

# Opportunity Zones

October 1, 2018



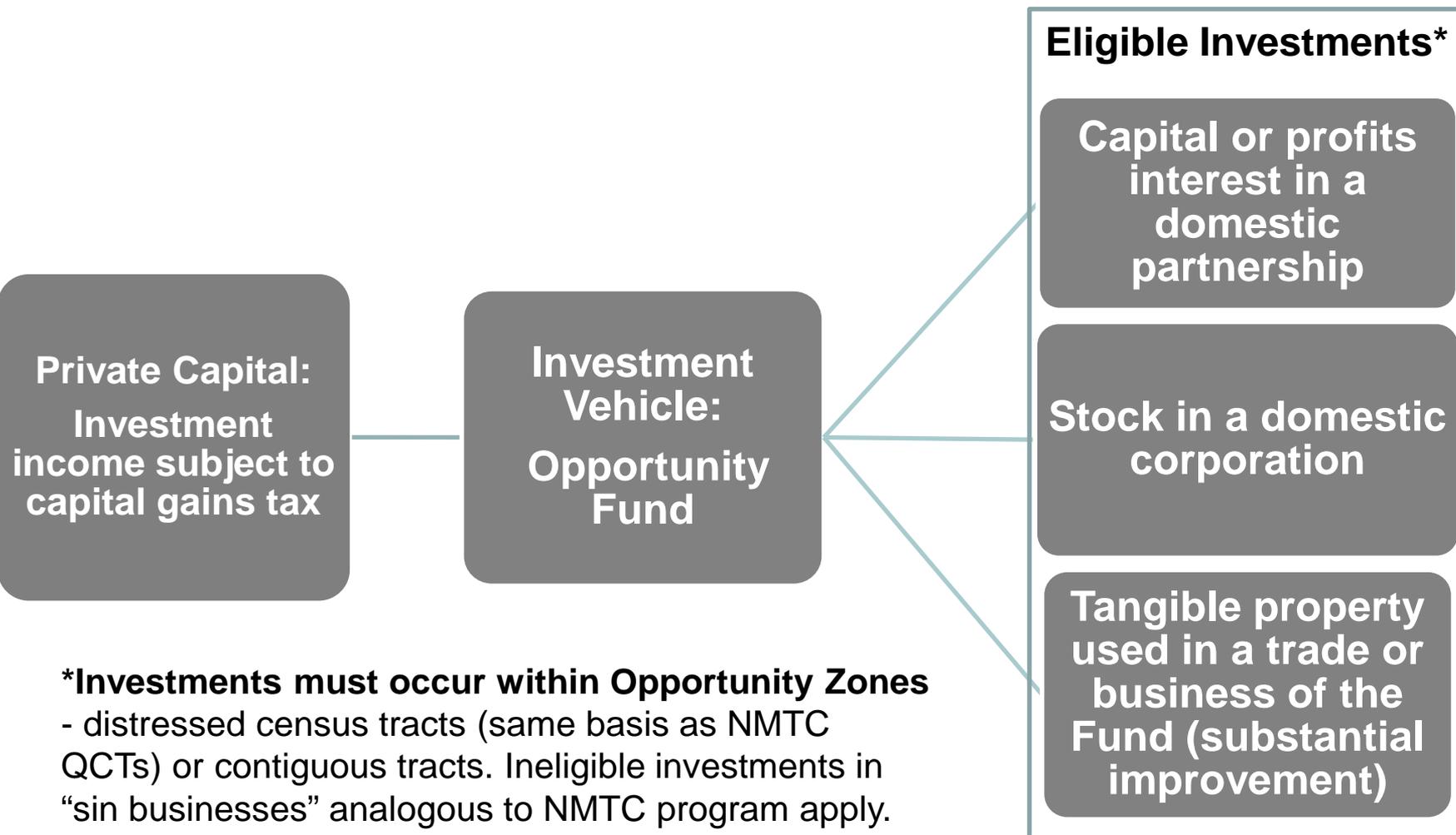
# Enterprise Community Partners' Engagement

We bring together expertise in both the public and private sectors across a range of areas to deliver capital, develop programs, and advocate for policies that strengthen distressed communities.

## Engagement with Opportunity Zones:

- Early supporter of the Investing in Opportunity Act
- Working with key stakeholders on implementation at national and local levels
  - Congressional testimony to Joint Economic Committee ([May 2018](#))
- National resource – Mapping tool, Opportunity Zones guide, webinars, blogs, etc.
  - [www.OpportunityZonesInfo.org](http://www.OpportunityZonesInfo.org)
- Local expertise – Technical assistance presence, existing relationships, and measurable impact in approximately one third of Opportunity Zones nationwide
- Finance capabilities - Leveraging our impact-driven investment platform to create and support Opportunity Funds

# Opportunity Zones: Structure



# Steps Toward Implementation (as of September 2018)

- **Opportunity Zone Nominations:**
  - Approved in 50 states, 5 territories, Washington, D.C. as of June 15 2018
- **Guidance on Opportunity Funds:**
  - [IRS published FAQs](#) (April and June 2018)
    - Certifying as an Opportunity Fund; clarity for investors
    - Submitting comments on Opportunity Zones law
- **Full Implementation of Law:**
  - Treasury submitted proposed rules to OMB for review (September 2018)
  - 10 – 45 days for review before release for public comments
- **State and Local Efforts:** Ongoing
  - Convenings, community engagement and investor engagement, est. frameworks
  - Alignment with other capital programs, incentives
- **Creation of / Investment in Opportunity Funds:** Ongoing

# Emerging Uses for Investment

- **Supporting Entrepreneurs and Growing Businesses**
  - Start ups
  - Growth stage business expansion
  - Franchising
- **Real Estate**
  - Redevelopment of commercial property
  - Incubator space for entrepreneurs
  - Mixed-use properties
  - Housing – both market-rate and affordable
- **Energy Infrastructure**
- **Brownfields Redevelopment**
- **Innovation Districts**

# Activities in States, Cities, Regions

- **Convenings and Information Dissemination:**
  - Select examples: Maryland, Colorado, Washington, Arizona
  - Joint events: Federal Reserve Bank, Enterprise, PolicyLink event ([Recording](#))
  - Norfolk, VA - Opportunity Zones day with tour of key sites
  - [Lorain, OH](#) - Publicly-owned parcels, incentives, brownfield redevelopment
  - [Erie, PA](#) - website for future city prospectus; estimated \$600M investable assets
- **Fund Creation:**
  - Joint venture in Birmingham
- **Incentives and Additional Funding:**
  - State treatment of capital gains
  - Alignment with existing funding sources (debt, tax credits, grants)
  - New incentives and funding
    - Ohio state tax credit
    - Missouri set aside of state Historic Tax Credits (SB 773)
    - Colorado repurposing CDBG program income for eligible TA and planning

# Recommendations for States, Cities, Regions

- **Data-driven approach to policy making, community planning, provision of incentives and resources**
  - [Memphis 3.0 Strategic Plan](#)
  - [Get to Know Your Zones](#)
- **Leverage existing assets to attract investors**
  - Providing market data and information about community plans
  - Highlighting investable deals
- **Tie incentives to activities beyond year-10**
  - Preserving incentives beyond the 10-year tax benefit
  - Responsible exits
- **Create certainty through adopted strategy or established office**
  - Investors are looking for certainty
  - Example: 36 gubernatorial elections in 2018

# CDFA: State and Local Engagement

- **Council of Development Finance Agencies**
  - [State of the States](#) - Opportunity Zones Report
- **Local leadership is key:**
  - Develop a strategy to identify potential investments and make those opportunities known to investors.
  - Identify projects and local economic development strategies and clearly communicate how with investors can engage.
- **Opportunity Fund capital will meet about 5-30% of capital needed.**
  - Identify local programs available for debt financing or other incentives now and make those resources known.

[How States Can Maximize Opportunity Zones](#) – *The Governance Project*