





### LIHTC Developments in Opportunity Zones

 The Case for Combining LIHTCs and OZ Incentive



LIHTC Investing to Date

**OPPORTUNITY ZONE** 

 Allocating Agency Considerations





## The Case for Combining LIHTC with Opportunity Zones



**OPPORTUNITY ZONE** 

### The Goal:

- Better equity pricing
- More investors
- More housing
- Structurally Compatible:
  - Based on equity investments
  - Rental real estate
    - New construction
    - Substantial Improvement
  - 5-7-10 year holds/15 year hold
  - Existing capital raising and deployment infrastructure

www.OpportunityZonesResourceCenter.com





## The Case for Combining LIHTC with Opportunity Zones



**OPPORTUNITY ZONE** 

### Challenges:

- Banks and capital gains
- Timing
  - Gains recognition
  - Property level funding needs
- Treasury Guidance
  - Fund level reserves
  - Residential rental real estate
  - Gain negative capital account
  - Multi-property funds





# Status of Raising Equity for LIHTC Developments in Opportunity Zones



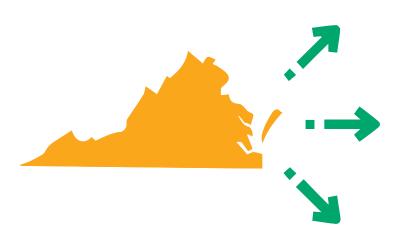
**OPPORTUNITY ZONE** 

- Existing investors dominated by banks
  - Amount and access to capital gains
- Existing funds being formed
  - Focus on nonbank investors
- LIHTC/OZ investments made to date





### The Future of Allocation: Considering OZ



- Pricing still developing
  - Two tier pricing levels
- Market Considerations:
  - Non LIHTC OZ Rental Housing Construction
  - Effect of other OZ equity investments





### Strategic Housing Credit Development Siting

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