

Tax credits boost Haven project

01/08/2010 6:12 CST

By Jennifer Hiller - Express-News

Haven for Hope is getting \$6 million from an obscure type of federal tax credit to help with construction of the campus.

The “new market tax credits” are for development projects in economically challenged areas.

“Without this, we weren't going to be able to finish some buildings,” said Robert Marbut Jr., president of Haven for Hope, which provides an array of services for the homeless. “Basically we're doing a good thing in a low-income area and we get rewarded.”

The tax credits come from the National New Markets Fund LLC, an investment partnership that focuses on low-income communities across the country, including areas hit by Hurricane Katrina.

The new market tax credits are similar to the more commonly known low-income housing tax credit, which has been around since the mid-1980s and encourages the development of affordable housing. Under that program, which is popular with corporations, an investment provides a reduction in federal income taxes.

New market tax credits were created in 2000 and are administered by the Treasury Department. Investors receive a credit against their federal income taxes for investments in funds that benefit designated entities such as Haven for Hope.

“It encourages investment of new construction in poorer areas of the country,” said Steve Oswald, chief financial officer of Haven for Hope. “We kind of line up as being the perfect candidate.”

There's a web of complex IRS and Treasury regulations regarding which types of projects and organizations qualify for the new market tax credits.

“Our result is that by qualifying, you look at the bottom line, we got \$6 million of net new cash to go build our buildings,” Oswald said. “And we get it right now.”

Under guidelines for the tax credits, Haven for Hope can use the \$6 million for nonresidential buildings, either to fund buildings that are in the works or to offset the costs of those already built. The security building, the cafeteria and food service center and the transformational building, which will be used for classrooms and offices, are among the buildings that qualify, Oswald said.

Haven for Hope ultimately plans to house dozens of agencies and organizations on site in an attempt to address the root causes of homelessness.

The organization is closing in on its \$99 million fundraising goal, but still needs about \$3 million.

“Given the economic realities of what occurred, we really needed the money to build out the campus,” Oswald said. “It was critical.”

Deborah La Franchi, president and cofounder of the National New Markets Fund, said other communities have had to shelve similar developments, and that San Antonio has been fortunate to move forward with Haven for Hope.

“We see projects of similar scope and importance all over the country that just collapse in this economy,” La Franchi said. “You see all kinds of projects like this get stalled.”