

# Introduction to New Markets Tax Credits for Mixed-Use Development

November 6, 2025

Dave Scheltz  
SVP, Community Development Finance  
Affirmative Investments, Inc.  
[dscheltz@affirmativeinvestments.com](mailto:dscheltz@affirmativeinvestments.com)  
617-816-7874



**AFFIRMATIVE**  
INVESTMENTS

EXPANDING ECONOMIC OPPORTUNITY

# NMTC INTRODUCTION

- Established by Community Renewal Tax Relief Act of 2000
- Goal: Spur private investment in low-income communities, for the benefit of low-income people through:
  - Quality job creation
  - Provision of goods & services (e.g. healthcare, education, social services, retail, arts & culture etc.)
  - Affordable housing
- Thru FY '22, NMTC equity has financed:
  - 260MM SF of commercial real estate
  - 17,000+ affordable housing units

# NMTC BENEFIT

- Project must attract a “Community Development Entity” (CDE) through a competitive solicitation process
- CDEs are specialized financial institutions eligible to receive NMTC Allocations from Treasury Department
- NMTCs create 39% tax credit on project’s eligible cost basis
  - All development costs are eligible: acquisition, hard costs, soft costs, financing costs, carry costs
  - Costs must be incurred within 2 years of closing (look back) and during construction period (look forward)
- Investor will pay ~\$.80 per credit → ~30% gross benefit of cost basis
- Fees & Transaction Costs of ~\$.10 per credit → 20% net benefit of cost basis

# NMTC ELIGIBILITY: Location

- Location in a Qualifying Census Tract
  - $\leq 80\%$  AMI or
  - $\geq 20\%$  poverty rate
  - or  $\geq 1.25x$  national unemployment rate
- Strong preference for projects in a “Highly Distressed” Tract
  - $\leq 60\%$  AMI or
  - $\geq 30\%$  poverty rate
  - or  $\geq 1.5x$  national unemployment rate
- Special consideration for projects in “Deep Distress” Tract
  - $\leq 40\%$  AMI or
  - $\geq 40\%$  poverty rate
  - or  $\geq 2.0x$  national unemployment rate

# NMTC ELIGIBILITY: Business Activity

- Prohibited Uses
  - Massage parlors, hot tub facilities, suntan facilities, country clubs, golf courses, racetrack/gambling facilities, liquor stores (off-site consumption), farms
  - Businesses whose assets are intangible or financial in nature
  - A property with residential rental units, if > 80% of the property's gross revenue is derived from residential rents ("the 80/20 test")

# NMTC ELIGIBILITY: Rental Housing Provisions

- NMTC Affordability Requirement
  - $\geq 20\%$  of units must be affordable at 80% AMI
- Prohibition on LIHTC financing
  - Same legal entity cannot receive both NMTC and LIHTC financing
- Condominium Workaround
  - If entire building does not meet 80/20 test, then developer can create a condo unit for a portion of the building that does (“NMTC Unit”)
  - Eligible cost basis is then limited to condo unit development costs
  - NMTC Unit can receive NMTC financing, other condo unit (“LIHTC Unit”) can receive LIHTC financing



**Nuestra Comunidad Development Corporation**  
**BARTLETT B NMTC PROJECT**  
**November 6, 2025**

**Diane Clark**  
**Director of Real Estate Development**  
**[dclark@nuestracdc.org](mailto:dclark@nuestracdc.org)**



## *NUESTRA'S MISSION*

*Nuestra Comunidad is devoted to building the wealth and enhancing the physical, economic, and social well-being of Roxbury and other underserved populations in greater Boston through a community-driven process that promotes self-sufficiency and neighborhood revitalization.*

Nuestra CDC was formed in 1981 and has developed over 1,000 units of affordable rental and homeownership units and 75k sf of commercial and service space in Roxbury, Dorchester, Mattapan, and the South End.



# BARTLETT STATION

- Bartlett Pear Orchard - through the late 1870's
- Transit Railway Facility - 1880's - 1970
- MBTA Storage and Maintenance Facility 1970 - 2005
- Site Closure 2005
- Roxbury Community & MBTA Developed RFP - 2006
- Nuestra/Windale/BofA CDC Designated Developers - 2007
- Bartlett Team Purchases Site - 2010



# BARTLETT STATION

- 380 Units of Affordable, Moderate and Market Rate Rental and Homeownership Housing
- Commercial, Retail and Office Space
- 10 Planned Housing Construction Projects
- 10k SF of Open Space – Lawn on Lambert + multi-use parking area
- 15k SF - Bartlett Oasis Park





# BARTLETT B PROJECT

- 60 Units of Affordable, Moderate and Market Rate Rental Housing
- LIHTC & NMTC Program
- 13k SF Ground Floor Commercial Space
- 44 Residential Parking Spaces
- 28 Commercial Parking Spaces
- Laundry
- Fitness Center
- Storage
- High Efficiency Appliances and Equipment
- Rooftop Solar Panels





# BARTLETT B PROJECT

- Advance Site Prep – October 2016
- Full Construction Start – March 2017
- Construction Completion – February 2019





# BARTLETT B LIHTC



## • 32 AFFORDABLE RENTAL UNITS

	1BR	2BR	3BR
30% AMI	2	6	4
50% AMI	1	2	0
60% AMI	2	14	1

- LAUNDRY
- STORAGE & BIKE STORAGE

## TDC AT CLOSING = \$15.3M

- CITY \$2M
- STATE \$2.2M
- LIHTC \$8.82M
- PERM LOAN \$1.75M
- OTHER \$533K



# BARTLETT B NMTC

- 6 MODERATE RENTAL UNITS
- 22 MARKET RENTAL UNITS
- 13k SF OF COMMERCIAL/RETAIL
- 44 RESIDENTIAL & 28 COMMERCIAL PARKING SPACES

	1BR	2BR	3BR
80% AMI	3	2	1
MARKET	15	6	1

- IN UNIT LAUNDRY
- STORAGE (BIKE & PERSONAL)

## TDC AT CLOSING = \$17.1M

- SENIOR DEBT \$7.2MM
- MEZZANINE DEBT \$2.5MM
- STATE SOFT DEBT \$1.0MM
- NMTC EQUITY \$5.2MM
- SPONSOR EQUITY \$1.2MM





# NUBIAN MARKET

MAY 2023



# ROXBURY ROOTS MONTESSORI

October 2021



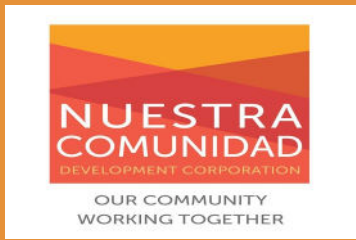


# AVAILABLE RETAIL SPACE

2025

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- GENERAL CONSIDERATIONS

- Identify a lender that is familiar with NMTC funding
- Have strong commercial tenants or lenders may require reserves
- Work closely with your Finance, Property Management and Asset Management teams to ensure an understanding of reporting and the unwind process
- Auditors should be aware of the project in advance to ensure an understanding of the structure and financing



- PREPARING FOR THE UNWIND
  - Keep your consultant and attorney involved.
  - Begin unwind process early \* Hold an unwind prep meeting at least 1 year out from unwind deadline with attorney, investor and team
  - Prepare an unwind road map at closing that describes unwind steps and the post unwind structure
  - Keep strong documentation of unwind steps in the event of staff transitions
  - \*For for-profit developers – engage tax attorney and accountant at least 1 year prior to unwind

**Q&A**