



Los Angeles Community Development Department
1200 W. 7th Street, Los Angeles California 90017

NEWS

NEWS RELEASE

FOR IMMEDIATE RELEASE

LOS ANGELES AWARDED \$75 MILLION IN NEW MARKETS TAX CREDITS

The United States Treasury Department announced today that it will award the City of Los Angeles an allocation worth \$75 million in New Markets Tax Credits (NMTC) to support projects in economically distressed areas of the city. This new influx of tax credit dollars will help fund private investment projects for established businesses, focused on CDD's mission to create jobs and strengthen families.

These credits will help stimulate economic activity in the underserved areas of Central LA, South LA, the East Valley and Hollywood.

The NMTC program, administered by the US Dept. of The Treasury, permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities in order to provide an economic uplift to low-income communities.

The City's Community Development Department (CDD) and the Community Redevelopment Agency (CRA) submitted a joint application to the Treasury Department for the allocation.

The program is designed to stimulate investments in low-income areas. It allows a certified Community Development Entity (CDE) to obtain allocations of tax credits from the U.S. Treasury Department. The CDE then solicits private equity investments in exchange for 39% tax credits of the amount invested, which can be used to offset the investor's Federal income tax liabilities over 7 years.

The CDE in turn uses the invested principal to provide financing to qualified low-income community businesses that sponsor projects in economically disadvantaged areas. Projects may include retail, industrial, office or mixed-use.

The NMTC will enable the City to provide lower-cost capital as well as offer greater access to capital for assisted projects. Business owners and developers have traditionally found venture capital difficult to obtain for projects in low-income communities. The goals of the program are to provide permanent employment opportunities for local residents, improve access to needed high quality goods and services, and improve the economic vitality of low-income communities throughout Los Angeles.

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Four Los Angeles area Congressional Representatives signed a letter requesting that the Los Angeles Development Fund receive a substantial allocation this year: Congressman Xavier Becerra, Congresswoman Lucille Roybal-Allard, Congressman Brad Sherman and Congressman Howard Berman.

In supporting the Los Angeles Development Funds bid, the Congressional delegation wrote: "These projects are sited in low-income areas around the City and are of a scale that would generate meaningful and permanent employment opportunities and overall economic stability."

"This is a tremendous opportunity to encourage private investment in communities most in need," said CDD General Manager Richard Benbow. "It's a great way to leverage the public funds we have traditionally used to spark economic development."

The City has established an independent CDE called the Los Angeles Development Fund (LADF). The Fund's Board of Directors includes the General Manager off CDD, the City Administrative Officer, the Chief Legislative Analyst, the CEO of CRA and the Chairman of the Industrial Development Authority. The LADF's Advisory Board includes such notable business leaders as Christopher C. Pak, Chairman of Archeon International, Linda Griego, owner of the Engine Company No. 28 Restaurant, Libby Williams, Los Angeles County Economic Development Corporation, Sandra Figueroa, Director of El Centro del Pueblo of Los Angeles, and Tom Paparney, owner of Paintcraft Supply & Hardware Co., Inc.

The operation of the LADF will be supported by the revenues generated from the NMTC loans and will not use public funds.

Questions may be directed to Clifford Weiss, Acting Director, Economic Development Division, at (213) 744-9364.

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