

# New Markets Tax Credits

June 2009

## Building Blocks for Kansas City's Future

### Kansas City, Missouri Community Development CDE Accepts First Round of Applications for New Markets Tax Credit Facilitated Financing



A number of priorities will guide the CDE's use of its allocation authority including need for NMTC facilitated financing assistance, readiness to proceed, as well as opportunities to maximize community impact such as providing vital goods and services to low-income communities, living wage and workforce development support, affordable housing options to low-income persons, opportunities for minority-owned, women-owned and disadvantaged enterprises, opportunities to address environmental/brownfields remediation, and opportunities to promote "green" development or business practices.

The Kansas City, Missouri Community Development CDE closed its first round of request for proposals for projects or businesses eligible for New Markets Tax Credit (NMTC) facilitated financing. The KC CDE received six applications before the May 29<sup>th</sup> RFP deadline and will begin considering projects for the first time in its effort to deploy \$40 million in NMTC allocation authority which it was awarded by the Department of Treasury late last year.

The next deadline for applications is July 31<sup>st</sup>. Please contact Ruben Alonso III, NMTC Program Coordinator, at 816.513.1021 or [ruben\\_alonso@kcmo.org](mailto:ruben_alonso@kcmo.org) for more information about the NMTC Program and how NMTC can help finance your business or project.

### Case Study: \$20 Million in MassDevelopment New Markets Tax Credits Used to Support Boston Medical Center Rehabilitation



Using part of its New Markets Tax Credit (NMTC) allocation, MassDevelopment was able to facilitate a \$20 million financing package for the Boston Medical Center.

Sovereign Bank provided nearly \$9.5 million of the financing package. Boston Medical Center used the funds to restore and rehabilitate its historic FGH building.

Completed in 1864, the building is one of two remaining structures from the original Boston City Hospital campus.

"Although our building is scheduled to be placed on the National Register of Historic Places, we did not qualify for historic tax credits since the facility has been used continuously since its construction," said Ronald Bartlett, Boston Medical Center chief financial officer. "The federal New Markets program was an excellent fit for financing the recent revitalization of our BCD building, and we're grateful MassDevelopment, Sovereign Bank and Affirmative Investments, Inc. partnered to supply this new round of New Markets financing for our FGH building."

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### 2009 Kansas City, Missouri Community Development CDE Governing Board:

**Wayne A. Cauthen, City Manager, City of Kansas City, Mo.**

**Jean-Paul Chaurand, Senior Vice President, Greater Kansas City Community Foundation**

**Joseph F. Egan, Director/Chairman, Board of Commissioners, Housing Authority of Kansas City**

**Margaret J. May, Executive Director, Ivanhoe Neighborhood Council**

**Jeffrey A. Yates, CFO/Director, Finance Department, City of Kansas City, Mo.**

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**Case Study: \$20 Million in MassDevelopment New Markets Tax Credits Used to Support Boston Medical Center Rehabilitation, cont. from page 1**



Boston Medical Center reconstructed the building's south end and added two partial floors to maximize available space. In total, the project included the rehabilitation of 16,283 square feet of space and the construction of an additional 14,945 square feet of space to house administrative offices for the hematology/oncology, surgical oncology, radiology administration and otolaryngology departments.

"The Boston Medical Center is a critical contributor to the overall health and well-being of thousands of Boston residents," said Robert L. Culver, MassDevelopment president/CEO. "It's an organization that has served the city and state for nearly 150 years, and we are extremely pleased to have a hand in arranging this important financing package. The beauty of our New Markets program is its ability to provide flexible gap financing to businesses and organizations that play a vital role in

neighborhoods and communities that need an economic helping hand."

In 2004, Boston Medical Center received a \$12 million NMTC allocation from Affirmative Investments, Inc. to support the rehabilitation of its BCD building adjacent to the FGH facility. Sovereign Bank has been the primary investor for both projects. Pat Sullivan, Massachusetts CEO for Sovereign Bank, noted that the services Boston Medical Center provides to the community are vital in ensuring that everyone in the Boston area has access to healthcare. "It is critical to the health care of the residents of the City of Boston that Boston Medical Center has the financial support it needs to expand and renovate the facility, as well as update and increase its services. We are pleased to be making this significant investment in Boston Medical Center."

"Boston Medical Center provides exceptional care without exception and we are pleased to provide financing to help expand their campus and their mission," said David Ennis, president of Affirmative Investments, Inc. "We have been fortunate to work with the extraordinary team at MassDevelopment and Sovereign Bank to successfully leverage private capital using the New Markets credit."

*Boston Medical Center is a private, not-for-profit, 547-bed academic medical center located in Boston's historic South End. The hospital is the primary teaching affiliate for Boston University School of Medicine. Emphasizing community based care, Boston Medical Center, with its mission to provide consistently accessible health services to all, is the largest safety net hospital in New England. MassDevelopment, the state's finance and development authority, works with businesses, financial institutions and local officials to stimulate economic growth across the Commonwealth.*

Source: Affirmative Investments, Inc. Press Release

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