Opportunity Zones: Understanding the Most Important Economic Development Tool of the 21st Century

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What are Opportunity Zones?
A new federal economic development program aimed at encouraging long term private capital investment in America’s low-income urban and rural communities.

America has 8,761 census tracts in Opportunity Zones; together, they:

★ Represent 25% of the total number of low-income census tracts in each U.S. territory and state.

★ Have an average 30% poverty rate.

★ 42% are located in rural areas, 35% in city, and 23% in suburban.

★ Only 9% have at least one transit station.
How does the Opportunity Zones program work?

Uses private investment vehicles to funnel up to $8 trillion in public and privately held capital gains towards economic development activities in our nation’s most distressed census tracts.

**Qualified Property**

**Qualified Business**

**Qualified Business purchasing property**

**Opportunity Fund**

**Scalable tax incentives for patient investing**

- Temporary Deferral until Dec. 2026
- Step-up In Basis: 10% (5 years) or 15% (7 years)
- Permanent Exclusion: 10+ years
- Place-based Investment: 90% of qualified investments must be in an Opportunity Zone
How do Opportunity Zone investments benefit communities and investors?

- Enhance community access to mission-oriented capital
- Concentrates capital in areas of most need
- Reward patient capital by tying incentives to the longevity of investments
- Give investors a stake in communities’ futures by aligning investor payoff with community success
- Allow anyone with capital gains to invest in the future of America’s cities and towns
What types of projects can an Opportunity Fund take on?

- Affordable Housing
- Infrastructure
- Commercial Development
- TOD
- Master-Planned Development
- Small Business Retention
The Opportunity Zones program is still in its infancy and poses numerous challenges to potential stakeholders.

- **Uncertainty** from U.S. Treasury
- Lack of a reporting or tracking mechanism
- Building **local capacity in small and rural towns** to attract investments
- Ensuring local businesses and residents are protected from displacement
- Program **expires** in 2026
What can cities do now?

- Inspire investor confidence in local development projects and processes

- Convene an **Opportunity Zones task force** to establish priority projects

- Align state, local and philanthropic resources and incentives.

- Create one-stop shop and **project pipeline database**

- Reduce regulatory process for **project approval**

- Create an **Opportunity Fund** accessible to local residents and business

- Ensure equitable development outcomes in Opportunity Zone areas

- Institute “do no harm” policies

- Create **measurable, people-based** social equity outcomes

- Develop a real **attainable housing strategy**

- Build **cross-sectional coalition** in support of transit & equitable development

- Establish **equitable development scorecard** to direct local investment
LOCUS Opportunity Zone Navigator: An interactive mapping tool for individuals and organizations interested in real estate, policy, and business, economic, and community development activities in America’s newly designated Opportunity Zones

Search America’s 8,761 Opportunity Zones for…

➔ Transit stations
➔ Brownfield sites
➔ Poverty rate
➔ And more

Understand…

➔ The economic, environmental, housing, and infrastructure characteristics of each OZ
➔ The type of development needed to revitalize distressed communities and stimulate economic growth there

locusdevelopers.org/opportunity-zones
Join these like-minded real estate developers and investors, local leaders, and elected officials.

LOCUS

A 300-strong national coalition of real estate developers and investors advocating for sustainable, equitable, walkable urban development in America’s cities and towns.

First & Main

Over 100 local elected officials united behind a blueprint for prosperity in America’s rural, small, and mid-sized communities.
Thank you!

Questions? Contact Christopher Coes at ccoes@locusdevelopers.org

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