



Opportunity Zones

**State and Local Policies to Prevent
Displacement and Attract Investment**

May 30, 2018

Agenda

- Part 1 – Anti-displacement strategies (1-2pm ET)
 1. Census tract analysis
 2. Policy discussion
 1. Assess displacement risk
 2. Consider policies and tools
 3. Determine appropriate strategies
 4. Local business considerations
 3. Q&A

- Part 2 – Strategies to attract investment (2-3pm ET)
 1. Census tract analysis
 2. Policy discussion
 1. Framing the conversation
 2. Understanding your Opportunity Zone
 3. Engagement
 4. Preparation
 5. Incentives
 3. What's next?
 4. Q&A

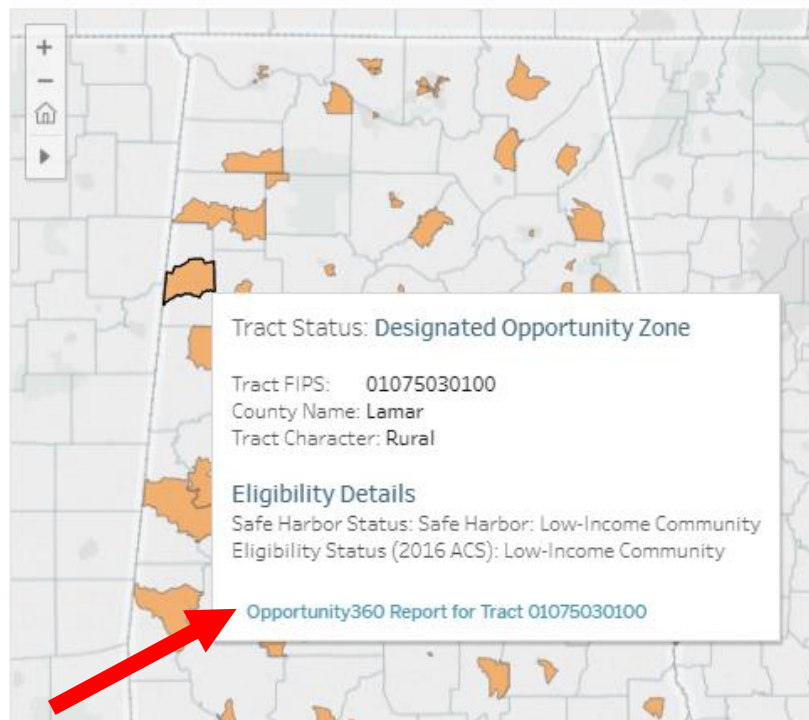
Part 1 – Anti-Displacement Strategies

After the webinar we will post a recording and the slides to our website www.opportunityzonesinfo.org

Part 1 – Census Tract Analysis

[ABOUT](#)[TOOLS](#) ▾[RESOURCES](#)[FAQ](#)[SUPPORT](#)

Opportunity Zone Eligibility Tool



Maximum Tract Designations

158

Filtered Tracts:

Designated Opportunity Zone

158

Select State

ALABAMA ▾

County

(All) ▾

Rural or Urban

(All) ▾

Opportunity Zone Designation

Designated Opportunity Zone ▾

Intersects Tribal Tract(s)

(All) ▾

Safe Harbor Status

(All) ▾

Federal Place-Based Program Filters

Includes NMTC Investments(s)

(All) ▾

Includes Empowerment Zones(s)

(All) ▾



Part 1 – Census Tract Analysis

What is Opportunity?

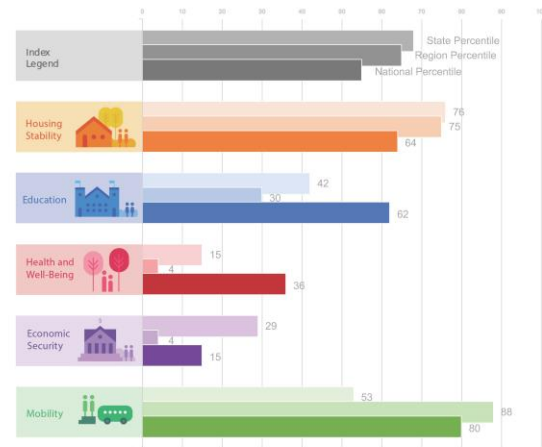
Opportunity is the set of circumstances or pathways that make it possible for people to achieve their goals—no matter their starting point. At Enterprise, we believe that all people should be able to live in communities in which the available pathways lead to positive outcomes—housing stability, education, health & well-being, economic security and mobility. These are the outcomes we strive to achieve every day for ourselves, our friends and families, and the broader communities in which we live.

Opportunity360 offers a framework for measuring opportunity at a neighborhood level using more than 150 data indicators from both public and proprietary sources.

To help you tell the story of opportunity in your neighborhood, we created index values for each opportunity outcome. The snapshot below illustrates how the values for your census tract compare to all other tracts in the nation. A score of 50 means the tract is in the 50th percentile—half of all tracts in the country have higher scores and half have lower scores. The region and state scores reflect the percentile ranking of the selected tract as compared to all other tracts within those areas.



What Does Opportunity Look Like for People Living in This Community?



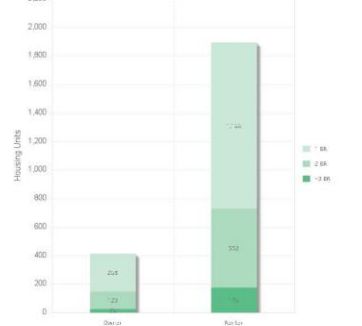
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BUILDINGS, HOMES & MORTGAGE MARKETS

Housing Stock

The nature and quality of the housing stock affects the types and affordability of homes that are available, and may present health risks for residents. This includes the age of the buildings, the share of units that are mobile homes, boat or RVs, and the number of homes that suffer from significant deficiencies.

Housing Units by Tenure and Number of Bedrooms



Housing Stock Indicators				
Indicator	Tract	Region (CBSA)	Nation	Average Annual Change
Total Number of Housing Units (2011-2015)	2,472	2,284,002	133,351,840	5.48% (2000)
Median Year Built (2011-2015)	1977	1979	1976	-
Percent of Units that are Single Family Homes (2011-2015)	11.57%	66.23%	67.45%	-3.80% (2000)
Percent of Units in Duplexes/Triplexes (2011-2015)	0.77%	0.95%	3.73%	-5.18% (2000)
Percent of Units in Small Multifamily Buildings (2011-2015)	1.66%	16.82%	13.72%	-3.22% (2000)
Percent of Units in Medium/Large Multifamily Buildings (2011-2015)	85.09%	15.30%	8.66%	1.64% (2000)
Percent of Households Residing in Boats, Mobile Homes or RVs (2011-2015)	0.00%	0.79%	0.44%	N/A (2000)
Percent of Population in Group Quarters (2011-2015)	0.07%	1.78%	2.55%	-7.63% (2000)
Percent of Occupied Units Lacking Kitchen and/or Plumbing (2011-2015)	6.87%	1.56%	4.95%	7.28% (2000)

Source: Census ACS

Items marked "N/A" indicate data not available for this location; dashes indicate data not available for any location. Region is defined as the Core Based Statistical Area (CBSA). If the tract falls outside a CBSA, then it defaults to county.

16

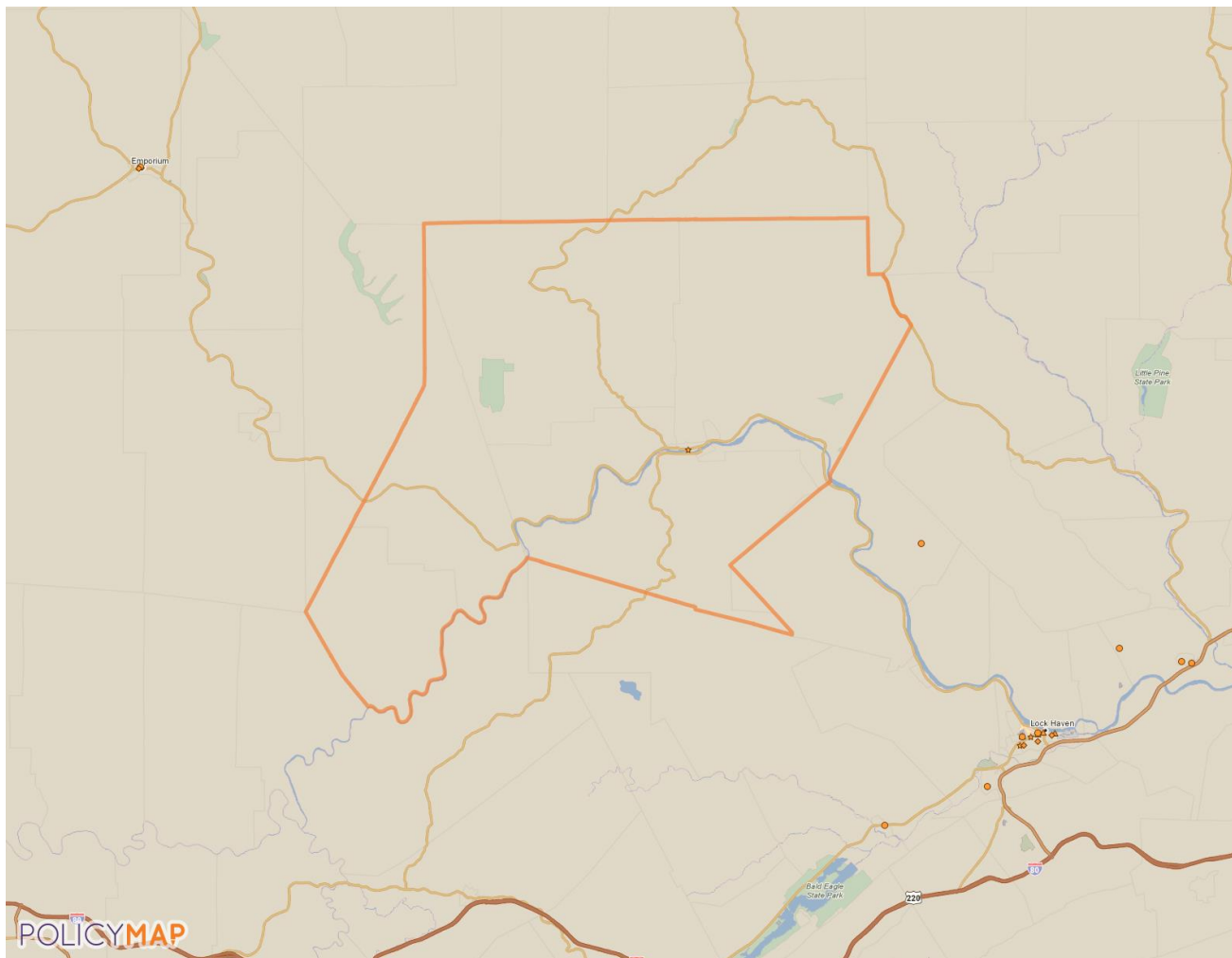
Part 1 – Census Tract Analysis



Part 1 – Census Tract Analysis



Part 1 – Census Tract Analysis



Part 1 – Census Tract Analysis

	Tract 1	Tract 2	Tract 3
Homeownership Rate	28%	11%	75%
% Low Income Households Paying >50% of Income for Housing	43%	42%	16%
% of Renters With Project-Based Housing Subsidies	37%	7%	28%
% of Renters with Housing Choice Vouchers	15%	10%	N/A

Part 1 – Policy Discussion: Framing the Conversation

A moment for local leadership:

- Federal activities are coming to a close – All states (with the exception of FL, NV, PA and UT) have had their zones designated, and we expect Treasury to release regulations this summer
- State and local governments should now think about policies and resources to:
 - Promote inclusive and equitable economic growth for existing residents and businesses
 - Expand access to opportunity
 - Implement protections that prevent displacement
 - Incent investments geared toward high social benefit
 - Engage the local community to determine its needs

Part 1 – Consider Policies and Tools

Policies and tools that help prevent displacement of residents and businesses:

- Inclusionary zoning
- Linkage fees
- Local hiring requirements
- Property tax relief
- Preservation – specifically buying unregulated, rent-stabilized (i.e. naturally occurring) affordable housing
- Prevention –
 - tenant protections: eviction prevention, rent controls and tenant first-right-of-refusal policies
 - Rapid re-housing
- Community land trusts; land banks
- Housing trust funds
- Homebuyer (down payment) assistance
- Foreclosure mitigation

Part 1 – Determine Appropriate Strategies

Strategies:

- Have states certify Opportunity Funds created in their state. Creates accountability and transparency
 - States can play a central role in ensuring accountability, working with organizations that have deep expertise in providing capital to distressed areas, and leveraging existing organizations that are already embedded and deeply invested in designated Opportunity Zones
- Create state- or city-run Opportunity Funds
 - Consider partnering with CDFI or other fund managers who can do this more efficiently and leverage private dollars
- Require investments to stay in the locality or state
- Leverage the role of CDFIs and other local community intermediaries to promote financial literacy, increase homeownership, develop project pipelines, manage, underwrite, etc.

Part 1 – Determine Appropriate Strategies

Strategies:

- Encourage/incentivize/facilitate the use of Opportunity Funds for:
 - LIHTC or NMTC deals
 - Land trusts
 - Other projects that fit city/regional plans and meet community needs
- Build tax incentives for certain projects in Opportunity Zones
- Build tax incentives, regulatory relief for Opportunity Funds that support affordable housing and other equitable growth investments
- Align existing, proven development programs with Opportunity Zones
- Consider additional tax relief for certain Opportunity Fund investments

Part 1 – Determine Appropriate Strategies

Examples:

- California – [AB3030](#) would add projects financed by Opportunity Funds to list of those exempt from the California Environmental Quality Act
 - Are there regulatory barriers that can be eased for investments targeted to socially-minded projects?
- States currently considering preferential treatment of state capital gains in Opportunity Zones
 - Can state and local governments incent investment in desired projects and keep dollars locally invested by providing preferential tax treatment at state-level?
- Missouri [SB590](#) modifies state Historic Preservation Tax Credit
 - Are there other state tax credits – such as a state-funded LIHTC, state historic tax credit or other than can be paired with investments in socially-minded projects?

Part 1 – Local Business Considerations

Anti-displacement strategies for existing businesses:

Key Question#1: What makes small businesses vulnerable to displacement?

- Revenue-generation Challenge to Support Sustainability
- Rising Land Values
- Limited Local Government Policies/Protections

Key Question #2: How do we either prevent or minimize displacement?

- Land Use: Address land use zoning as a means to protect/preserve affordable “commercial workspaces & locations.”
- Planning: Local governments’ proactive participation in negotiating redevelopment plans designed to prevent displacement of micro and/or small businesses.
- Knowledge: Conduct economic impact assessments that measure the value of business services to a city’s resident base
- Social Impact – Small businesses are often more than service providers, they are social supports particularly for lower income communities

Part 1 – Anti-Displacement Strategies: Q&A

Part 1 –

Q&A

Part 2 – Strategies to Attract Investment

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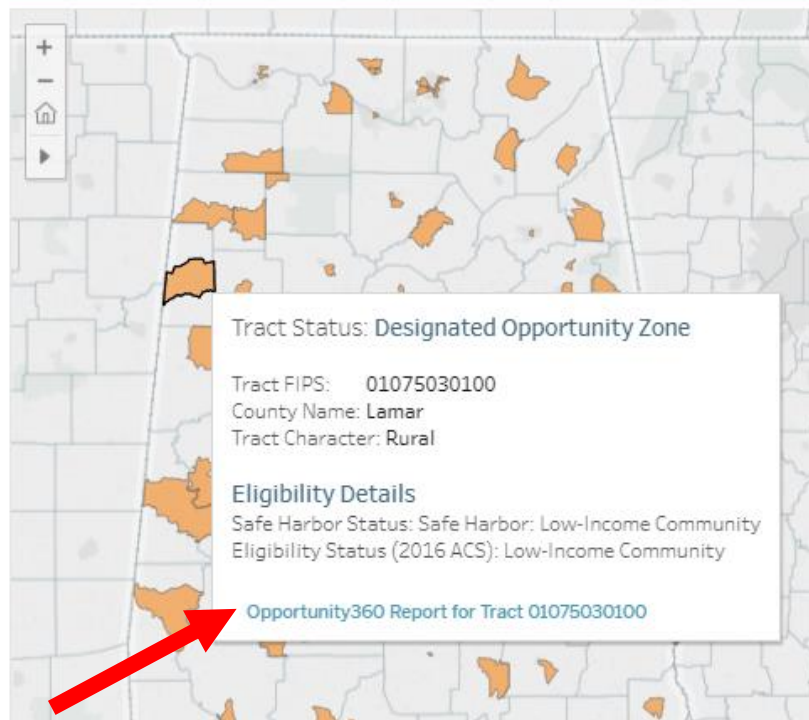
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Part 2 – Census Tract Analysis

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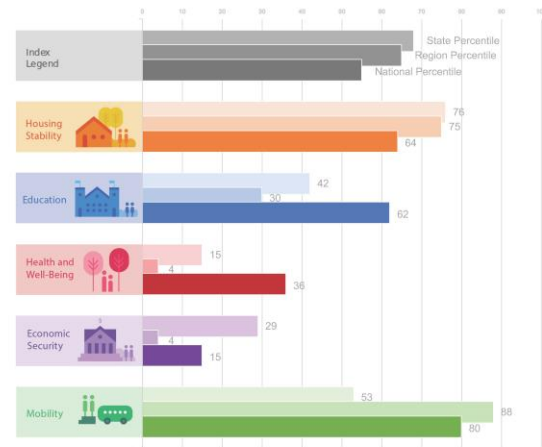
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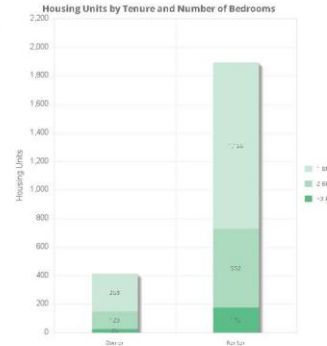


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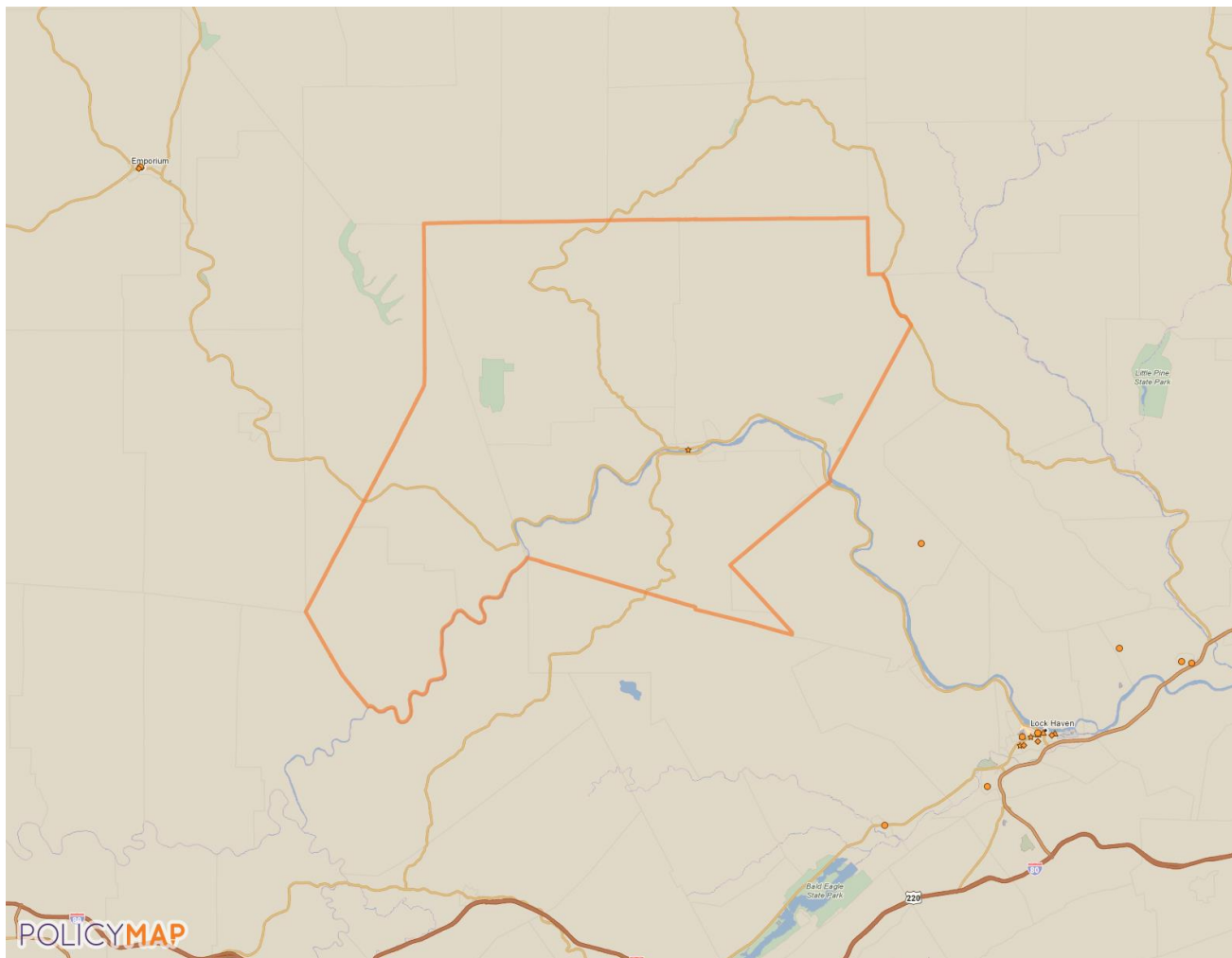
Part 2 – Census Tract Analysis



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Part 2 – Census Tract Analysis

	Tract 1	Tract 2	Tract 3
Jobs Accessible within a 45 min drive	310,000	112,000	600
Residential Vacancy Rate	25%	19%	59%
Unemployment Rate	26%	9%	9%
% of Adults with a Bachelor's Degree or Higher	6%	31%	9%

Part 2 – Policy Discussion: Framing the Conversation

Attracting Investments Aligned With Local Priorities & Community Needs:

- Market-based Approach - There will be more than 8,000 designated Opportunity Zones nationwide, creating competition for investment
- Investor Behavior – Investors will evaluate a number of factors; risk, return, impact. Levers to alter behavior to align with local priorities.
 - Can state and local put assurances in place? Can they subsidize investor returns? How else can governments de-risk capital to influence investor decisions and steer those funds towards socially minded projects?
- Different efforts underway on waivers, exemptions, tax credits
 - We are already seeing states consider legislation to provide additional investment incentives to attract investors, including regulatory relief (waivers), tax credits, and tax exemptions

Part 2 – Understanding Your Opportunity Zone

What communities can begin asking about designated Opportunity Zones:

- Am I in an Opportunity Zone?
- If not, how close are we to an Opportunity Zone?
- Think regional, you can benefit (jobs, investment) from an Opportunity Zone within commuting distance
- Understand the investor motives
 - Temporary Deferral
 - Step Up In Basis
 - Permanent Exclusion
- Profile (mock up) a potential investor scenario to present to your clients and the investor

Part 2 – Engagement

Begin Engagement:

- Raise awareness of Opportunity Zones with your networks (banks, developers, property owners, business networks)
- Raise awareness with local entrepreneurs and growth companies
- Develop relationship with local universities, trade schools, business incubators for longer term investment strategy
- Discuss with local planners and developers how these investments might fit into ongoing pipelines of their work

Part 2 – Preparation

Preparation Activities:

- Inventory your local assets, i.e. land, shovel ready sites, infrastructure, buildings, etc.
- Have your demographics/numbers down pat
 - Elevator speech, written material, website, social media
 - Investor day in your area (shark tank pitches)

Part 2 – Incentives

Pair Incentives:

- Discuss and promote add on incentives from the local, regional, state partners
 - Reduced/abated taxes, waivers of fees, tax increment financing, workforce development training
 - Stay informed and stay connected with your peers in region/state. Benefits may not be direct to you immediately but think long term

Part 2 – Incentives

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What's Next for States and Communities

- Engagement with governors, mayors, county executives, local leaders, and other important community stakeholders
 - Assess residents' needs
 - Document and communicate priorities
 - Stay informed
- Keep us posted on new ideas – we love to hear what you're learning!

Part 2 – Strategies to Attract Investment

Part 2 –

Q&A

More Information

Enterprise Community Partners - Opportunity Zones Information Page

www.OpportunityZonesInfo.org

www.enterprisecommunity.org

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