



Opportunity Zone Investment Profile



The Phoenix Community

Location: **Columbus, OH**

Congressional District: **OH-3**

Opportunity Fund Name: **Cargominiums**

Opportunity Fund, LLC.

Opportunity Fund Manager: **Opportunity Zone Development Group**

Investment Date: **Q4 2019**

Project Details: **Mixed-use building with reentry housing and support services**

Opportunity Fund Partners with Non-profit, Jumpstarts Stalled Project for Formerly Incarcerated Men

For 13 years, the faith-based nonprofit organization, [Nothing Into Something Real Estate, Inc](#) (NISRE), envisioned piloting an innovative solution to address Columbus's growing shortage of affordable homes. In 2016, the development of an affordable housing community commenced on a lot owned by the non-profit, but then stopped shortly thereafter due to third-party circumstances. The project remained stalled until 2019, when the [Opportunity Zone Development Group](#) (OZDG) partnered with NISRE to breathe new life into the project and reposition it as a mixed-use building called "The Phoenix Community" which will provide affordable housing and support services to residents transitioning from incarceration.

People who have been incarcerated are up to 13 times more likely to [experience homelessness](#) compared to the general public, and pre-pandemic, the [unemployment rate](#) among formerly incarcerated individuals was 27 percent. Housing insecurity and unemployment are among multiple contributing factors that lead to the nation's [high recidivism rate](#). By providing affordable homes and support services at The Phoenix Community, OZDG and NISRE are helping to break the cycle of incarceration for individuals transitioning back into communities.

The Phoenix Community is a 50-bed residence with new office space for NISRE on the first floor. The non-profit has a contract with the State of Ohio to operate restorative, supportive housing programs such as this and will lease the property for 15 years at a predetermined rate. Once OZDG exits the investment in year-10, NISRE has first right of refusal to purchase the property so it may remain a beacon of hope in the community.

Projected Impact

Jobs created for restored citizens:	20
Full-time non-profit jobs supported:	40
New office space for non-profit organization:	1,500 square feet
Beds for formerly incarcerated individuals:	50
Formerly incarcerated individuals served annually:	70-100

Community Stats

	Census Tract: 23	MSA: Columbus, OH
Median Family Income:	\$33,162	\$81,325
Poverty Rate:	14.3%	13.2%
Adults Not Working:	36.7%	14.8%
Minority Population:	82.7%	27.2%
Bachelor's Degree or Higher:	10.9%	36.7%
Housing Vacancy:	30.4%	7.2%

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“This social impact project simply would not have closed but for OZDG's innovative approach to Opportunity Zones.”

– Andrew Doup, Kegler Brown Hill + Ritter

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Capital Stack

OZDG made a 10-year investment of \$3 million in OZ equity. Three Community Development Financial Institutions (CDFIs) worked together to provide a \$2.8 million loan to support the \$5.8 million project. Those CDFIs were [IFE](#), [Finance Fund Capital Corporation](#), and the [Affordable Housing Trust for Columbus and Franklin County](#).

Total Development Cost: \$5.8 million



■ \$3 million - Opportunity Zone equity from OZDG

■ \$2.8 million - CDFI loan

About the Investment

The Phoenix Community demonstrates that Opportunity Fund managers can make investments that both support underserved residents and meet acceptable return thresholds for investors. By partnering with a mission-aligned non-profit and working with CDFIs to fill a financing gap, OZDG has created an OZ investment model for advancing innovative, community-centered projects which can be replicated and scaled in OZs throughout the nation.

OZDG and NISRE are leveraging their respective core competencies and assets to deliver and operate The Phoenix Community. OZDG, a minority-led asset manager and full-service real estate development firm, is contributing capital and leveraging its real estate expertise, while NISRE is leveraging its land and provision of wrap-around support services. NISRE's contract with the State of Ohio will support rent payments on the property. Since The Phoenix Community is being built on land owned by NISRE, they have an equity stake in the project.

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“Cargominium Partners (CMP) is a collaboration of innovative minds seeking to invest in real solutions for restorative justice services. NISRE understands the role affordable housing plays in creating stability. This project will provide 50 units of housing and create approximately 20 jobs for restored citizens, creating opportunities to secure work and adequately provide for their families.”

– Dr. Michele Reynolds, President, NISRE, Inc.

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The Impact of Opportunity Zone Financing

The Phoenix Community would not have gone forward without the OZ equity investment from OZDG. The project was able to secure financing, in part, due to Ohio's state tax credit for OZ investments. The state tax credit was enacted in response to the federal OZ policy, and aims to encourage Ohio businesses and residents to invest in the state.

The use of OZ equity allowed the project to advance without financing from the Low Income Housing Tax Credit program, which is traditionally used to close financing gaps in projects that provide affordable housing.

NISRE has served 1,000 formerly incarcerated individuals in its 14-year history. The non-profit will provide on-site support services to help address homelessness and unemployment, and in turn, lower the rate of recidivism in Columbus.

About Opportunity Zones

Opportunity Zones are a new national investment tool designed to spur economic growth and community development by encouraging long-term private equity investment in distressed urban, suburban, and rural communities across America. In 2018, local leaders in every state, U.S. territory, and Washington, D.C. supported the nomination of more than 8,700 low-income census tracts for Opportunity Zone designation. Individuals and companies can receive a series of graduated tax benefits based on the amount of time invested in a Qualified Opportunity Fund, which must have 90 percent of assets invested in real property or operating businesses located in Opportunity Zones. The Opportunity Zones policy is based on the bipartisan Investing in Opportunity Act, which was championed by a regionally and politically diverse coalition of congressional cosponsors.

About The Economic Innovation Group (EIG)

EIG is a bipartisan ideas laboratory and advocacy organization whose mission is to advance solutions that empower entrepreneurs and investors to forge a more dynamic American economy. Headquartered in Washington, D.C., EIG convenes leading experts from the public and private sectors, produces original research, and works to advance creative legislative proposals that will bring new jobs, investment, and economic growth to communities across the nation.

EIG leads a coalition of stakeholders as part of its efforts to support the formation of a robust Opportunity Zones ecosystem. For more information, contact info@eig.org