

Impact Investing in Opportunity Zones

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OZ Webinar Series

Agenda

- Overview of the White House Council of Economic Advisers' report
- Opportunity Zones market snapshot
- Investments that are creating an impact
- Q & A
- Opportunity Zones resources

CEA Report: Initial Assessment of Opportunity Zones

On August 24, the Council of Economic Advisers released new findings on the impact of OZs on designated communities. The [report](#) included:

- Statistics about OZs
- Investments and local initiatives
- Models of projected economic and budgetary impacts

Key findings:

- Opportunity Funds raised an estimate of \$75 billion in private capital by the end of 2019.
 - \$27.3 billion is new induced investment.
 - \$24.9 billion is new to OZs but was shifted from elsewhere in the country.
 - \$22.8 billion would have occurred anyway in OZs.
- New capital represents 21 percent of total annual investment in OZs.
- Private equity investment in OZ businesses grew 29 percent relative to peers.
- Capital raised could lift one million people out of poverty, decreasing poverty in OZs by 11 percent.

Increases in property values holds the possibility of creating wealth in communities, as well as shoring up municipal tax bases from infill development.

- Home values = + 1.1 percent
- Redevelopment properties = + 14 percent
- Vacant properties = + 20 percent

Economic Innovation Group's response

This exercise underscores the **need for reporting requirements**. Relatedly, **it is still too early** in the incentive's life to fully and accurately assess its impact on designated communities.

In addition to reporting requirements, EIG called on Congress to improve the OZ incentive by:

- Eliminating specific high-income census tracts that do not meet the spirit of the incentive and replacing them with tracts more deserving of the designation.
- Providing support to communities for capacity building and technical assistance.
- Extending the 2026 tax deadline by two years to allow for more stakeholders to engage in the market and receive the benefits.

“

Improvements to Opportunity Zones policy are needed ... beginning with stronger reporting requirements and transparency so that policymakers, as well as investors, gain a more accurate understanding of the impact of the incentive in communities.

John Lettieri, EIG President and CEO

[EIG press release](#), August 24, 2020

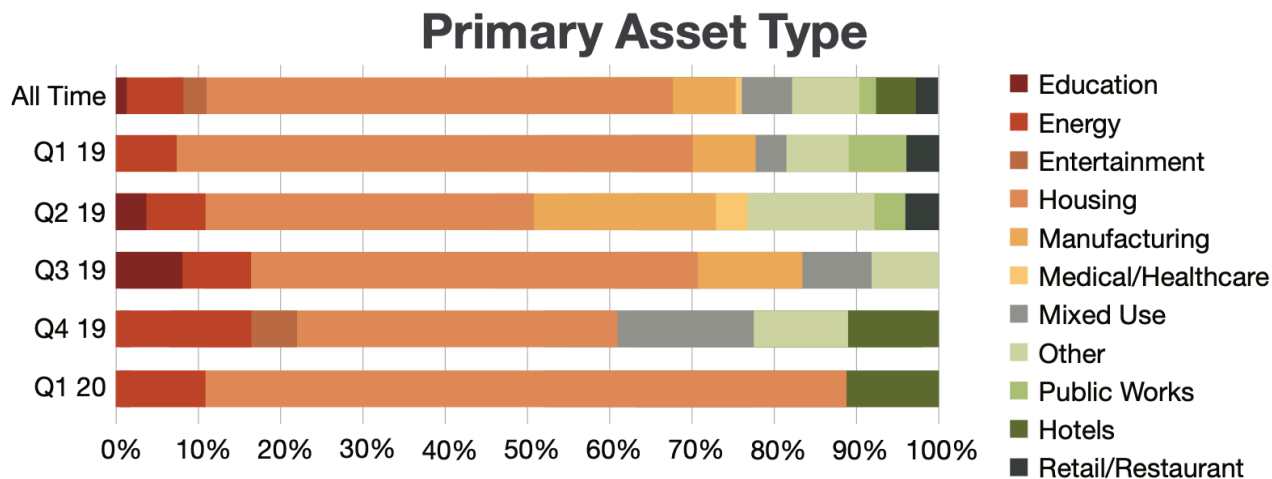
Market snapshot: Opportunity Fund trends

Opportunity Fund trends:

- Increased focus on operating businesses.
- More multi-asset funds.
- Target fund size is trending downward.

Trends in primary asset type:

- Housing still dominates investment activity.
- Steady increase in energy projects, concentrated in renewable energy.



Source: [Summer 2020 OZ Data Insights](#), NES Financial

Market snapshot: Bipartisan support

Former Vice President **Joe Biden** recognizes that OZs can play a role in advancing racial equality across the U.S. economy. The [Biden campaign recently called for](#) changes to strengthen the policy.

A host of **governors** have also expressed their support for OZs:

"We are honored to be recognized as a national leader in Opportunity Zones. With 126 designated zones that span the state, Colorado's Opportunity Zones are attracting capital to our state, helping to grow our economy and supporting our rural communities."

- [CO Governor Jared Polis](#)

"We plan to do everything in our power to utilize new and existing state and federal programs, grants and funding sources, and to have all of our state agencies work collaboratively with our county and municipal governments and the private sector to supercharge our opportunity zone revitalization."

- [MD Governor Larry Hogan](#)

Commentary: How we can use Opportunity Zones to re-imagine North Charleston

"So, is there a way to reap the nutrients of making a neighborhood middle-class without the poisons? That is to say, can we "gentrify" a place without evicting the people living there? That is the idea behind Opportunity Zones."

- [SC State Representative Marvin Pendarvis](#)

Market snapshot: Impact themes

Opportunity Zones is yielding investment in a wide range of activities in communities of every size across the country. Activity is coalescing around the following themes of impact.

- Creating affordable and workforce housing
- Supporting small businesses and entrepreneurship
- Seeding neighborhood revitalization
- Driving innovation
- Improving health outcomes
- Revitalizing rural communities
- Partnering with anchor institutions and local government

Creating affordable and workforce housing

Miami, FL:

Two affordable housing projects will create 635 homes. One of the projects is the biggest affordable housing project incorporating Opportunity Zone capital to date, according to the Miami Herald. “Teachers and police officers and firefighters would have never been able to afford living here. Now we have income restrictions and they’re voluntarily imposed by the developer because the financing worked,” said Mayor Francis Suarez.

Miami is getting two new affordable housing projects, both inside Opportunity Zones
[Miami Herald](#), 8/13/20

Lexington, KY:

A family-run Opportunity Fund is revitalizing dilapidated single-family homes in Lexington, working alongside the city and local banks to create a pathway towards homeownership. Nest Opportunity Fund places a portion of rent aside, allowing renters to build equity and eventually purchase their home.

Nest Opportunity Fund
[Conquering Columbus](#), 6/7/20

Supporting small businesses and entrepreneurship

Wilmington, DE:

Second Chances Farm (SCF), Delaware's first vertical, hydroponic farm, is expanding and attracting more OZ investment. SCF seeks to "solve several different societal issues at once, including recidivism, climate change, unemployment, and food insecurity." SCF has hired two dozen individuals to date. SCF is also contracting with a local grocer during the pandemic to continue to provide fresh, local produce.

Second Chances Farm secures \$1.5M investment, eyes growth

[Delaware Business Times](#), 7/20/20

Mesa, AZ:

Co-working company Launch Pad is slated to open its first Arizona location in a property owned by Opportunity Fund manager Caliber. Launch Pad received an Opportunity Zones investment from Caliber, which is the lead investor in the company's Series A funding round.

New Orleans-based coworking company to open in Mesa 'opportunity zone'

[Phoenix Business Journal](#), 7/14/20

Seeding neighborhood revitalization

Coatesville, PA:

The City of Coatesville has announced the Coatesville Impact Fund, developed by Activated Capital of New York. “We anticipate deploying \$25 million through the fund in Coatesville and its surrounding areas centered on single-family and multi-family residential and small commercial properties,” said Joshua Burrell, Managing Partner, Activated Capital. “Activated also looks to invest in local businesses that are aligned with the values inherent to the Impact Fund.”

Coatesville Impact Fund Established to Focus on Commercial, Residential Development

[Vista Today](#), 4/2/20

Cincinnati, OH:

3CDC combined Opportunity Zones financing with New Markets Tax Credits, Low Income Housing Tax Credits, state and federal Historic Tax Credits, and city programs for a \$51 million infill development . 3CDC is working with a local business to ensure it is not displaced.

3CDC 'Willkommen' project aims to increase affordable housing in Over-the-Rhine

[Cincinnati WCPO](#), 5/28/20

Driving innovation

Braddock, PA:

A solar-powered, fully-automated, vertical farming operation is expanding access to fresh food in a food desert and creating a bridge to jobs for a community that experienced an 80 percent population loss due to the contraction of the steel industry. Fifth Season employs about 30 people full time, 30 part-time, and they are currently hiring. “We have people who have in some cases less than high school level certifications, working alongside some of the most advanced robotics in the world,” says Grant Vandembussche.

Robotic vertical farm Fifth Season is in full swing in Braddock, now selling greens locally
[Next Pittsburgh](#), 6/25/20

Chicago, IL:

A startup technology company that connects underrepresented job seekers to a broad network of employment opportunities received an investment to support its expansion during the pandemic.

Verte OZ Invests in RiseKit to Make an Impact in Opportunity Zones Amidst COVID-19
[Press Release](#), 6/30/20

Improving health outcomes

Philadelphia, PA:

TPP Capital Management Group, a Black-led social impact private equity group, aims to raise \$1 billion to invest in improving health outcomes in Black neighborhoods. TPP's first \$300 million will be directly invested in Tioga, a Philadelphia Opportunity Zone where 85.5 percent of its residents are African American, 33.3 percent are seniors, 43 percent live in poverty, and 18 percent of the population was unemployed pre-COVID.

Philadelphia Based Black-led Private Equity Fund Seeks One Billion for Black Health
[Press Release](#), 7/28/20

Springfield, VT:

The Center for Rural Innovation (CORI) made an Opportunity Zone investment in Voi, Inc., a leader in the use of AI-driven digital technology to provide behavioral healthcare solutions with a focus on detection of and care for those at risk of suicide. Aidan Calvelli of CORI said "The company is eager to offer its technology and solutions to help improve mental health outcomes in the U.S. military and beyond."

Behavioral healthcare company to join Black River Innovation Campus
[Eagle Times](#), 2/28/20

Revitalizing rural communities

Warren, OH:

Two of BRITE Energy Innovators' portfolio companies are among the first startups in the nation to attract Opportunity Zones investment. Warren-based Intwine Connect – a Internet of Things (IoT) hardware and software solutions provider, and Akron's GeneratorWorks – a developer of healthcare support applications, will use the equity to support wider deployment of their advanced technology solutions.

Opportunity Zone Funding Powers NE Ohio Innovation
[Press Release](#), 5/8/20

Ralston, NE:

The Old Ralston Granary will be the focus of a \$14 million partnership to bring new housing, businesses and jobs to Ralston. I See It Ventures will invest \$2 million into a new business accelerator that will provide up-and-coming companies with capital investment, guidance and support. Gordon Whittman, owner of I See It Ventures, noted that he chose Ralston due to its OZ designation, and the incentive will allow him to increase the amount he is investing by 27 percent.

Ralston looking to create more businesses and jobs
[Omaha World-Herald](#), 7/21/20

Partnering with anchor institutions and local government

Pembroke, NC:

A new student housing project at the University of North Carolina in Pembroke will expand the supply of housing options available for students, and support the university's goal of increasing enrollment. Expanding enrollment to 10,000 students will qualify UNC-Pembroke for research grants and Federal funding, allowing the school to enhance the quality of education it can offer to students. UNC-Pembroke serves a majority-minority student population; 13 percent of students are American Indian, 31 percent of students are Black or African American, and 7 percent are Hispanic or Latino.

Flexibility provided through Opportunity Zones financing was critical to bringing the 192-bed project to fruition. "Many student housing lenders/investors will not provide financing to student housing projects on campuses with less than 10,000 students," said Mike Thomas, a Managing Member for LU1Pembroke.

Developer Begins Construction on 192 Student Housing Beds in Pembroke, NC

[Press Release](#), 7/27/20

Q & A

EIG Opportunity Zones Activity Map

Introduction

All Activities Map

Investments Map

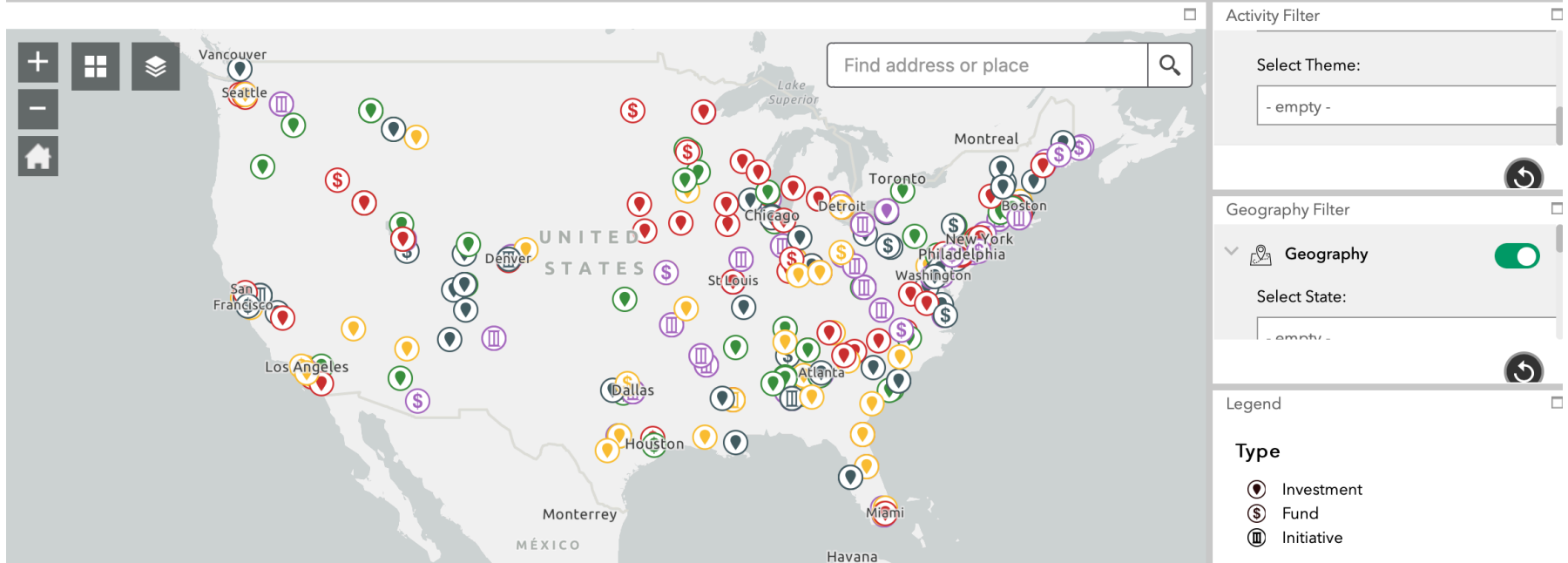
Funds Map

Initiatives Map

How to Use the Map

Deal Profiles

More Info



Opportunity Zones resources

Economic Innovation Group

[OZ Activity Map](#)

[Investment Highlights](#)

[OZ Resource Center](#)

White House Opportunity and Revitalization Council

[WHORC Completed Program Targeting Actions Report: June 2020](#) (June 2020)

[Best Practices Report](#) (June 2020)

[Community Toolkit Volume II](#) (May 2020)

Milken Institute

[How Opportunity Zones Can Help Accelerate Post-COVID Economic Resurgence](#) (July 2020)

Office of the Comptroller of the Currency

[OCC Fact Sheet: Opportunity Zones](#) (August 2020)

The Opportunity Zones Coalition is a group of organizations working together with a broad array of public and private stakeholders to ensure the timely and effective implementation of the policy. If you are interested in learning more about the coalition, contact info@eig.org.