



CDFA-TEDC Webinar: Driving Investment into Texas' Rural Opportunity Zones

Thank you

for joining the
conversation
today. Send us
your questions
and comments!

Welcome

The Broadcast will begin at 1:00 PM (Central)



CDFA-TEDC Webinar: Driving Investment into Texas' Rural Opportunity Zones

Thank you
for joining the
conversation
today. Send us
your questions
and comments!



Katie Kramer

Vice President
Council of Development Finance Agencies

See all of CDFA's resources online at www.cdfa.net/resources



CDFA-TEDC Webinar: Driving Investment into Texas' Rural Opportunity Zones

Legal Disclaimer

CDFA is not herein engaged in rendering legal, accounting, financial or other advisory services, nor does CDFA intend that the material included herein be relied upon to the exclusion of outside counsel or a municipal advisor. This publication, report or presentation is intended to provide accurate and authoritative general information and does not constitute advising on any municipal security or municipal financial product. CDFA is not a registered municipal advisor and does not provide advice, guidance or recommendations on the issuance of municipal securities or municipal financial products. Those seeking to conduct complex financial transitions using the best practices mentioned in this publication, report or presentation are encouraged to seek the advice of a skilled legal, financial and/or registered municipal advisor. Questions concerning this publication, report or presentation should be directed to info@cdfa.net.

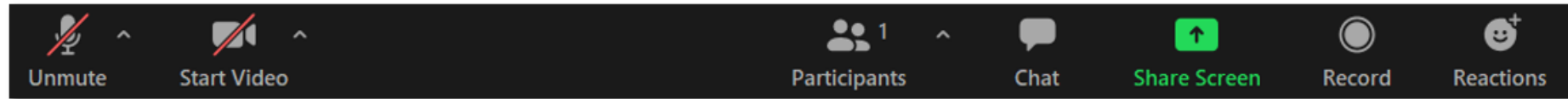
Thank you
for joining the
conversation
today. Send us
your questions
and comments!



CDFA-TEDC Webinar: Driving Investment into Texas' Rural Opportunity Zones

Thank you

for joining the
conversation
today. Send us
your questions
and comments!



Submit your questions to the panelists here.





CDFA-TEDC Webinar: Driving Investment into Texas' Rural Opportunity Zones

Panelists

Thank you
for joining the
conversation
today. Send us
your questions
and comments!



Katie Kramer

Vice President
Council of Development
Finance Agencies



Skye Morse

Investment Director
M&S Development

See all of CDFA's resources online at www.cdfa.net/resources



CDFA-TEDC Webinar: Driving Investment into Texas' Rural Opportunity Zones

Panelist



Katie Kramer

Vice President
Council of Development Finance Agencies

Thank you
for joining the
conversation
today. Send us
your questions
and comments!

See all of CDFA's resources online at www.cdfa.net/resources

Understanding Opportunity Zones

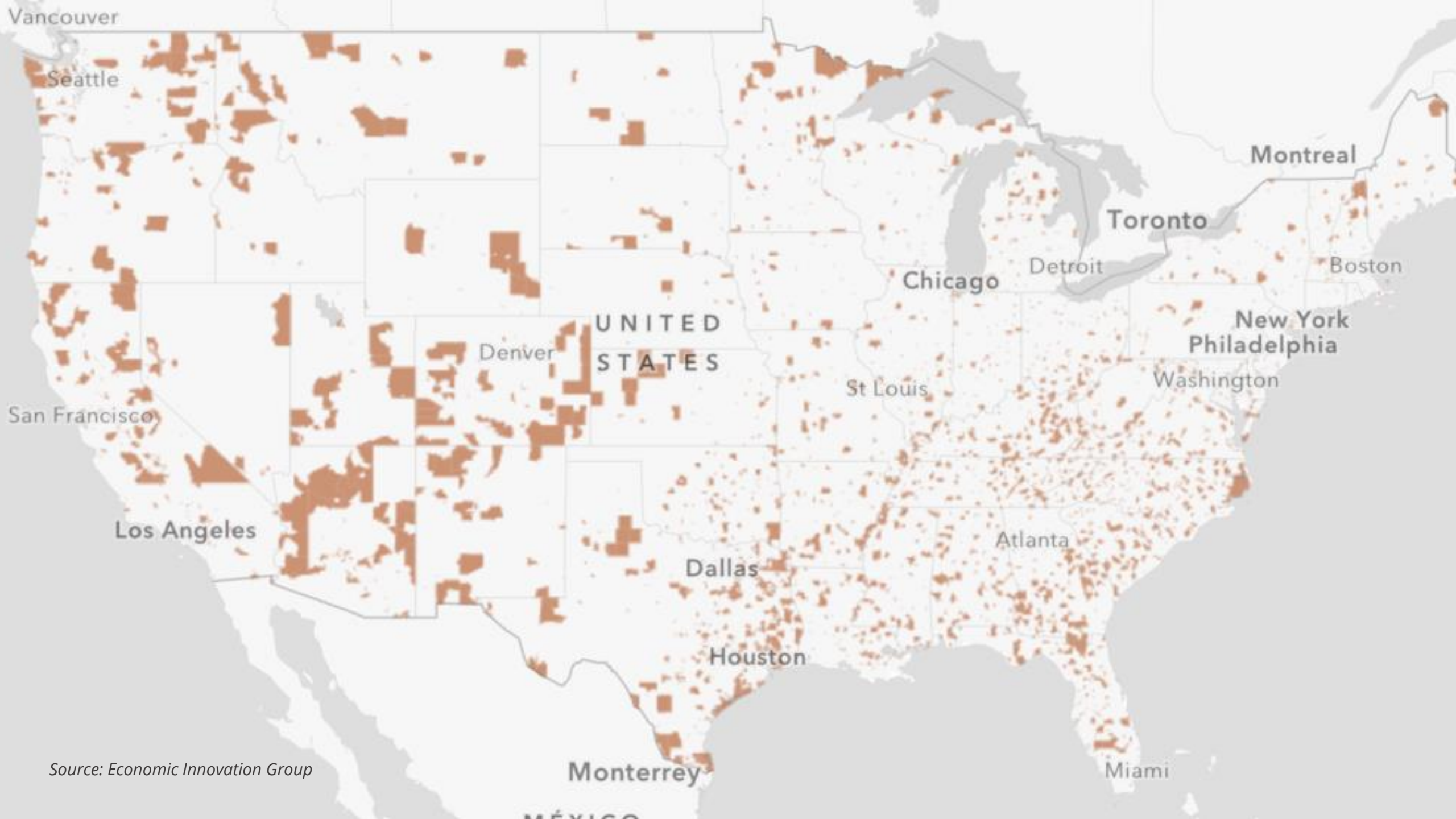
Education • Advocacy • Research • Resources • Networking



Katie Kramer, Vice President
Council of Development Finance Agencies

What are Opportunity Zones?

- ▶ Opportunity Zones are low-income census tracts eligible for investment from Opportunity Funds.
- ▶ Investors receive tax benefits in return for investing their capital gains into Opportunity Zone property or businesses.
- ▶ Nominated by Governors in early 2018. All Opportunity Zones designated by the U.S. Department of the Treasury in June 2018.
- ▶ 8,700 Opportunity Zones across the United States and approx. 35 million people live in them.



Source: Economic Innovation Group

Opportunity Zones in Texas

- ▶ According to the Dallas Fed, Opportunity Zones in Texas are overrepresented in rural areas
- ▶ 60% of designated OZs in the state are rural
- ▶ 61% of the people living in a designated OZ are in rural Texas

Source: <https://www.dallasfed.org/-/media/Documents/cd/pubs/opportunity.pdf?la=en>

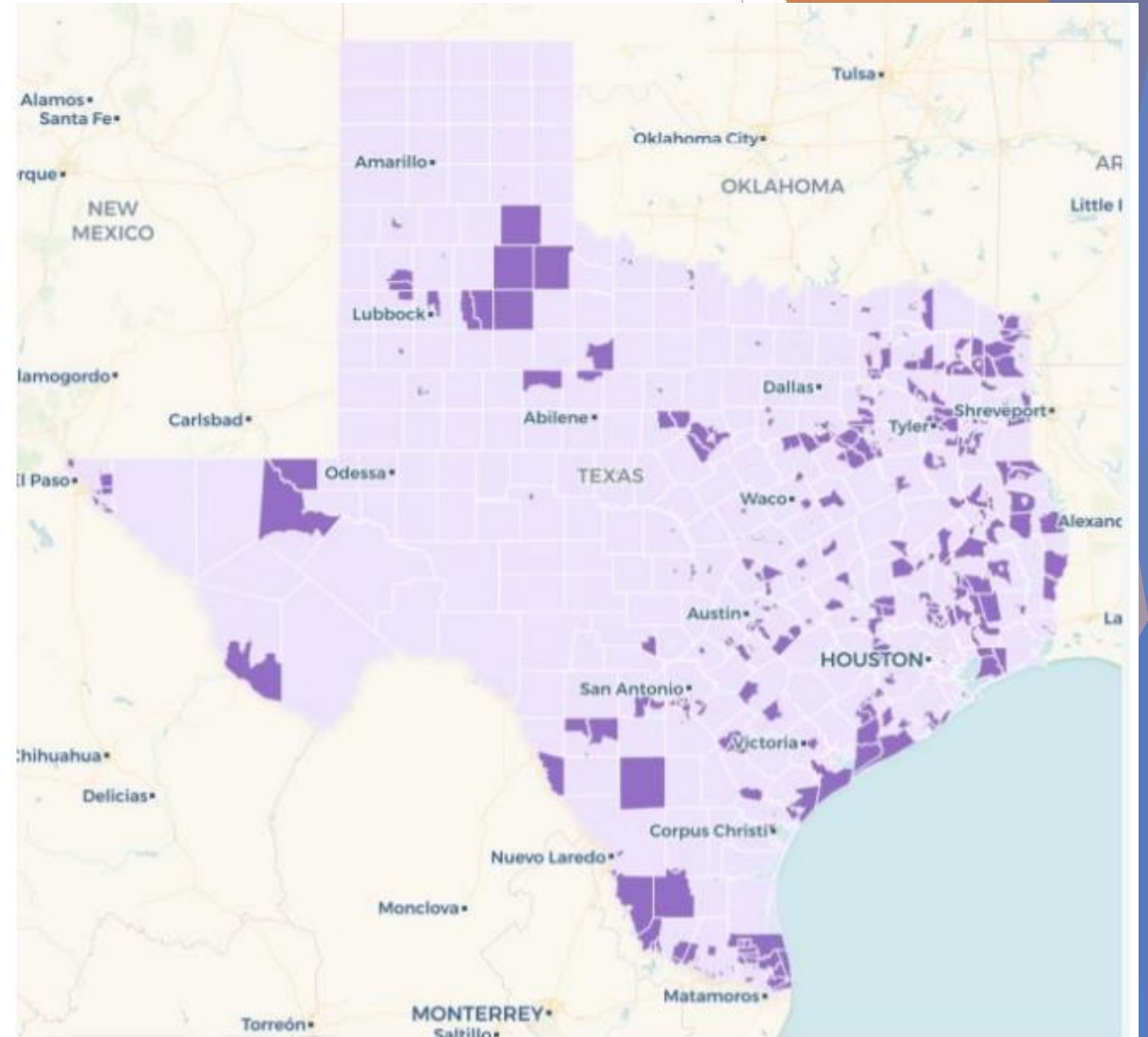
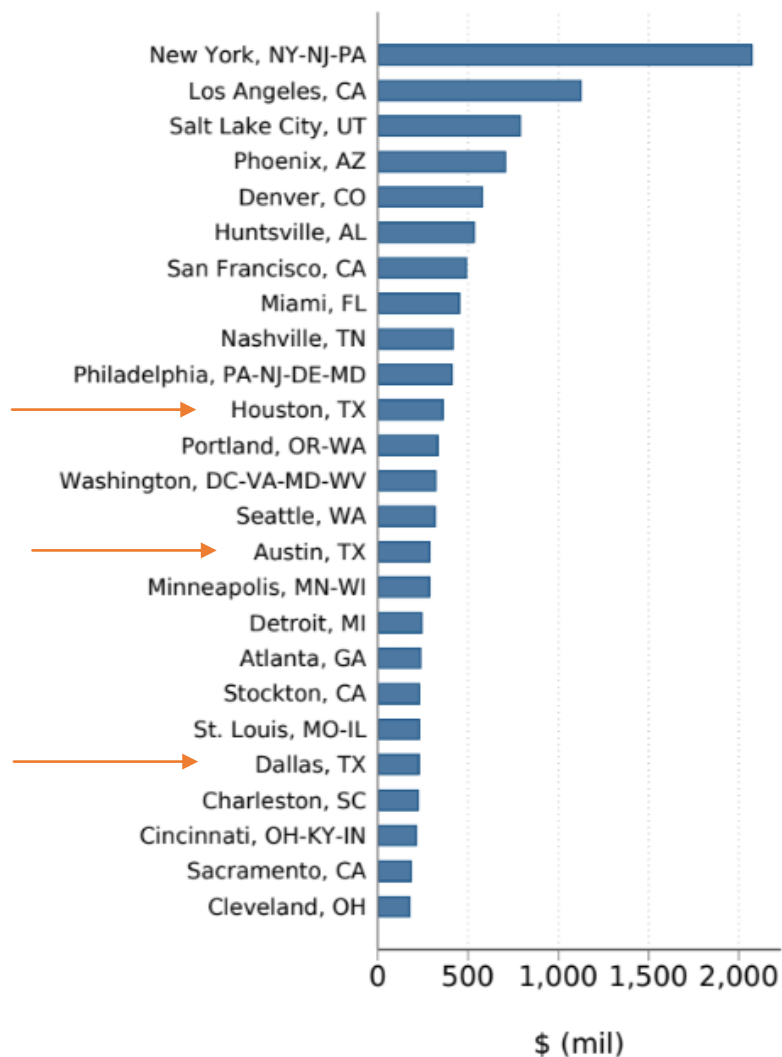
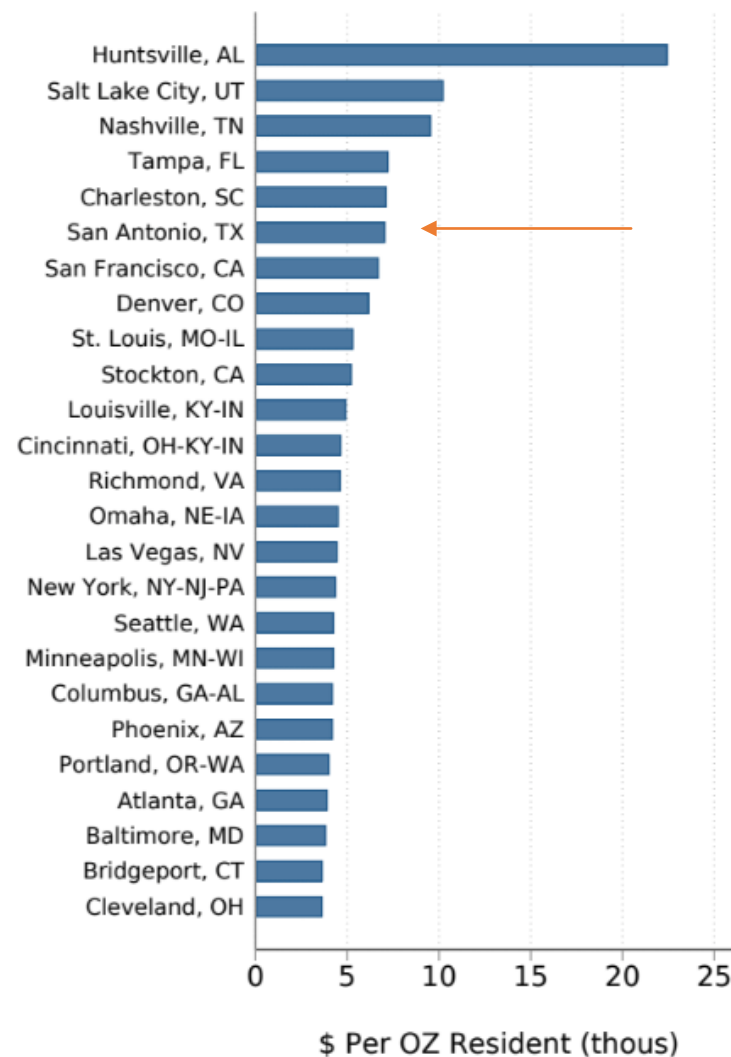


FIGURE 3: OZ INVESTMENT IN 25 TOP COMMUTING ZONES

Panel A: Total Investment




Panel B: Investment Per OZ Resident



What are the Benefits to Investors?

What does this mean today?

- ▶ Defer taxes owed on the initial capital gains through 2026. 
 - *Yes. Investors need to realize gains by Dec 31, 2026 and invest in an OZ by Dec 31, 2028.*
- ▶ 10% reduction of initial capital gains taxes if invested for at least 5 years. 
 - *Yes, the 10% reduction is still a viable benefit.*
- ▶ 15% reduction initial capital gains taxes if invested for at least 7 years. 
 - *No, this is not a viable benefit. No investor has shared with CDFA that this prevents them from investing.*
- ▶ Investors pay no new capital gains taxes if the investment earns any money after being invested for 10 years. 
 - ***Yes, this is still the most promising benefit to investors.*** Can keep investment in OZ through Dec 31, 2048. No capital gains taxes owed on any earnings realized.

Opportunity Funds and Investors

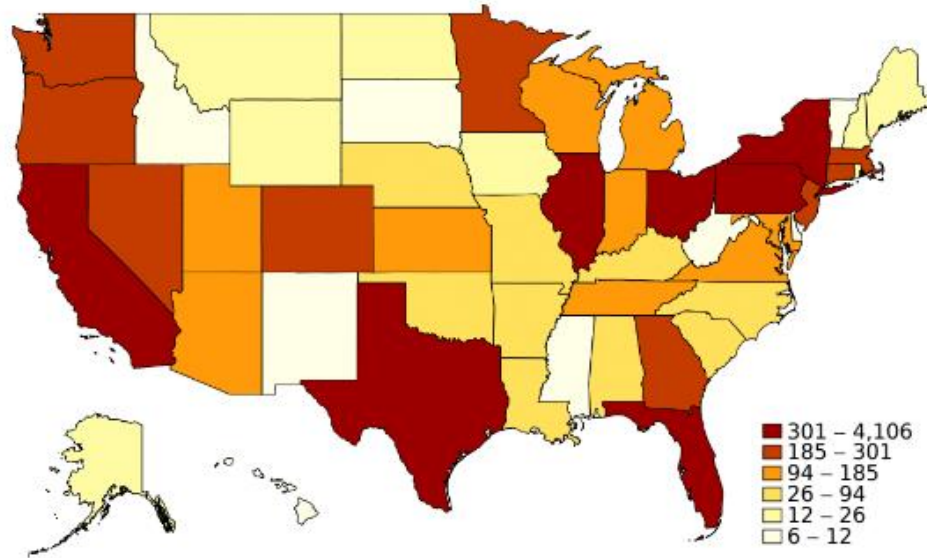
- ▶ In a recent survey from the Economic Innovation Group, 40% of respondents indicated that OZ projects could not move forward without additional forms of financing.

<https://eig.org/news/state-of-the-opportunity-zones-marketplace-oz-survey>

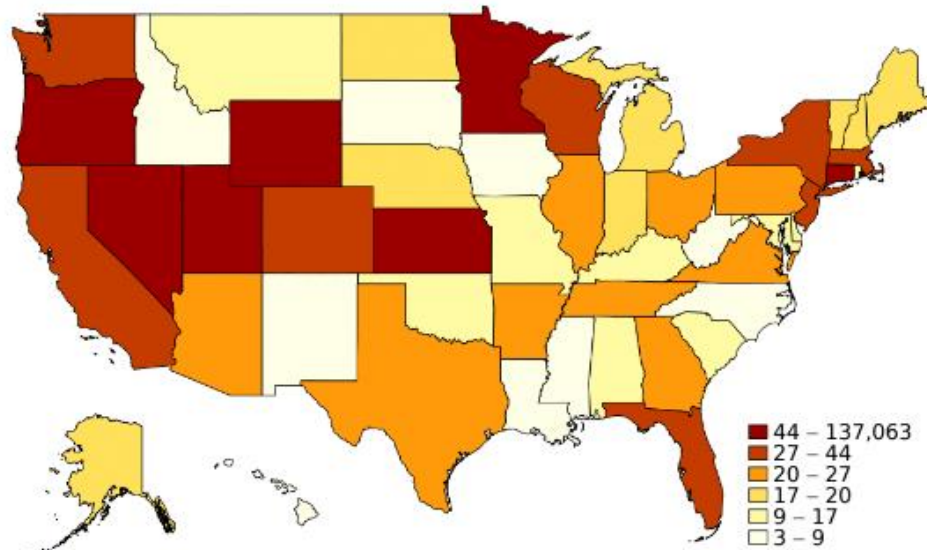
- ▶ It is important to understand the variety of different financing programs that a project can use, including bonds, loan funds, tax credits, federal programs
- ▶ Bring those sources together along with Opportunity Funds in advance to have proactive conversations about the capital that is needed.

FIGURE 7: GEOGRAPHY OF QOF INVESTORS

Panel A: Total QOF Investment (mil \$), by Investors' State of Residence



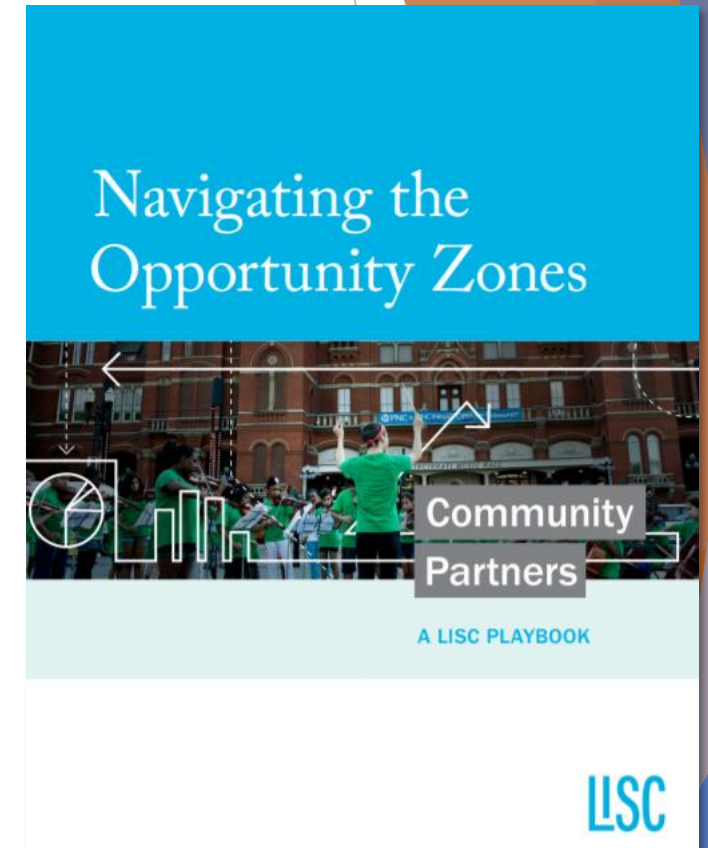
Panel B: QOF Investment Per Capita, by Investors' State of Residence



What Can My Community Do?

OZs are a market-based incentive, and there is no guarantee that investment will happen in your zone.

- ▶ LISC and CDFA collaborated to create a playbook for communities to follow.
- ▶ Six actionable steps to help communities envision, design, and implement beneficial OZ projects.
- ▶ The playbook is geared for leaders of local CDCs, CDFIs, DFAs, and other organizations that work on economic development and revitalization in communities.



What Can My Community Do?

- ▶ **Step 1:** Hold a Stakeholder Meeting
- ▶ **Step 2:** Embarking on a Plan for Work in OZs
- ▶ **Step 3:** Develop Incentives and Guardrails in OZs
- ▶ **Step 4:** Collaborate to Build a Project Pipeline and Leverage Expertise
- ▶ **Step 5:** Ramp Up Your Investor Marketing
- ▶ **Step 6:** Develop Impact Metrics and Encourage Transparency

Opportunity Zones Prospectus

Opportunity Zones Resource Center

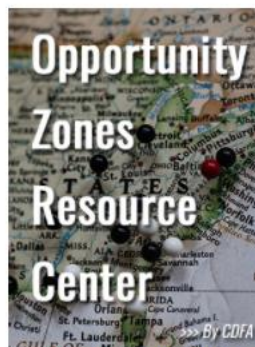
Overview

Created as part of the Tax Cuts and Jobs Act, **Opportunity Zones** are a federal economic development tool aiming to improve the outcomes of distressed communities around the country. Opportunity Zones are low-income census tracts that offer tax incentives to groups who invest and hold their capital gains in Zone assets or property. By investing in Opportunity Zones, investors stand to gain a temporary deferral on their capital gains taxes if they hold their investments for at least 5 years, and a permanent exclusion from a tax on capital gains from the Opportunity Zones investments if the investments are held for 10 years.

Support provided by
CohnReznick
ADVISORY • ASSURANCE • TAX

Want regular updates on Opportunity Zones? Subscribe to CDFA's **Opportunity Zones Update newsletter**.

⇒ **Subscribe**



⇒ **Read more about this Tool**

+ Understanding Opportunity Zones

+ Resources

+ Case Studies

Neighborhood-Level Investment from the Opportunity Zone Program: Early Evidence Members only

A new report from economists at the University of California Berkeley provides the first real evidence of OZ investment captured in 2019. Approximately \$18.9 billion of aggregate OZ investments occurred that year representing nearly 2,500 investments. The authors estimate that 1,362 zones (roughly 16%) received investment and every state saw some form of investment.

OZ Prospectus - City of Yucaipa, California Members only

This is an Opportunity Zone Prospectus for the City of Yucaipa, California. It was produced through collaboration between the City, San Bernardino County, and Local Equity LLC.

OZ Prospectus - City of Victorville, California Members only

This is an Opportunity Zone Prospectus for the City of Victorville, California. It was produced through collaboration between the City, San Bernardino County, and Local Equity LLC.

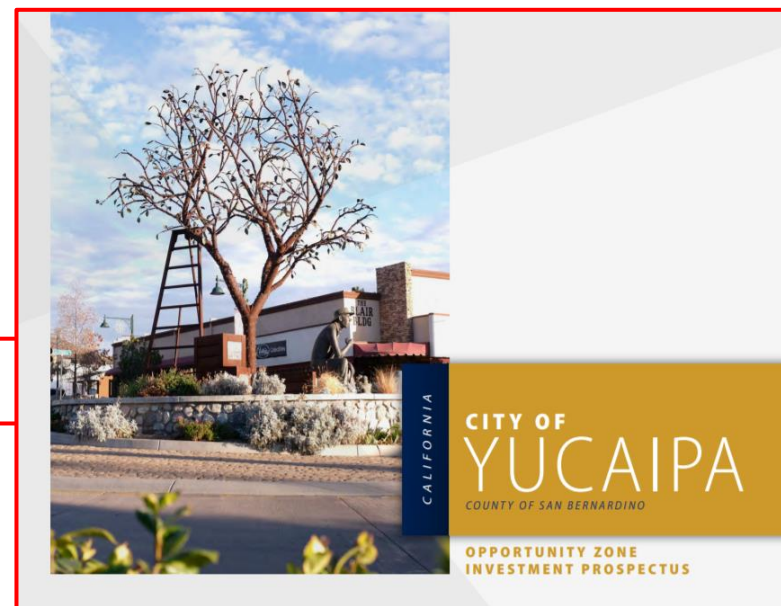
OZ Prospectus - City of Upland, California Members only

This is an Opportunity Zone Prospectus for the City of Upland, California. It was produced through collaboration between the City, San Bernardino County, and Local Equity LLC.

OZ Prospectus - City of San Bernardino, California Members only

This is an Opportunity Zone Prospectus for the City of San Bernardino, California. It was produced through collaboration between the City, San Bernardino County, and Local Equity LLC.

⇒ **View more Case Studies**



Investor Marketing

- ▶ Many online platforms exist to help connect OZ investors to projects. Check out The Opportunity Exchange.



THE OPPORTUNITY
EXCHANGE



RICHMOND, VA

CSRA Opportunity Zone Fund III

\$18,400,000

Develop "Scott's Collection III," a Class A multifamily community in one of the hottest submarkets o...

 Development  Next 6 months

[VIEW DETAILS](#)



NEW IBERIA, LA

Baits Motel

\$500,000

Our proposed project is the re-development of an existing vacant building, we are turning into the B...

 Development  Next 6 months

[VIEW DETAILS](#)



GREENVILLE, SC

Chapel - mixed-use warehouse renovation in Greenville SC

\$7,200,000

It's called Chapel, and is meant to challenge the status quo of both real estate development and bus...

 Development  Next 6 months

[VIEW DETAILS](#)



EUCLID, OH

Celebration Village

\$205,628,000

An 82 acre - Fully Secure & Gated (55+) Age Restricted Retirement Resort Featuring 846 residentia...

 Development  6 - 12 months

[VIEW DETAILS](#)

What are the Benefits to Communities?

Remember that the tax incentive flows to the investor. Communities can still benefit in other ways:

- ▶ Availability of capital and incentives that can be distributed more widely in your community and to places not designated as an OZ
- ▶ New investments and opportunities to increase tax revenues over time
- ▶ Opportunities to build new relationships with investors, create new stakeholder partnerships
- ▶ Opportunities to access funding and receive priority evaluation on projects because of the OZ designation

Opportunity Zones Projects

- ▶ South Central Los Angeles, CA
- ▶ SoLa Beehive will be first Opportunity Zones Business Campus in the U.S.
- ▶ Located in former Goodyear Tract Industrial Planning District
- ▶ \$30M OZ investment to purchase and renovate 6 buildings on campus for 200k square feet.



Opportunity Zones Projects

- ▶ Casper, Wyoming
- ▶ Redevelopment of a former oil refinery to a much needed hotel and conference space in the city
- ▶ Located in an OZ and assembling Opportunity Fund capital to support the redevelopment of the real estate.
- ▶ Project Response Team visit through CDFA Brownfields Technical Assistance Program



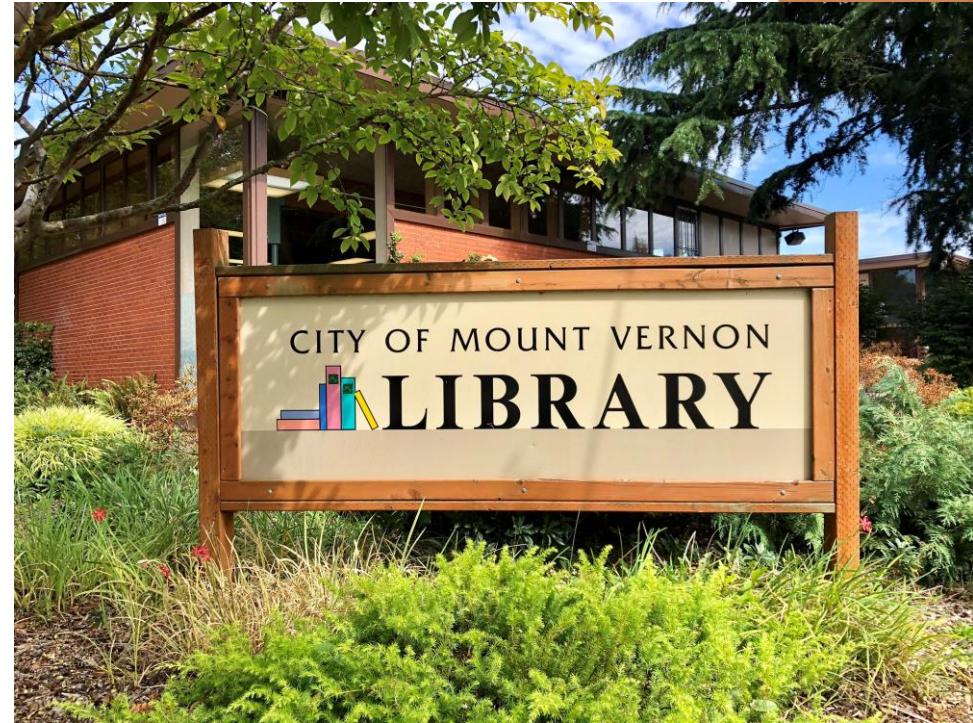
Opportunity Zones Projects

- ▶ Erie, PA
- ▶ Erie Downtown Development Corp
- ▶ Pennsylvania's Flagship Opportunity Zone
- ▶ \$40M redevelopment in Erie's OZ
- ▶ Grocery store
- ▶ Food Hall w/ 9 local vendors
- ▶ Plus, mixed-use housing, office, retail



Opportunity Zones Projects

- ▶ Mount Vernon, WA
- ▶ Move city's library to downtown location on former gas station
- ▶ Located in an OZ
- ▶ Project Response Team visit through CDFA Brownfields Technical Assistance Program
- ▶ Example of how a city can use a catalytic project to attract OZ capital in and around the zone even though project not ideal for direct OZ investment



Opportunity Zones Projects

- ▶ Grant Portage Tribe Reservation, MN
- ▶ \$3.2M grant from EDA to modernize local ferry terminal and marina
- ▶ Matched by \$2M in local funds
- ▶ Funds used for renovation of terminal along with construction of new educational center
- ▶ Catalytic project to drive private OZ investment in the tourism sector



*Rendering of the future Hat Point Marina and Ferry Terminal in Grand Portage, Minnesota.
Photo by: AMI Consulting Engineers, P.A.*

Opportunity Zones Projects

- ▶ Butte, MT
- ▶ EPA's Targeted Brownfields Assessment program provided financial guarantee on \$36M private investment
- ▶ Praxis Center for Innovative Learning will develop a regional hospital training and medical center in one of the city's Opportunity Zones
- ▶ Also includes NMTC and private investment
- ▶ Good example of rural healthcare initiative in OZ



CDFA OZ Resource Center

Opportunity Zones

Overview

Created as part of the Tax Cuts and Jobs Act, **Opportunity Zones** are a federal economic development tool aiming to improve the outcomes of distressed communities around the country. Opportunity Zones are low-income census tracts that offer tax incentives to groups who invest and hold their capital gains in Zone assets or property. By investing in Opportunity Zones, investors stand to gain a temporary deferral on their capital gains taxes if they hold their investments for at least 5 years, and a permanent exclusion from a tax on capital gains from the Opportunity Zones investments if the investments are held for 10 years.

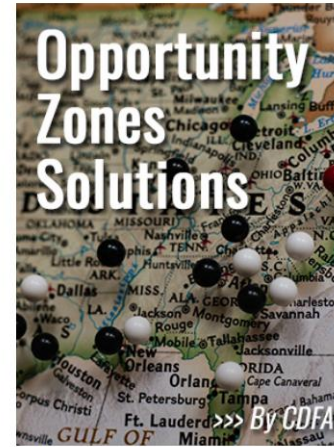
Support provided by



⇒ [Learn more about Opportunity Zones](#)

Want regular updates on Opportunity Zones? Subscribe to CDFA's **Opportunity Zones Update** newsletter.

⇒ [Subscribe](#)



⇒ [Learn More About This Tool](#)

+ [How Opportunity Zones Work](#)

+ [Rules and Regulations](#)

+ [Official Treasury Designations](#)

+ [Opportunity Zones Resources](#)

+ [Headlines](#)

Advancing Development Finance Knowledge, Networks & Innovation

Join CDFA Today!

- ▶ Discounted Registration Rates for CDFA Trainings & National Summit
- ▶ Reduced Rates for Publications in the CDFA Bookstore & Special Offers from Industry Partners
- ▶ Exclusive Access to the CDFA Online Resource Database and Federal Financing Clearinghouse
- ▶ Free Job and RFP Postings



www.cdfa.net
[@CDFA_update](https://twitter.com/CDFA_update)



CDFA-TEDC Webinar: Driving Investment into Texas' Rural Opportunity Zones

Thank you
for joining the
conversation
today. Send us
your questions
and comments!

Questions?



CDFA-TEDC Webinar: Driving Investment into Texas' Rural Opportunity Zones

Panelist



Skye Morse

Investment Director
M&S Development

Thank you

for joining the
conversation
today. Send us
your questions
and comments!

See all of CDFA's resources online at www.cdfa.net/resources



CDFA-TEDC Webinar: Driving Investment into Texas' Rural Opportunity Zones

Thank you
for joining the
conversation
today. Send us
your questions
and comments!

Questions?



Thank you
for joining the
conversation
today. Send us
your questions
and comments!

CDFA-TEDC Webinar:
Driving Investment into Texas' Rural Opportunity Zones

Upcoming Events

CDFA // BNY Mellon Development Finance Webcast Series: Layering the Capital Stack

Tuesday, September 21, 2021
2:00 PM - 3:00 PM Eastern

Intro Tax Credit Finance WebCourse

September 29-30, 2021
Daily: 12:00 PM - 5:00 PM Eastern

CDFA Food Systems Finance Webinar Series: Debunking Risk in Food System Finance

Tuesday, October 12, 2021
2:00 - 3:30 PM Eastern

Register online at www.cdfa.net



CDFA-TEDC Webinar: Driving Investment into Texas' Rural Opportunity Zones

Thank you
for joining the
conversation
today. Send us
your questions
and comments!



Katie Kramer
Vice President
614-705-1318
kkramer@cdfa.net

This webcast is designed to provide accurate and authoritative information in regard to the subject matter covered. It is available with the understanding that CDFA and the panelists are not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.