



April 18, 2023

The Honorable Jay Edwards  
Chairman, Finance Committee  
Ohio House of Representatives  
77 South High Street, 13<sup>th</sup> Floor  
Columbus, Ohio 43215

Dear Chairman Edwards and the House Finance Committee:

On behalf of CityWide and our affiliate, the Dayton Region New Market Fund (DRNMF), I write in support of expanding the Ohio New Markets Tax Credit (OHNMTC) to meet the ever-increasing demand for affordable growth capital for Ohio small businesses.

Dayton Region New Market Fund, LLC (DRNMF) was formed in 2010 to provide NMTC financing to catalytic, high-impact projects located in severely distressed areas throughout the Dayton, Ohio region. DRNMF's controlling entity, CityWide Development Corporation (CityWide), has been making loans to and investments in transformative projects in disadvantaged communities since its founding in 1972. DRNMF, a regional CDE, serves 9 counties in southwest Ohio: Clark, Champaign, Clinton, Darke, Greene, Miami, Montgomery, Preble, and Warren. (the Dayton Region).

Our work is guided by the Dayton Region New Market Fund Advisory Board. The majority of our Board members are low-income community representatives either through residence, employment, or volunteer service. Advisory Board members are engaged in civic initiatives addressing the communities' most pressing problems, such as access to healthy food and health care, quality education, and high-quality jobs. Advisory Board members provide robust feedback on community needs and initiatives designed to improve outcomes for the Dayton Region's low-income residents and communities which helps us build a pipeline of projects eligible for NMTC investments. In addition, through extensive outreach we meet with economic development groups throughout our region to discuss the potential of NMTC to advance economic investment in their communities.

We build our pipeline by meeting with project sponsors and completing an initial application. These early discussions are critical to understanding if the project meets NMTC criteria of job creation and services to low-income communities. In addition, we educate the potential borrower on how NMTC investments are structured and executed. Projects are organized in terms of "readiness" and "but for." By readiness, we mean the project can close in 12 months or less. The "but for" question relates to the need for the NMTC investment. NMTC projects require that 80% of the capital stack is secure before an NMTC investment can be applied. As we work with borrowers to understand their project we are analyzing whether all other routes to funding have been exhausted and "but for" a NMTC investment, the project would not move forward.

DRNMF also strives to provide flexible terms to NMTC borrowers in this process. We do not charge origination fees to NMTC borrowers, accept non-traditional forms of collateral, and provide 7-year interest-only loans to all borrowers. DRNMF does not impose a minimum debt service coverage ratio (DSCR) on any NMTC borrower, and therefore allows DSCRs as low as 1.01,

The ability to pair OHNMTC with our federal allocation has assisted many important NMTC projects move forward in our region. Each year since the OHNMTC program launched in 2009, \$10 million in tax credits (foregone tax revenue) has leveraged private capital to return \$307 million in total investment. The existence of a state NMTC has also made Ohio a magnet for the federal NMTC, increasing the average annual amount by 229%.

DRNMF has used the program to invest more than \$23 million in eleven local businesses, all located in low-income communities bringing needed jobs and services to the Greater Dayton region. Recent investments include: The *Gem City Market* a \$5.9M cooperative grocery store, built in a food desert in Northwest Dayton; that provides fresh affordable food to more than 3,000 low-income customers a year; and the *Five Rivers Health Centers* a new, \$31M federally qualified health center, bringing much needed affordable health care services and approximately 200 jobs to West Dayton, a medically underserved area of the City of Dayton.

DRNMF strongly supports the expansion of the OHNMTC and appreciates your consideration of this request.

Sincerely,



Dan Kane  
President