

Opportunity Zones Webinar Series December 2020

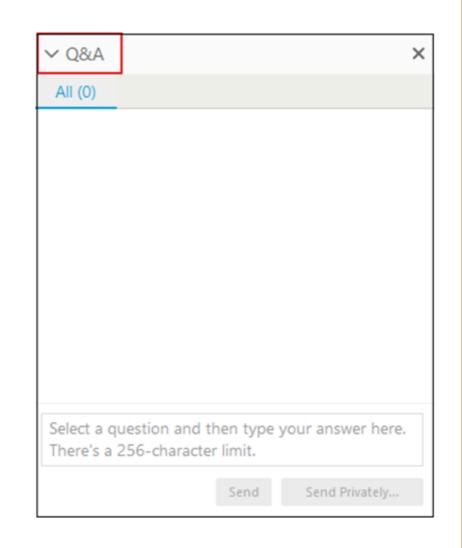


WebEx Guidance

- All attendees have been muted
- Q&A box located on right side of screen

Content Related & Technical Issues

- Submit via the Q&A box
- Send to Host, Presenter and Panelists
- Host will work directly with you to resolve technical issues



WebEx Guidance

- This webinar is being recorded
- Training materials will be available on the HUD Exchange



Opportunity Zones Webinar Series December 2020







Develop Your OZ Action Plan to Build or Strengthen Your Local OZ Ecosystem

Opportunity Zones Webinar Series: Session 3 December 15, 2020



ROADMAP TO READINESS



UNDERSTAND

- Housing needs
- Market conditions
- Economic drivers
- Existing tools
- Existing partners
- Investor priorities



ALIGN

- Partners
- Priorities
- Land, property, and infrastructure assets
- Financial resources



ESTABLISH

- Local priorities
- Financial incentives
- Regulatory tools



PARTNER

- With local stakeholders
- Across sectors and levels of government
- With residents and businesses



MEASURE

- Key indicators
- Project and program outcomes
 - Impact over time



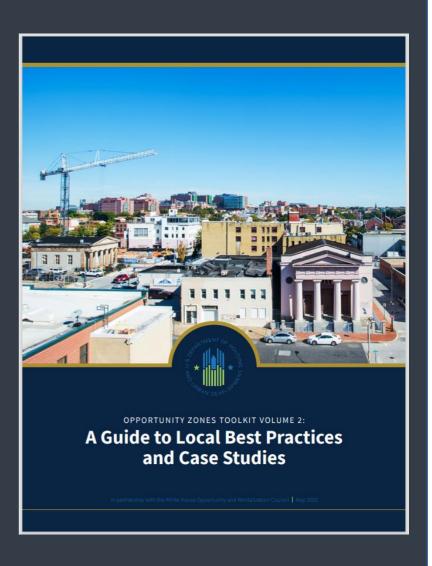
OPPORTUNITY ZONE ACTION PLAN & ECOSYSTEM

- Define Local Typologies
- Build an Investor Base
- Engage Residents and Communities
- Educate Investment-Eligible Businesses



OZ MARKETPLACE: INNOVATIONS AT THE LOCAL LEVEL

- Activate Stakeholders
- Shape the Market
- Centralize Information







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Today's Webinar



Opportunity Zone Action Plan and Ecosystem

Strategies for Promoting Local Economic Development Within Opportunity Zones

Opportunity Zone Action Plan and Ecosystem | Speakers



Erich Yost
Senior Management Analyst
US Department of Housing and
Urban
Development

Moderator



Stacy Cumberbatch

Managing Director

Blended Impact Labs



Daffney Moore
Chief Opportunity
Zone Officer
St. Louis Development Corporation



Dr. Eloisa
Klementich, CEcd
President and Chief
Executive Officer
Invest Atlanta



Marc Alexander
Vice President of
Investment Services
Invest Atlanta



Sherri Francois Chief Impact Officer SoLa Impact



Dr. Eloisa Klementich,

President and CEO

Invest Atlanta

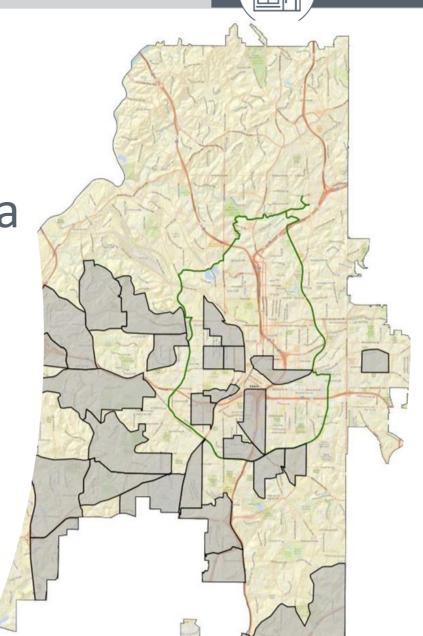


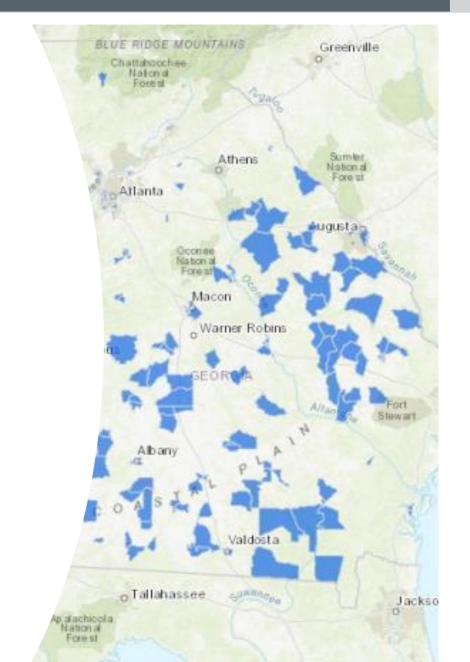


Vice President of Investment Services

Invest Atlanta

State of Georgia & City of Atlanta

















THE ARTHUR M. BLANK FAMILY FOUNDATION

CATALYTIC INVESTMENTS PLANNED THROUGHOUT THE CITY









WESTSIDE INVESTMENT





NEW PARKS AND GREENSPACE



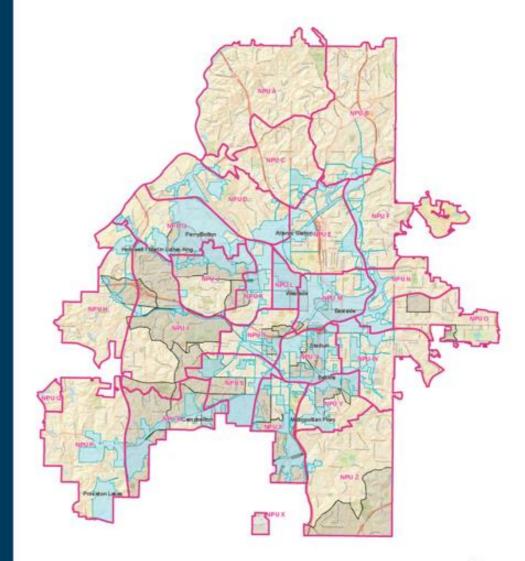
ATLANTA BELTLINE CONNECTIONS ADAPTIVE REUSE OF LARGE SITES



COMMUNITY REVITALIZATION: TAX ALLOCATION DISTRICTS

TADs with Opportunity Zone Overlay:

- Atlanta Beltline TAD
- Campbellton Road TAD
- Hollowell/Martin Luther King TAD
- Metropolitan Parkway TAD
- Perry Bolton TAD
- Westside TAD





Social Impact Program

Develop relationships with social impact funds and projects that promote equitable economic development outcomes:

- Create living wage jobs
- Promote entrepreneurship
- Create affordable housing
- Increase access to quality commercial and retail activity
- Improve the built environment by utilizing sustainable practices and/or instilling a sense of civic pride





Chief Opportunity Zone Officer

St. Louis Development Corporation



ST. LOUIS PROGRAM GOALS:

- Encourage local developers to expand their efforts in OZ areas and partner with investors.
- Connect with local CDCs to create synergy and build capacity.
- Build small business operations and entrepreneurship.
- Engage & Educate local elected officials and community on OZ areas.
- Look at whether St. Louis should have its' own OZ fund.



KEY PARTNERSHIPS

- Opportunity Zone Working Group & Opportunity Zone Community Engagement Group
- EPA Office of Community Revitalization
- Federal Agencies HUD, EPA, SBA, HHS
- City Agencies SLDC, Mayor's Office, Planning & Urban Design, Community Development Administration
- North Star Community Partners Better Family Life, Greater Ville CDC, Friendly Temple Holdings, Tabernacle Community Development Corporation (TCDC), Center for the Acceleration of African American Businesses (CAAAB)
- Heartland St. Louis Black Chamber of Commerce
- St. Louis Small Business Empowerment Center



NEEDS ADDRESSED:

Stakeholder information and maps:

Created a document organizing 700+ stakeholders, including apartment buildings, banks, businesses, daycares, elected officials, faith-based organizations, neighborhood organizations, salon, and schools, across 30 neighborhoods in and around Opportunity Zones.

St. Louis Opportunity Zone Website:

- Marketplace for investors and developers to connect over St. Louis projects.
- An outlet for resources available to businesses and residents.
- Website at <u>WWW.STLOPPORTUNITYZONES.ORG</u> created.
- Used as a COVID-19 Resource Page.

Grants for Small Businesses:

Assisted in outreach and promotion of SLDC's Small Business Grant program, which has led to 800+ grants distributed; the city committed to a minimum requirement that 51 percent of awards will focus on businesses within the Opportunity Zones, Promise Zone, and Neighborhood Revitalization Strategy Areas.

ST. LOUIS GRANT FUND - THREE INITIATIVES

- Personal Protective Equipment Grant
- Neighborhood Beautification Program
- Opportunity Zone Media Outreach



ST. LOUIS CURRENT OZ ACTIVITIES

- North Star Community Partners Group EPA Opportunity Zone Technical Assistance
- New Opportunity Zone Prospectus
- Heartland Black Chamber of Commerce
- Inclusive Growth Series Washington University and Mastercard
- Opportunity Zone Working Group
- St. Louis Economic Development Framework
- City Foundry St. Louis
- MasterCard Accelerator for America
- NewCities St. Louis: A New Urban Champion
- Greater St. Louis Inc.





Managing Director

Blended Impact Labs



Opportunity Riverside: Riverside County, CA

OUR PROCESS

- Listening tour and data research to understand the ecosystem
- Community education and engagement
- Crafting prospectus & resource hub:
 <u>RivcoOZ.com</u>
- Identifying and layering incentives
- Investor outreach
- Further ecosystem development, partnerships and engagement planned

INITIAL OUTCOMES

- Input & partnership with over 60 organizations
- \$50M in QOF investments in due diligence
- \$3.4M in grants in progress with OZ priority consideration
- Pilot projects slated with Mastercard City
 Possible & Blended Impact Labs
- Launch of an independent entity,
 Opportunity Riverside

















Chief Impact Officer

SoLa Impact

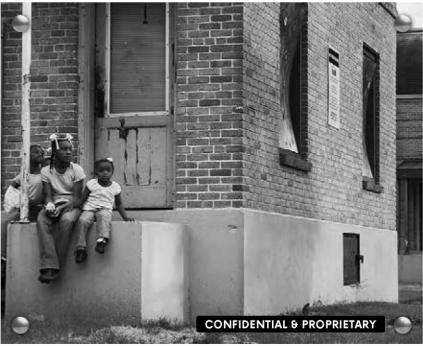












THE BLACK IMPACT FUND



BLACK IMPACT **GROUP**

Impact Allocation:

13% of carry & fees

Thirteen percent (13%)

of all real estate asset appreciation and fees earned will go toward funding an affiliated, notfor-profit — The Black Impact Community Fund.

We believe this unique structure will become the new-and-improved way of delivering social impact returns.

BLACK IMPACT OZ FUND I

Size: \$500 million

Stakeholders: Tax-paying entities, individual investors, and financial institutions

Target: Invests in OZ opportunities in African-American and Latinx Communities

BLACK IMPACT NON-OZ FUND I

Size: \$500 million

Stakeholders: Institutional investors, endowments, foundations, ESG/PRI investors

Target: Invests in projects/ properties in close proximity to Fund's OZ investments

Impact Allocation: 13% of appreciation

Target Return: 9-12% net IRR, not factoring tax advantages 2.2x equity multiple

Asset Types: Affordable housing, mixed use, and commercial campuses

BLACK IMPACT COMMUNITY FUND

Funded by 13% of appreciation, fees, & carry

Stakeholders: Philanthropies, faith-based organizations, public-private partnerships, gov't assistance/grants/etc.

Target: \$100 million invested by not-for-profit in community initiatives, access to education, job creation

Target Returns: Intergenerational wealth creation and community enrichment

Asset Types: For-sale housing, accessible housing, masterplanned communities

AN ENTIRELY NEW WAY OF DELIVERING TRUE SOCIAL IMPACT



The **Black Impact Community Fund** is a not-for-profit 501(c)(3) with the explicit goal of ensuring the local community participates in and benefits from the investments of the Black Impact Fund.

Accessible Housing

An operating company that builds "accessible" housing for sale at-cost to local residents, creating wealth, home-ownership, and alignment in the communities we invest in



Tenant Mayra Hernandez receives her keys

SoLa Impact Tech Center conducts VR training for South LA kids



Access to Education

"Bridging the digital divide" through scholarships, technology literacy, and entrepreneurship

Nonprofits, Faith-Based Organizations, & Academic Partnerships

Partner with faith-based organizations, academic institutions, and local government to deliver projects that meet community needs



Weekly food drive at 88th Street Church of God



Coffee Del Mundo,

Jobs & Economic Development

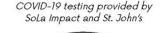
Catalyze minority-led and women-led businesses in the community

Access to Capital

Partner with minority-led local developers, architects, and contractors; enable entrepreneurs to drive job creation and economic activity



"Chewy" Chawinga & Craig Bowers, South LA Brewery (Beehive QOZB)





Health & Wellness

Improve social determinants of health with preventative health education & COVID-19 testing





OZ Marketplace Innovations at the Local Level

Strategies for Promoting Local Economic Development Within Opportunity Zones

ROADMAP TO READINESS



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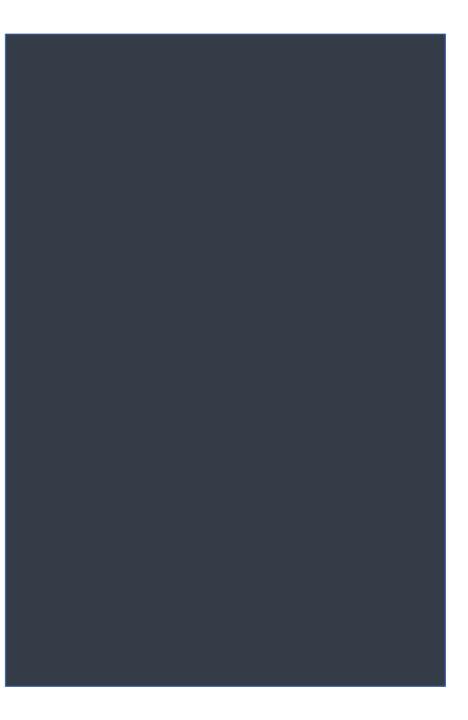
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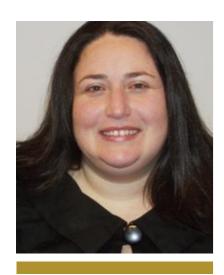


OZ MARKETPLACE: INNOVATIONS AT THE LOCAL LEVEL

- Activate Stakeholders
- Shape the Market
- Centralize Information



OZ Marketplace Innovations | Speakers



Janine Cuneo Vice President

Moderator



Catherine Lyons
Director of Policy
Economic Innovation Group



Dr. Brien WaltonChief Executive Officer
Acadia Capital Management, LLC



Ajit Mathew George
Founder
Second Chances Farm, LLC



Dr. Leonard MillsChief Executive Officer
Verte Opportunity Fund



Catherine Lyons

Director of Policy

Economic Innovation Group



EIG Opportunity Zones Activity Map

Your gateway to the most innovative local developments

This portal highlights the core components of the emerging marketplace:

- **1. Map of Investments** into Opportunity Zones
- **2. Map of Funds** that have formed to steward investment capital in Opportunity Zones
- **3. Map of Initiatives** at the state and local levels that adapt Opportunity Zones to local priorities



Source: eig.org/oz-activity-map



Opportunity Zones: Early Signs of Impact

Opportunity Zone Development Profile



The Tappan

Congressional District: Ohio 11th

Opportunity Fund Manager: PNC Bank

QOZ Business: Tappan Opportunity Zone, LLC

Investment Date: Q2 2019

Project Details: New mixed-use, mixed-income building with 95 apartments and a 2,000-squarefoot bakery

Hometown Developer Carves Out Space for Neighbors in Revitalizing Community

Cleveland-based Sustainable Community Associates (SCA) have broken ground on their fourth development in the city—The Tappan—which will bring 95 new apartments and a bakery to the Tremont neighborhood. SCA views The Tappan as building upon Cleveland's ongoing efforts to revitalize the Tremont neighborhood and invest along the Scranton Corridor. Once completed in Q3 2020, The Tappan will offer homes that are affordable, and will provide a local entrepreneur the opportunity to open a bakery on the ground floor.

The Tremont neighborhood is located within a five-minute drive of downtown Cleveland, and is home to one of the city's largest anchor institutions, MetroHealth. The healthcare provider has embarked upon a \$1 billion renovation of its main campus, making it the first health care system to anchor an EcoDistrict in the U.S. The revitalization of MetroHealth's campus has sparked broader investment interest in Tremont and long the Scranton Corridor. Having community-based developers like SCA steward revitalization efforts—just as they have with their other Tremont developments, The Fairmont Creamery and Wagner Awning Building, can help to foster inclusive growth a midst broader reinvestment.

The Cleveland City Planning Commission notes that, while major new housing developments are contributing to the rebirth of the Tremont neighborhood, the increased investment brings with it the challenge of ensuring residents will continue to have affordable places to live. The Tappan is a new building and therefore is adding new homes to the community. Leveraging the Opportunity Zones tax incentive allowed SCA to provide lower rents. Sixty percent of the homes will be workforce apartments, ensuring there are affordable places to live in a neighborhood poised for increased investment.

Projected Impact

Full-Time Equivalent Jobs Supported (excludes construction)	43
Construction Jobs Supported	64
New Jobs Created due to Retail	17
Local Fee Revenue due to Construction	\$513,000
State and Local Tax Revenue due to Ongoing Operations	\$617,500 annually

"The National Association of Home Builders' National Impact of Home Building model was used to project the economic impact o this investment. These estimates are calculated on a nationwide basis and actual local impact may vary.

Community Stats	Census Tract 1041	Cleveland MSA
Median Family Income:	\$26,607	\$69,998
Poverty Rate:	43%	37%
Adults Not Working:	45%	26%
Minority Population:	68%	30%
Bachelor's Degree or Higher	18%	30%
Housing Vacancy:	19%	11%

Opportunity Zone Investment Profile





Proximity

Location: Montrose, CO

Congressional District: CO-03

Opportunity Fund Name: CORI Innovation Fund
Opportunity Fund Manager: Center on Rural
Innovation

Investment Date: 01 2020

Project Details: Mission-aligned investment in operating business aims to connect and enable startup ecosystems in rural, suburban, and metropolitan communities

High-Growth Small Business Secures Opportunity Zone Investments for Expansion

Proximity Space, Inc. (Proximity) was launched in 2015 to create efficiencies in the expanding and fragmented market of shared workspaces and has scaled to become the nation's largest network of coworking brands. By providing products, services, resources, and training tailored to meet the needs of space owners, community managers, and coworkers within their vast network, Proximity is fostering the growth of small businesses and entrepreneurs throughout the nation.

Proximity's growth exemplifies how coworking space can serve as a hub for attracting and supporting entrepreneurs and small businesses. The success of startups is not limited to urban areas. Proximity's founders chose to locate the company in Montrose, CO—a town of 19,100 residents—taking into account factors like the cost of living, access to high-speed internet, and affordable downtown workspace. Since launching, Proximity has grown to a staff of 28, contributed to the revitalization of downtown Montrose, and was named one of the top coworking spaces by Forbes and Inc. Magazine. In 2019, Proximity opened a round of funding to fuel its continued expansion.

In Q1 2020, Proximity secured an Opportunity Zone investment from the Center on Rural Innovation (CORI) Innovation Fund. CORI is a nonprofit action tank that is sparking the revival of small towns across America by helping them build digital economy ecosystems. CORI recognized Proximity's potential for continued business growth and their mutual interest in building networks to support entrepreneurs and empt businesses.

Projected Impact

New Jobs Created at Proximity:	18
Indirect Jobs Created:	90
New Proximity Network Locations:	1,500
Percentage of Expansion into New Markets:	65%

See "The Impact of Opportunity Zone Financing" for More Details

Community Stats	Census Tract: 9663	MSA: Montrose, CO
Median Family Income:	\$45,994	\$59,385
Poverty Rate:	27%	17%
Adults Not Working:	28%	25%
Minority Population:	33%	24%
Bachelor's Degree or Higher:	18%	24%
Housing Vacancy:	7%	6%



"CORI's support of Proximity proves that mission-aligned investing through Opportunity Zones can be a vital piece of a highgrowth company's capital stack. CORI is pushing Proximity forward faster in our vision to be the connecting backbone between people and places for the distributed workforce of today and tomorrow."

- Josh Freed, Co-Founder and CEO, Proximity



EIG info@eig.o: eig.org info@nesha.org

The information presented was gathered through interviews with project stakeholders (e.g., the project sponsor, fund manager, housing finance agency, etc.). Statistics from the American Community Survey are included, and additional publicly available data from the U.S. Department of Housing and Urban Development, the U.S. Department of Education, and the Centers for Disease Control may be included as well.



Opportunity Zones Leaders as Agents of Recovery

"Over the last two years, Opportunity Zones have allowed us to build a network of stakeholders that care deeply about helping distressed places. We hope this site will provide a gateway linking our network to those businesses and communities in economic distress, no matter where they are in Alabama."

Alex Flachsbart, Founder and CEO,
 Opportunity Alabama







Delivering Opportunities



Report Components:

- Neighborhood conditions
- OZ typologies
- Local needs and priorities
- Areas of opportunity
- Community engagement and investment activity
- Strategies for delivering investment and impact



Delivering Opportunity: Four Key Issue Areas

Four key issue areas emerged from numerous conversations with local stakeholders as realms in which Opportunity Zones are primely positioned to help the state further its goals.

1) Build a dynamic and resilient economy

- Small businesses, entrepreneurs, entrepreneurial ecosystems
 - Local examples: 10X Engineered Materials; East Chicago Logistics Center; Greenwave QOF

2) Create livable communities

- Historic preservation, brownfield remediation, Main Street revitalization, vacancies
 - Local examples: Brookville Main Street; Ridley Tower (Marion); Michigan City Brewery District

3) Improve resident health

- Food deserts, health care providers
 - Local need: Half of Opportunity Zones in the Northwest region are food deserts.

4) Provide quality, affordable housing

- · New starts, rural housing, affordability across the income spectrum
 - Local examples: The Westmont (Indy); Forge on Main (Evansville); Bloomington; Jackson



Delivering Opportunity: Strategies for Delivering Investment & Impact

Further strengthen local capacity and drive investment to overlooked opportunities by:

- Addressing knowledge gaps
- Engaging local investors

Strategies that can be employed by public- and private-sector leaders:

- 1) Establish a statewide Opportunity Zones coordinator.
- 2) Create a centralized online directory of essential Opportunity Zones information.
- 3) Enhance and align public resources to strengthen Opportunity Zones communities and shape the market.
- 4) Activate residents, businesses, and community stakeholders.





Chief Executive Officer

Acadia Capital Management, LLC



Ajit Mathew George

Founder

Second Chances Farm, LLC





Chief Executive Officer

Verte Opportunity Fund





Develop Your OZ Action Plan to Build or Strengthen Your Local OZ Ecosystem

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Close-Out | Speaker

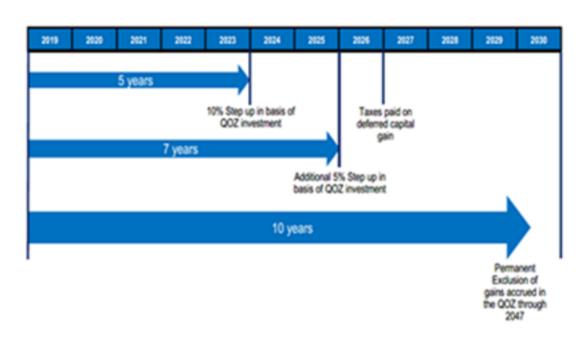


Alex Stowe
Advisor to the Assistant
Deputy Secretary
U.S. Department of Housing and Urban
Development

Taxpayer Incentives



Maximum Benefit is Achieved by Holding the QOZ Investment for at Least 10 Years





RESOURCE

www.hudexchange.info/oz

Additional Information and Resources

Visit the Opportunity Zones page on HUD.gov for guidance and additional resources.



Related Materials and Resources

- Recording
- Slides
- Transcript
- Day One Resources

https://opportunityzones.hud.gov/



Council of Economic Advisors Report on Opportunity Zones

Rural Opportunity Zone Resources

How Do Opportunity Zones Work?

Highlights from the One-Year Opportunity Zones Report

1-Year Council Report to the President

Join our mailing list to stay on top of Opportunity Zone Council action items, Executive Director Turner's travel and outreach, as well as all the latest news

Executive Order on Establishing the White House Opportunity and Revitalization Council