



NEIGHBORHOOD INVESTMENT PROGRAM

West Virginia Neighborhood Investment Program Fiscal Year 2018 Annual Report

Michael Graney
Executive Director
West Virginia Development Office





Table of Contents

Introduction	Page 3
NIP Advisory Board Summary	Page 4
Returned/Recaptured Credit Statistics	Page 7
Supplemental Credit Statistics	Page 8
Technical Assistance	Page 9
FY 2016 NIP Direct Program Expenses	Page 10
NIP Credit Statistics	Page 11
Application Statistics - Table 1	Page 12
Approval Statistics - Table 2	Page 13
Credit Distribution Statistics - Table 3	Page 14
Legislative Issues	Page 15
Project Impacts	Page 16
Conclusion	Page 18

NEIGHBORHOOD INVESTMENT PROGRAM

2018 ANNUAL REPORT

Introduction

In 1996, the West Virginia State Legislature enacted the Neighborhood Investment Program (NIP). It was the intent of the Legislature that this act *"encourage private sector businesses and individuals to contribute capital to community-based organizations which establish projects to assist neighborhoods and local communities,"* thus increasing the capacity of such organizations to serve low-income persons and highly-distressed neighborhoods. In the twenty-two years it has been operating, the NIP has successfully attained the goals of the enabling legislation.

In 2011, the West Virginia Legislature reauthorized the NIP through 2016. This legislation also increased the amount of credit available to applicants from \$2.5 million to \$3 million annually. The legislation was reauthorized in 2016 for an additional 5 years, with the tax credit amount remaining at the \$3 million mark.

In FY 2018, the NIP once again achieved record success and remains a significant incentive for donors to contribute to local non-profit organizations. The growth of the program has been such that the demand for the credits outpaced the supply of credits by 217% in FY-2018. During FY-2018, 212 applicant organizations requested an average of \$30,684 in tax credit per project for a total requested amount of \$6,505,157. The NIP Advisory Board voted to approve 200 projects at an average award of \$14,975.

A total of \$3,000,000 in NIP tax credit was allocated for FY 2018 and participant organizations utilized a record-setting 100% of the available credit for the second year in a row. These credits leveraged \$6,993,971 in donations and helped to serve over 600,000 low-income West Virginia citizens.

NIP Advisory Board Summary

First Congressional District	Second Congressional District	Third Congressional District
Susie Nelson Independent Non-profit (June 30, 2019)	Vacant Low-income Citizen	Douglas Hylton Democrat Private Sector (Renewed until June 30, 2021)
Vacant Republican Low-income Citizen	Jeff Wiblen Republican Non-profit (Renewed until June 30, 2019—Final Term)	Angie Swearingen Democrat Non-Profit (June 30, 2017) (Renewed until 2020)
Wendy Scatterday Democrat Non-profit (June 30, 2017) (Renewed until 2020)	Rebecca Conrad Democrat Low-income Citizen (June 30, 2018)	Sandy Dunn Republican Private Sector (June 30, 2017) (Renewed until 2020)
John Nicholson Republican Private Sector (June 30, 2018)	Vacant Republican Private Sector	Vacant Low-income Citizen

NIP Procedural Rule §145-7-4 specifies membership and term requirements for the NIP Advisory Board as follows:

- The Board shall consist of 13 members: the Director of the Development Office plus 12 members appointed by the Director.
- The Director shall serve as chair but shall not vote unless it is necessary to break a tie.
- Four members will be officers or members of boards of directors of unrelated corporations that are currently licensed to do business in West Virginia.
- Four members will be executive directors, officers, or members of boards of directors of unrelated not-for-profit organizations which currently hold charitable organization status under section 501(c)3 of the Internal Revenue Code and which are currently licensed to do business in West Virginia.

NIP Advisory Board Summary—continued

- Four board members will be economically disadvantaged citizens of the State, with an annual gross income of not more than 125 percent of the Federal Poverty Level (FPL).
- No more than four of the 12 appointed members may be from the same Congressional District.
- No more than seven of the appointed members may be from the same political party.
- Members are eligible for re-appointment, but no member may serve more than three consecutive terms.
- Board members shall be appointed for three years. Board appointments shall begin the 1st day of July in the year of appointment and end the 30th day of June of the third calendar year in which the appointment took effect. Appointments to fill unexpired terms shall be for the duration of the term.

The Advisory Board met on August 29, 2017, to review project applications for FY 2018. A total of 212 applications were received requesting a total of \$6,505,157 in tax credit. A total of 200 applications were approved by the Board totaling \$2,984,600 with \$15,400 remaining unallocated. Of the total \$3,000,000 credit allocation, \$3,000,000 was issued during the year by organizations to eligible donors representing the largest amount of credit ever issued. This was the second time in the organization's 22 year history 100% usage has been achieved.

The Advisory Board met again on March 27, 2018 addressing the issue of reallocation. The process of recapturing credit from projects and reallocating it to other organizations is outlined in NIP Procedural Rule §145-7-4.8.b as follows: "If the amount awarded by the Board is less than the full amount sought by the project transferee, the Board may also approve a supplemental amount of credits to become available on or after March 30 of the state fiscal year if sufficient credits remain unallocated as of that date or if credits have been returned from previously approved projects: Provided, that the project transferee receiving supplemental credit approval shall, on or before March 15 of the state fiscal year, have issued *one hundred percent* of the credits they were initially awarded."

NIP Advisory Board Summary—continued

The NIP Procedural Rule continues (regarding reallocation) in §145-7-4.8.d, stating, "Project transferees may return credits to the Development Office that they do not anticipate using in the fiscal year in which they were awarded. Project transferees that have issued *less than seventy percent* of their authorized credits prior to March 15 of that state fiscal year in which they were awarded, and *do not have sufficient written documentation to show the clear intent of a donor to contribute*, may be directed by the Director of the Development Office to return any unused or uncommitted credits previously authorized by the Board. "

At the March meeting, the Board approved the recapture/return of \$39,400 from nine projects that had issued less than 70 percent of their awarded credit by March 15, 2018. After reviewing the eligible NIP participant organizations, using pre-set formularies, the Board was able to approve supplemental credit awards to eight organizations for the entire amount that was available for redistribution (\$54,800) including the \$15,400 withheld at the initial allocation. Charts on the following two pages provide statistical data for the reallocation process for the past 16 years.

Returned/Recaptured Credit Statistics

Fiscal Year	Unallocated Credit	Returned Credit	Recaptured Credit	Available for Redistribution
2003	\$0	\$17,520	\$210,475	\$227,995
2004	\$0	\$8,091	\$178,824	\$186,915
2005	\$0	\$43,569	\$144,508	\$188,077
2006	\$0	\$635	\$132,400	\$133,035
2007	\$0	\$112,114	\$81,652	\$193,766
2008	\$0	\$36,245	\$181,673	\$217,918
2009	\$0	\$69,285	\$277,021	\$346,306
2010	\$0	\$47,078	\$253,835	\$300,913
2011	\$0	\$27,298	\$216,460	\$243,758
2012	\$0	\$102,464	\$251,155	\$353,619
2013	\$0	29,150	\$241,605	\$270,755
2014	\$0	\$42,700	\$63,695	\$106,395
2015	\$5,100	\$0	\$61,525	\$66,625
2016	\$16,450	\$3,500	\$43,300	\$63,250
2017	\$6,165	\$5,450	\$62,064	\$73,679
2018	\$15,400	\$0	\$39,400	\$54,800

Fiscal Year	Supplemental Credit Requested	Supplemental Credit Awarded	Projects Receiving Supplemental Credit	Total Supplemental Credit Issued	Percentage Issued
2003	\$585,563	\$227,995	35	\$219,023	96%
2004	\$1,626,581	\$186,915	43	\$116,149	62%
2005	\$1,195,033	\$188,077	25	\$175,716	93%
2006	\$1,411,087	\$133,035	20	\$119,677	90%
2007	\$963,094	\$193,766	20	\$189,890	98%
2008	\$1,025,473	\$217,918	20	\$204,020	94%
2009	\$1,086,565	\$346,306	32	\$317,697	92%
2010	\$1,223,611	\$300,913	20	\$279,110	93%
2011	\$1,259,619	\$243,758	25	\$243,758	100%
2012	\$1,291,342	\$353,619	19	\$353,619	100%
2013	\$1,696,483.50	\$270,755	22	\$257,358	95%
2014	\$1,418,739	\$106,395	6	\$102,214	96%
2015	\$1,206,000	\$66,625	3	\$66,625	100%
2016	\$2,887,051*	\$63,250	3	\$63,250	100%
2017	\$2,076,250*	\$73,679	3	\$73,679	100%
2018		\$54,800	8	\$54,800	100%

Supplemental Credit Statistics

More projects are becoming eligible for supplemental credit awards each year while the amount available for reallocation continues to decline significantly. This is due to an increased awareness of the tax credits by the public and more efficient use of the credits by the participating organizations. FY-2018 supplemental credit awarded was slightly higher than 2016 due to changes made to the formulary used to recapture credit.

*As of 2016, participants must use 100% of their credits to be eligible for reallocation. By direction of the Advisory Board, it is now calculated by the NIP staff for those eligible and not requested by the participant.

Technical Assistance

Increasing the awareness and understanding of the NIP continued to be a priority in 2018, along with a focus on increasing usage rates by participant organizations. NIP staff held two workshops to educate applicants and participants about the program. These mandatory workshops for FY 2018 applicants took place on May 11 and May 18, 2017. The workshops were designed to provide guidance to organizations regarding the rules of the program and to better prepare organizations for writing their NIP application. NIP staff, in conjunction with the West Virginia Department of Commerce's Communications Department, marketed the workshops statewide in an effort to facilitate public awareness.

Providing NIP information and technical assistance to participants, donors, media outlets, and other interested parties was an integral part of the program in FY 2018. Staff continued to provide specific technical assistance through both one-on-one communication and via the WVDO website. Staff also collected a Mid-Term Report and a Final Report from NIP participants and kept the NIP Advisory Board updated regarding progress of approved projects throughout the year. NIP staff also verified and processed required paperwork and fees for 3,579 NIP eligible donations.

FY 2018 NIP Direct Program Expenses

Category	Expense
Personnel	\$88,336.80
Fringe Benefits	\$21,935.58
Current Expenses	\$23,548.13
TOTAL	\$133,819.80

The West Virginia Development Office provides a great deal of indirect support for the program as well. In particular, the following divisions of the WVDO and the Commerce Communications office provide services in support of the NIP:

- **Executive Director's Office:** The Executive Director, or his or her designee, chairs the NIP Advisory Board. This office also provides legal advice and assistance, as well as managing legislative issues.
- **Administration:** This division provides general accounting services and manages the NIP certification fee account, travel related expenses (for both NIP staff and Advisory Board members), and workshop expenses.
- **Community Development:** NIP staff members are housed in this unit, which offers office space, clerical support, and additional staff support as necessary to administer the program efficiently.
- **Commerce Communications:** This agency provides design services for NIP brochures and mailing materials, as well as issuing all press releases and announcements regarding the program, along with maintaining the NIP website.

Administration of the Neighborhood Investment Program is truly a team effort. The ongoing support of the aforementioned WVDO/Commerce organizational units are integral to the continued success of the program.

According to West Virginia Code, NIP certification fees are collected to offset the administrative costs of the program. Program revenues for FY-2018 were \$179,406.76 while direct program expenses were \$133,819.80.

NIP Credit Statistics

Statistics that are currently tracked for the Neighborhood Investment Program (NIP) include the number of applications submitted for review, amount of credit requested, counties represented, number of applications approved, amount of credit awarded, amount of donations leveraged, amount of credit issued to donors, and the amount of certification fees collected.

The following three pages contain the aforementioned statistics for each year since the program's inception. The information is broken out as follows:

- Table 1 - Application Statistics
- Table 2 - Approval Statistics
- Table 3 - Credit Distribution

Application Statistics—Table 1

Program Year	Number of Applications	Number of Counties Served	Total Amount of Credit Requested	Average Amount of Credit Requested
1997	97	23	\$7,369,600	\$75,975
1998	92	28	\$6,384,080	\$69,932
1999	103	34	\$8,145,690	\$79,084
2000	74	26	\$3,526,044	\$47,649
2001	76	25	\$5,193,221	\$68,332
2002	84	31	\$5,038,025	\$59,976
2003	102	42	\$4,953,955	\$48,568
2004	128	55	\$7,985,241	\$62,385
2005	128	55	\$6,544,070	\$51,125
2006	137	55	\$7,283,960	\$53,558
2007	145	55	\$5,628,703	\$38,818
2008	162	55	\$6,235,056	\$38,488
2009	164	55	\$7,649,339	\$46,642
2010	197	55	\$9,364,182	\$47,533
2011	181	55	\$7,919,127	\$43,646
2012	182	55	\$8,732,821	\$47,802
2013	214	55	\$10,157,595	\$47,465
2014	217	55	\$8,464,264	\$39,005
2015	227	55	\$7,506,900	\$33,070
2016	227	55	\$7,272,475	\$32,037
2017	213	55	\$6,385,000	\$29,977
2018	212	55	\$6,505,157	\$30,684

Approval Statistics - Table 2

Program Year	Number of Approved Applications	Number of Counties Served	Amount of Credit Available	Average Amount of Credit Awarded
1997	69	23	\$1,999,377	\$28,976
1998	73	25	\$2,000,000	\$27,397
1999	77	25	\$1,999,878	\$25,972
2000	61	25	\$2,000,000	\$32,787
2001	73	25	\$2,000,000	\$26,316
2002	81	31	\$2,000,000	\$24,691
2003	102	42	\$2,000,000	\$19,607
2004	116	55	\$2,000,000	\$17,241
2005	119	55	\$2,000,000	\$16,806
2006	128	55	\$2,000,000	\$15,625
2007	140	55	\$2,000,000	\$14,285
2008	158	55	\$2,000,000	\$12,658
2009	161	55	\$2,500,000	\$15,527
2010	180	55	\$2,500,000	\$13,888
2011	177	55	\$2,500,000	\$14,124
2012	179	55	\$3,000,000	\$16,759
2013	204	55	\$3,000,000	\$14,706
2014	201	55	\$3,000,000	\$14,925
2015	203	55	\$3,000,000	\$14,778
2016	200	55	\$3,000,000	\$14,917
2017	200	55	\$3,000,000	\$14,969
2018	200	55	\$3,000,000	\$14,975

Credit Distribution Statistics- Table 3

Program Year	Amount of Donations Raised	Amount of Credit Issued to Donors	Percentage of Credit Issued to Donors	Certification Fees Collected
1997	\$408,507	\$204,253	10%	\$12,112
1998	\$1,148,194	\$573,986	29%	\$34,445
1999	\$1,603,798	\$801,899	40%	\$48,113
2000	\$2,144,097	\$1,072,048	54%	\$64,322
2001	\$2,466,005	\$1,233,002	62%	\$73,980
2002	\$3,097,307	\$1,518,056	76%	\$92,484
2003	\$3,308,327	\$1,625,990	81%	\$98,238
2004	\$3,369,305	\$1,657,617	83%	\$100,478
2005	\$4,112,131	\$1,843,528	92%	\$111,135
2006	\$4,195,365	\$1,919,585	96%	\$115,748
2007	\$4,345,145	\$1,939,193	97%	\$118,841
2008	\$4,148,178	\$1,932,485	97%	\$116,397
2009	\$5,870,091	\$2,428,528	97%	\$145,774
2010	\$6,067,098	\$2,417,649	97%	\$144,728
2011	\$4,934,920	\$2,368,811	94%	\$143,194
2012	\$5,720,020	\$2,828,735	94%	\$172,012
2013	\$6,149,680	\$2,909,406	97%	\$174,721
2014	\$6,095,092	\$2,927,006	98%	\$177,279
2015	\$6,488,731	\$2,967,575	99%	\$183,074
2016	\$6,350,612	\$2,973,386	99%	\$177,101
2017	\$6,438,892	\$3,000,000	100%	\$180,123
2018	\$6,993,971	\$3,000,000	100%	\$179,406



Legislative Issues

The NIP was reauthorized during the 2016 Legislative session for an additional five years through the passage of S. B. 293. Funding levels for the program remained unchanged at \$3 million annually. The Neighborhood Investment Program expires on July 1, 2021. Therefore, it will be up for reauthorization during the 2021 legislative session.

Project Impacts

A wide variety of projects participated in the Neighborhood Investment Program during FY 2018. These project types included, but were not limited to:

- Emergency assistance provided
- Direct needs met that provide self-reliance and independence from government assisted programs
- Affordable housing initiatives
- Counseling and housing assistance for victims of rape, domestic violence, and elder abuse
- Leadership and education programs for at-risk youth
- Transportation assistance providing vehicles to low-income individuals
- Free medical clinics for low-income persons
- College scholarship programs for low-income students
- Drug/alcohol prevention and recovery programs
- Homeless shelters and related services
- Non-medical caregiving services for the elderly and disabled
- Hospice services for low-income patients
- Arts education programs for low-income children
- Community Foundations serving non-profits in rural West Virginia

Funds raised through the NIP incentive help participant organizations provide these much needed services. The list above is just a small sampling of the types of programs that participate in the NIP. There is no simple way to describe the extent of the work these organizations do to help the less fortunate from distressed areas in West Virginia. The services they provide are essential in maintaining a strong social and economic infrastructure in West Virginia - creating stronger, healthier, more informed citizens that are capable of self-sufficiency and contributing to their communities. The following is a small glimpse of the impact the NIP had on projects during FY 2018.

Project Impacts— continued

Helping the working man improve

A 43-year old man with 2 children of elementary school age whose wife recently died after an extended illness sought assistance with rent from CCAP/L&F after he was unable to pay his current month because of overwhelming medical and burial expenses. He was employed full-time, but had to take a lot of time off without pay and was struggling to care for his children following his wife's death. The rental assistance he received prevented him and the children from eviction. His employer held his job for him, so he will be able to maintain his rent going forward. To help him while he works out a payment plan for his bills and stabilizes his finances, he is using the Loaves & Fishes food pantry to supplement food for him and his children. This is a good example of the "working poor" clients that are regularly served by CCAP/L&F.

- Berkeley County Congregational Cooperative Action Project, Inc.

College degrees received

All five scholarships were awarded to students who were financially needy towards the student's tuition and fees at Concord University. These scholarships ultimately help each student to afford obtaining a degree for the ultimate purpose of working in a field of the student's choice. All scholarships were awarded in the spring semester of the academic year. The Foundation has numerous other scholarships that support financially needy students -- such as the Pathways Scholarship that aids 35 students each year. Without these scholarships, many students may not be able to afford their degree without the future burden of large student loans.

- Concord University

Safe housing through recipient's work

Tausha found out about Habitat for Humanity of Kanawha & Putnam's (HFHKP) homeownership program from friends. Tausha came to Habitat because she and her children live in an unsafe neighborhood on Charleston's west side. Numerous shootings are reported annually within blocks of her current home. With three children, one of whom has special needs, Tausha fears what could happen if her children were to play outside. She is forced to keep them inside most of the time, and that's no life for a developing child. Since partnering with HFHKP in early spring, Tausha has excelled through the program. She has already completed the required 18 weeks of homebuyer education and financial training, and she is well on her way to finishing her sweat equity hours. She has been helping to build her future home weekly, and says she is excited to finally live in a good neighborhood.

- Habitat for Humanity of Kanawha and Putnam



Conclusion

The Neighborhood Investment Program has proven in its 22 years of existence to be a significant force when it comes to encouraging businesses and individuals to contribute to their local non-profit organizations. The NIP encourages community development by providing the incentive many businesses and individuals need to get involved in their local organizations which are primarily providing services for emergency assistance, direct needs, and many other services to low income individuals or distressed neighborhoods. By working to build these relationships, the NIP helps to increase the capacity of our communities to support projects which serve our most economically distressed citizens and neighborhoods.