



# Novogradac Journal of Tax Credits

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## NMTCs Close Funding Gap on Cancer Center Expansion

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A collective \$30.5 million in federal new markets tax credits (NMTCs) from four community development entities (CDEs) is helping to build a new 142,000-square-foot Clinical Sciences Center for Roswell Park Cancer Institute (RPCI) in Buffalo, N.Y. The \$47 million project broke ground last spring and is one of several recent expansions to the Buffalo Niagara Medical Campus, a consortium of medical, research and educational institutions.

Rep. Brian Higgins, D-N.Y., is a longtime supporter of RPCI who suggested using the NMTC to finance the new center. Higgins invited investors to Buffalo so they could see for themselves the work RPCI does for the community. "Buffalo is a real laboratory for success for the creative and effective use of the new markets tax credit," said Higgins, who added that investment in the Clinical Sciences Center will continue to spur the city's revitalization. "The economic engine in Buffalo is the Niagara Medical Campus. With Roswell in the lead, it's fundamentally changing the economy of downtown Buffalo to one that is steeped in the life sciences and medical research. Investment, both in capital and clinical trials, is propelling Roswell to be at the forefront of cancer research in the nation."

The institute was born from the first facility in the world specifically dedicated to cancer research when it was founded by the New York State Legislature in 1898. Today it is one of 41 National Cancer Institute-designated comprehensive cancer centers, and its ambulatory centers

handle more than 204,000 outpatient visits annually. RPCI has seen a 33 percent increase in patients overall in the last five years. Scheduled for completion in 2016, the new facility's expansion will help meet this continued demand by adding 340 permanent jobs to its existing staff of 3,200. The new center will also create 210 union construction jobs.

Dr. Donald L. Trump, president and CEO of RPCI, said the new facility will free space in the main Roswell Park hospital so that existing patient-care programs can be expanded to meet increased demand. "Access to great health care should include access to great facilities that are thoughtfully designed to meet the needs of the community," he said.

Phase I of the new Clinical Sciences Center will entail constructing the first five floors of an 11-story building and the framing and enclosure of the upper six floors, which will house office space for clinicians once they are completed in a second phase. The first phase will include a new patient education and survivorship center, as well as a new chemo-infusion center. Trump said that RPCI currently focuses more on diagnostics than screenings because of limited space. This will change when the new center opens. Its new breast services program will provide more than 10,000 mammograms annually. Trump said increasing the number of screenings at the new center will help promote cancer prevention and expand survivorship.

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## Financing the Clinical Sciences Center

Project partners agree that the NMTC program was a critical component of funding the Clinical Sciences Center. Trump said that, along with Higgins, Sen. Charles Schumer, D- N.Y., and Buffalo Mayor Byron Brown were also proponents of using the tax credit to close the funding gap on the project.

Building America CDE contributed \$9.2 million in NMTC allocation authority from its ninth round award. "The new markets credit is a critical component for health care centers because a lot of funding has to come from fundraising or subsidies from the state and city. The new markets credit fills the gap," said Eric Price, Building America's CEO. Price added that the NMTC has the dual function of building the center and allowing Roswell Park to allocate more capital for services.

NMTC funding also helped RPCI break ground on the project sooner than it could have with fundraising alone.

"What we were able to do by attracting equity financing through the sale of new markets credits is accelerate the time frame so [RPCI] could actually start building immediately, and not five years from now," said Michelle K. Mooney, Housing and Economic Development Corporation (HEDC) New Markets Fund underwriter and director of the National Development Council. The National Development Council contributed \$8 million in NMTCs.

DV Community Investment LLC provided \$9 million in NMTC allocation and a \$2.7 million equity investment was provided by Valley National Bank. "Our mission is to finance projects that create and retain quality jobs where there's a long-term and deep community impact," said James D. Howard Jr., Dudley Ventures' founder and principal shareholder. "Roswell Park Cancer Institute's commitment to providing employment in low-income communities made this a particularly relevant investment for us."

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*Photo: Courtesy of Roswell Park Cancer Institute*  
**Roswell Park Cancer Institute's existing facilities.**





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En Jung Kim, vice president of Chase Community Development Banking, felt the same way. She said that the Clinical Sciences Center was an investment in RPCI's future. "Medical research is important and the new facility will keep Roswell Park competitive with other medical centers in being able to attract and keep staff," said Kim. Chase provided \$4.3 million in NMTCs and invested about \$7.1 million in equity.

In terms of fundraising, the project received more than \$27 million through Phase I of "Making Room to Save Lives: The Campaign to Build a Greater Roswell Park," an initiative of the Roswell Park Alliance Foundation. The Roswell Park Alliance Foundation also provided \$5 million in capital and RPCI provided \$10 million. ♦

## Roswell Park Cancer Institute Clinical Sciences Center

### FINANCING

- \$9.2 million in new markets tax credit (NMTC) allocation from Building America CDE
- \$8 million in NMTC allocation from National Development Council
- \$9 million in NMTC allocation from DV Community Investment LLC
- \$4.3 million in NMTC allocation from Chase
- \$7.1 million in NMTC equity from Chase
- \$2.7 million in NMTC equity from Valley National Bank
- \$10 million from Roswell Park Cancer Institute
- \$5 million from the Roswell Park Alliance Foundation
- \$27 million raised through the Roswell Park Alliance Foundation's fundraising campaign, "Making Room to Save Lives: The Campaign to Build a Greater Roswell Park"

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