

ECONOMIC DEVELOPMENT

City First gets \$90M in tax credits for projects

By Sean Madigan
Senior Staff Reporter

The U.S. Treasury Department has granted \$90 million in federal tax credits to a subsidiary of City First Bank to invest in local economic development projects.

City First New Markets Fund II received the financial incentives as a part of the Treasury Department's New Markets Tax Credits program. The allocation was the D.C. bank's second round of tax credits. It received about \$73 million in credits several years ago, which were used to help finance the redevelopment of the Atlas Theater on H Street NE and the Tivoli Theater in Columbia Heights.

The bank also used New Market credits to help finance the Town Hall Education, Arts and Recreation Center, a 90,000 square-foot community center in Southeast known as The Arc.

David McGrady, City First's vice chairman, says the latest round of tax credits will yield about \$25 million worth of equity for local projects. The New Markets program gives groups such as City First the authority to sell tax credits to investors and developers. The investors then make loans to developers, which in turn repay a portion of the loan and the investors recoup the difference from the tax credit.

"Market forces are not going to supply several million dollars in equity to a non-profit," McGrady says.

City First is not the only entity to receive credit allocations that can be used in the region. The Treasury Department's Community Development Financial Institutions Fund awarded nine other community development groups credits that can be invested in Washington, though City First is the only one that will concentrate all its investments in the mid-Atlantic region.

The bank declined to name any specific projects that might use the tax credits.

Other recipients that could invest locally include a subsidiary of Bank of America, PNC Community Partners and the Local Initiatives Support Corp. (LISC).

Oramenta Newsome, who heads LISC's Washington office, says competition among other communities LISC serves to use this round of financing will be considerable.

Earlier this year, LISC allocated \$18.6 million in New Markets credits to redevelop Southeast's Camp Simms, a long-promised retail and housing complex that will include a Giant grocery store — the first grocery store in Ward 8. Newsome says she already has a project in mind for this year's New Markets' allocation east of the Anacostia River, but declined to disclose more details.

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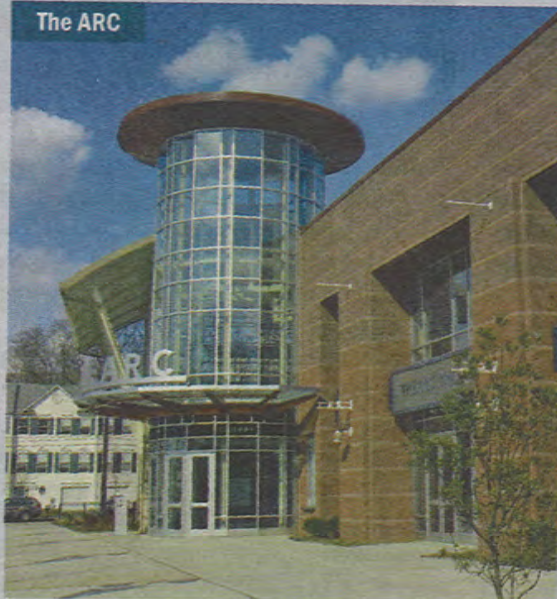
More of this to come: D.C. projects financed by tax credits

Tivoli Theater



FILE / JOANNE S. LAWTON

The ARC



COURTESY

Atlas Theater



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