



# Is Your Organization NMTC Ready?

## Strategies for Funding Preparation

September 2025

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# Meet Your Presenters





# Your Presenters



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# Eric Johansen

## Bio

### Eric Johansen

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Eric Johansen is the former vice president of Midwest Renewable Capital (MRC), a national CDE focused on innovative uses for NMTC financing in distressed communities throughout the country. With more than \$500 million in NMTC investments, MRC has been at the forefront of utilizing NMTC financing for projects creating quality jobs in distressed communities.

As vice president, Mr. Johansen led MRC's business development, project selection and NMTC closing teams and worked closely with low-income community leaders to attract private investment for the benefit of the community's residents. Prior to joining MRC in 2017, Mr. Johansen served in political, government affairs, and public policy roles on the state and national level, specializing in tax, commerce and economic development issues.

He is the senior member of the Grimes, Iowa City Council and sits on the boards of the Grimes Community Foundation and Grimes Chamber & Economic Development organizations, all of which serve low-income populations. As of August of 2025, Mr. Johansen began a new role as the President of J Capital Group, a consulting firm connecting businesses serving low-income areas with the financial resources they need to grow and expand.

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# Agenda

1. Meet Your Presenters
2. Learning Objectives
3. The NMTC Program
4. NMTC Discussion: What Is Project Readiness?
5. Q&A With a CDE
6. One-Minute Summary



# Today's Learning Objectives

1. Understand what it means to be NMTC ready
2. Understand what criteria Community Development Entities consider when evaluating projects
3. Understand the process once your project is selected for funding
4. Reviewing best practices and common mistakes to help position your projects for success when receiving NMTC funding



# The NMTC Program



# What Is the NMTC Program?



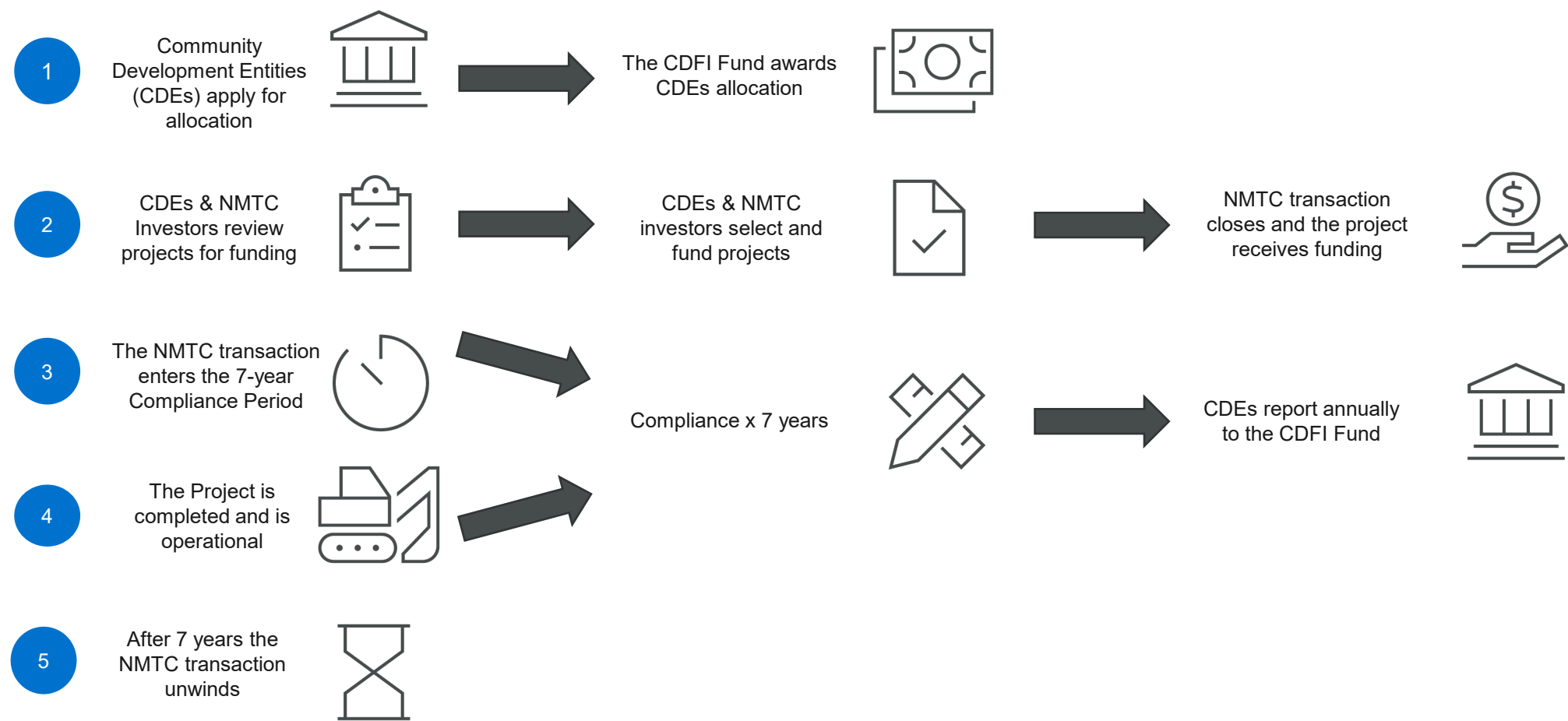
- A *federal* development program which attracts private investment to distressed communities
- Administered by the CDFI Fund, a division of Treasury:
  - [CDFI Fund - NMTC Program](#)
- As of the end of FY 2023, the NMTC Program has\*
  - Generated \$8 of private investment for every \$1 of federal funding
  - Created nearly 268.2 million square feet of commercial real estate
  - Creation or retention of more than 888,200 jobs
- Community projects, *like healthcare focused investments*, should view the NMTC Program as a Project Funding Tool



# Recent Developments for the NMTC Program

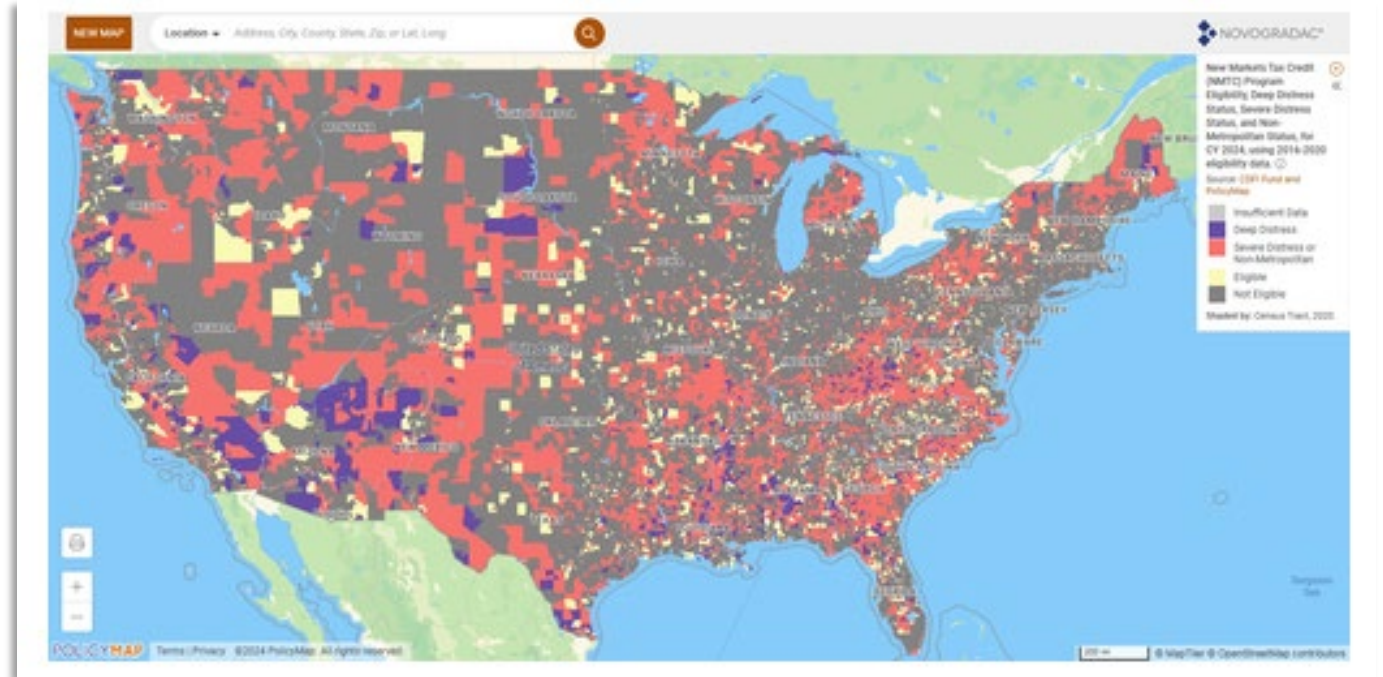
- The most recent award (\$5B in allocation) was announced September 19, 2024
  - 104 CDEs received an award
  - 196 CDEs applied
- A new \$10B award is expected in fall 2025
- The NMTC Program was made permanent through the passage of the *One Big Beautiful Bill Act* in July 2025
  - The program had been subject to reauthorization since its initial passage
  - The annual award will be \$5B in allocation per award cycle

# How Does the NMTC Program Work?



# How Do You Qualify?

- Location, Location, Location
- Several location specific factors
  - Census Tract
  - Distress Level
  - Rural vs. Metro Designation
  - Targeted States
- Not all eligibility is created equal
- CDEs and NMTC investors may look for fact patterns, locations, and community outcomes specific to their needs





# What Are the Benefits to an Organization?

- The NMTC Program helps organizations fund projects
  - Funding acts like a grant
  - Funding is more flexible than traditional forms of project funding
  - Funding is direct to the organization/project and is often immediately available
  - Funds reduce upfront project costs and may increase ROI
- Investment decisions are made at the community level where need is often more apparent
- Per the CDFI Fund, typically 94 to 96% of NMTC investments into businesses involve more favorable terms and conditions than the market typically offers. Terms may include:
  - Lower interest rates and longer interest only periods
  - Lower origination fees
  - Higher loan-to-values
  - Lower debt coverage ratios and
  - Longer maturities

# So, What's the Catch?

- The NMTC Program is highly competitive
  - \$5 billion in allocation does not capture total market demand
- CDEs and investors can be highly selective
  - Worthy projects do not receive funding
  - Community benefits are paramount
- Timing really matters
- NMTC financing does not cover all project costs
- Transaction costs can be significant
- It's a government-run program, so inefficiencies in the system are often persistent

# NMTC Discussion: What Is Project Readiness?





# What Drives Project Selection for CDEs?



Timing: Both the NMTC Cycle and Project Development



Costs & Financing: What are the costs, and how does the sponsor plan to fund those costs?



Community Benefits: Do they align with the CDE mission and are they quantifiable?



Development: When will construction or site plans begin? Have all parties been identified?



Sponsor Health: What do financials look like, and will the project meet underwriting requirements?

# CDE Q&A



# Questions With Eric Johansen



How should an organization prepare for a NMTC transaction?



What are some common pitfalls before a NMTC transaction closes?



In your view, what are best practices to help an organization be “ready” for a NMTC transaction?



What do you enjoy about working with organizations?



Why do you think the NMTC Program is valuable?



# One-Minute Summary



**Thank You!**

A special thanks to Eric Johansen  
for his time and expertise today!



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