OPPORTUNITY ZONES

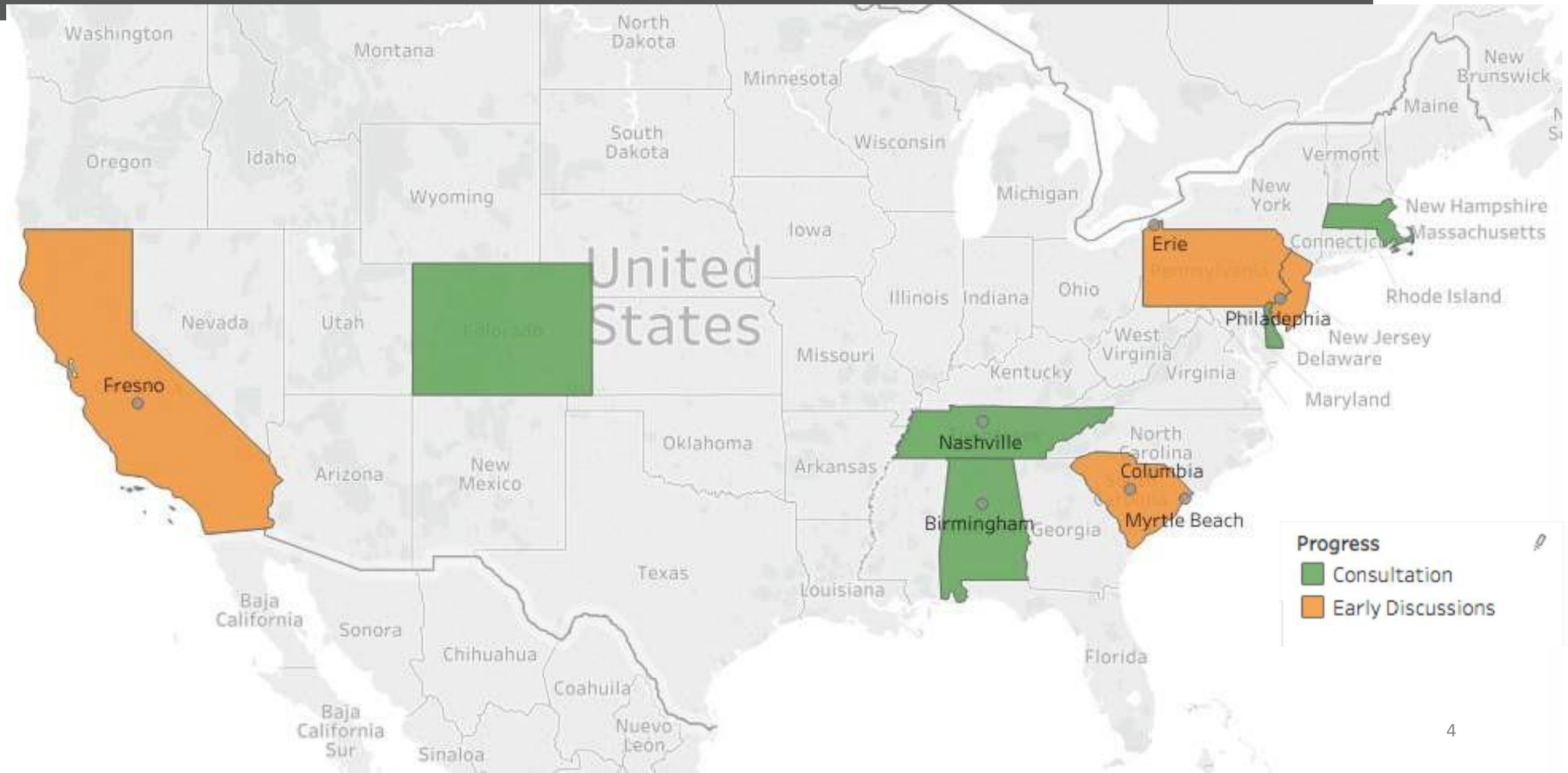
How can states & municipalities maximize them?

Sarah Bianchi

Opportunity Zones
8700 Across the Country

We believe engaged collaboration between public, private and philanthropic leaders offers a promising path to develop solutions that work locally and across the country.

We are working with several states and cities



How investors are thinking about Opportunity Zones

Excellent tax incentives to invest in designated Opportunity Zones

New possibilities for those with realized gains and patient capital

Current rules make it challenging to invest in one multi-asset fund

Not always clear how to find viable projects

New set of stakeholders

Opportunity Zones should attract broad investments but challenges remain.

Housing

Infrastructure

Existing or Start-Up Businesses

Industrial Real Estate

Commercial Real Estate

States and Cities organizing stakeholders to develop projects

CO

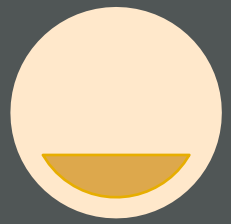
Statewide convening last June brought stakeholders together, with follow up leading to projects developing across the state.

Held stakeholders conference and divided by regions for follow up.

The City of Birmingham secured 26% of the state's designated zones and Mayor Woodfin committed to redeveloping downtown through their strategic use, especially in the Civil Rights District.

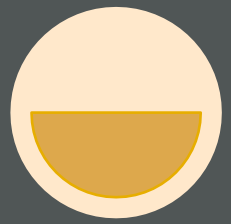
State & Municipal Best Practices

Begin With Community Engagement



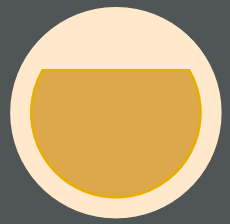
Identify Needs

- Figure out 2-3 needs for achieving community vision that Opportunity Fund capital could help address



Identify Assets

- What are strongest aspects of community?
- What can they do to increase attractiveness?
- Assets include: anchor institutions, city owned land, regional growth, active nonprofits, and more…



Identify Specific Projects

- Where do needs and assets overlap to create a project?

Build Action Plan

- Identify the tangible steps to move from identifying to actualizing project
- what stakeholders need to be engaged? who is responsible for doing so?

Four Principles of Project Selection

1. Focus on areas that demonstrate social need and have market traction.
2. Link capital investment to human capital development for low income residents.
3. Guide Investments towards projects that transition to the new economy and future of work.
4. Collect information and use it to guide future investment.

Source: Katz & Nowak, 2017

Focus First on Local Anchors

Colleges & universities, hospitals, and museums are vital community institutions

Anchors can use QOZ for needed real estate expansions

Can Develop land and use returns for mission driven purposes

Can elevate local and regional role as anchor institution

Birmingham, Al.

Opportunity Zone in the Civil Rights District

1 of 24 designated O-Zone tracts in the city

Mayor Woodfin committed to eradicating blight and redeveloping downtown

Birmingham secured 26% of Alabama's O-Zones

Developing Downtown Birmingham

Variety of stakeholders coming together

Anchor institution is vital to project

Land donated by key local stakeholders

City agrees to help with financing

Surrounding commercial development plan

Delaware

Small state with a big vision

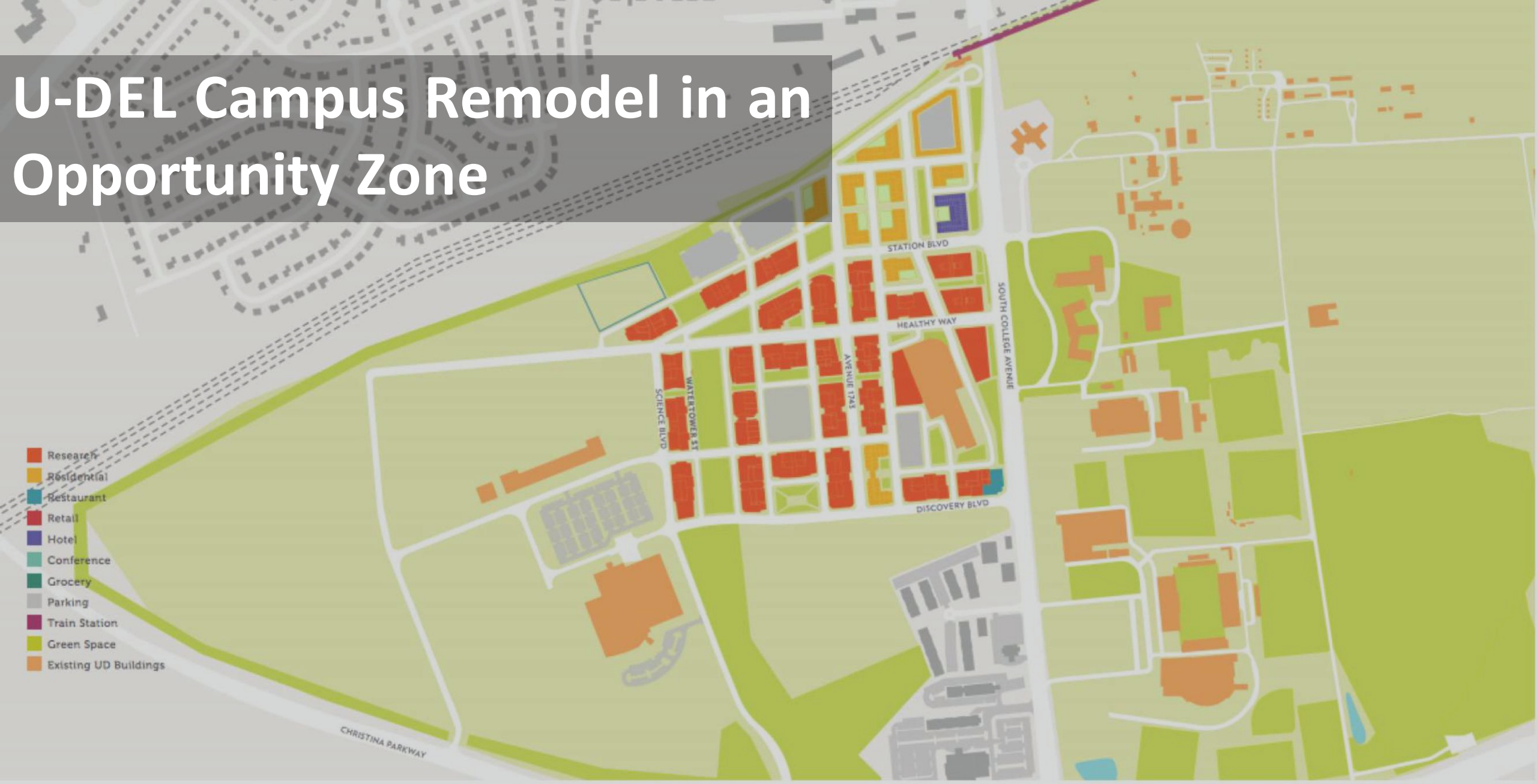
25 Opportunity Zones in the state.

Located in areas that will attract investment to spur business creation.

11 Zones are in reduced-tax downtown development districts and 20 are Brownfield Redevelopment Sites.

Delaware's Approach

U-DEL Campus Remodel in an Opportunity Zone



Massachusetts Opportunity Zones

by the numbers

138 Opportunity Zones in the state.

Potential to drive a diverse array of projects – from universities to advanced manufacturing

48% of Zones are in Gateway Cities

KEY CONSIDERATIONS MOVING FORWARD IN MASSACHUSETTS

Stakeholders should develop specific project-profiles for investors.

Qualified Opportunity Funds form around specific projects.

Focus initial projects around anchor institutions.

First mover advantage in communities with workable deals.

THANK YOU
questions and comments welcome

Sarah Bianchi