been a member of the Board of Directors since 2004. ■



News Wanted!

The Finance Fund welcomes its partners to contribute articles for publication in our quarterly newsletter. If it's news to you, it's news to us. So, if you have a message for Finance Fund members, "Connections" is your forum. Email your editorial to thall@financefund.org or please call Tamra Hall at (614) 221-1114 Ext. 17 for more information.

Mission Statement

"The Ohio Community Development Finance Fund fosters healthy and vital communities by offering funding support to community-based organizations that work to improve the quality of life for low- and moderate-income persons. Based upon a commitment to quality, the Finance Fund engages in creative approaches that build bridges between capital markets and distressed communities."

Vision Statement

"The Finance Fund will be a preeminent provider of financial and related services to empower distressed communities to increase the quality of life."

Staff Connection

Finance Fund Welcomes Business Manager



*Laurie Palma,
Business Manager*

With Beth Kohr's departure to Chicago, Finance Fund hired Laurie Palma as our newest addition to the team. As Business Manager of Finance Fund, Ms. Palma is responsible for specific functions related to accounting and personnel management. She will coordinate fiscal management in conjunction with the CFO and provide human resource management for the entire organization.

Ms. Palma holds a bachelor of arts in communications. She has spent the last 13 years as an office and property manager where she managed the business, accounting and HR responsibilities. ■

Program Officer Re-appointed to Board



*Michael Thomas,
Program Officer*

Congratulations to Michael Thomas, Program Officer for Finance Fund! Michael was re-appointed to the Ohio Fair Plan's Board of Governors by Governor Bob Taft, as a representative of the consumers of Ohio who have insurance policies with the Ohio Fair Plan Underwriting Association. The mission of the organization is to provide quality property oriented insurance products and services that are easily accessible and priced fairly for Ohio property. In addition, Michael has been re-appointed to serve on the Ohio Department of Insurance as a member of the Insurance Agents Education Advisory Committee.

For more information on the Ohio Fair Plan, visit www.ohiofairplan.com. ■



*Amanda Poole Sprague
and Jacob Sprague*

Wedding News!

Finance Fund staff would like to congratulate newlywed Amanda Poole on her recent marriage to Jacob Sprague. The couple was wed in an evening ceremony Sunday, January 21, 2007 at Southwest Free Will Baptist Church in Columbus. Jacob works for McKesson Medical/Surgical at Children's Hospital. Amanda currently serves as Administrative Assistant for the Finance Fund. We wish them a lifetime of happiness together! ■