



OPPORTUNITY ZONES

CITY COUNCIL STRATEGY SESSION

FEBRUARY 4, 2019



AGENDA

- Key Terms
- Opportunity Zones Overview
- Key Dates & Federal Guidance
- Basic Structure of Opportunity Zones
- Charlotte Opportunity Zones
- Opportunity Zone Property Sales in Charlotte
- Public-owned Land in Opportunity Zones
- Top Questions from City Council
- City's Role
- Next Steps



OPPORTUNITY ZONES – KEY TERMS

- Opportunity Zone
 - Census tract certified by US Treasury to receive private investment through Opportunity Funds
- Qualified Opportunity Fund (QOF)
 - Investment mechanism organized as a corporation or partnership (which can include LLCs) for the purpose of investing in Opportunity Zone property
 - At least 90% of funds must be investment in Qualified Opportunity Zone Property
- Qualified Opportunity Zone Property/Business
 - Stock or partnership interest in a business within an Opportunity Zone
 - Tangible property acquired after 12/31/2017
 - No “sin” businesses
 - Golf course, country club, massage parlor, tanning salon, race track/gambling, off premises alcohol sales

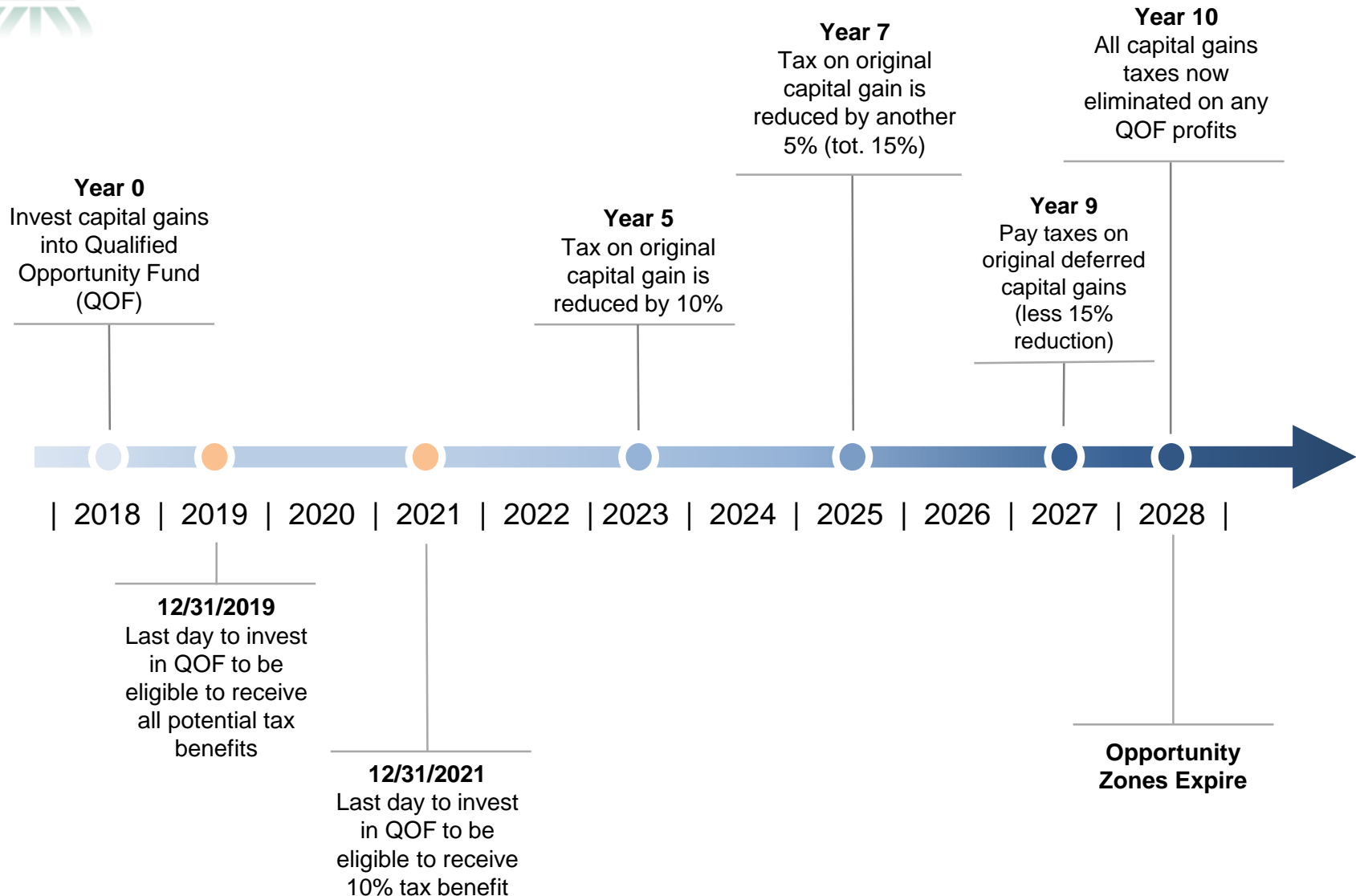


OPPORTUNITY ZONES - OVERVIEW

- The Tax Cuts and Jobs Act of 2017 was signed into law in Dec 2017
- Opportunity Zones Program provides tax incentives for qualified investors to re-invest unrealized capital gains into low income communities (via certified Opportunity Zones)
- The US Department of Treasury certified 252 census tracts in North Carolina
- City Council approved recommending 12 qualifying census tracts to be designated under the program in 2018
 - All 12 tracts were supported by Governor Cooper and certified by the US Department of Treasury
 - An additional 5 census tracts were recommended by other agencies/organizations or through the public input process



OPPORTUNITY ZONES – KEY DATES



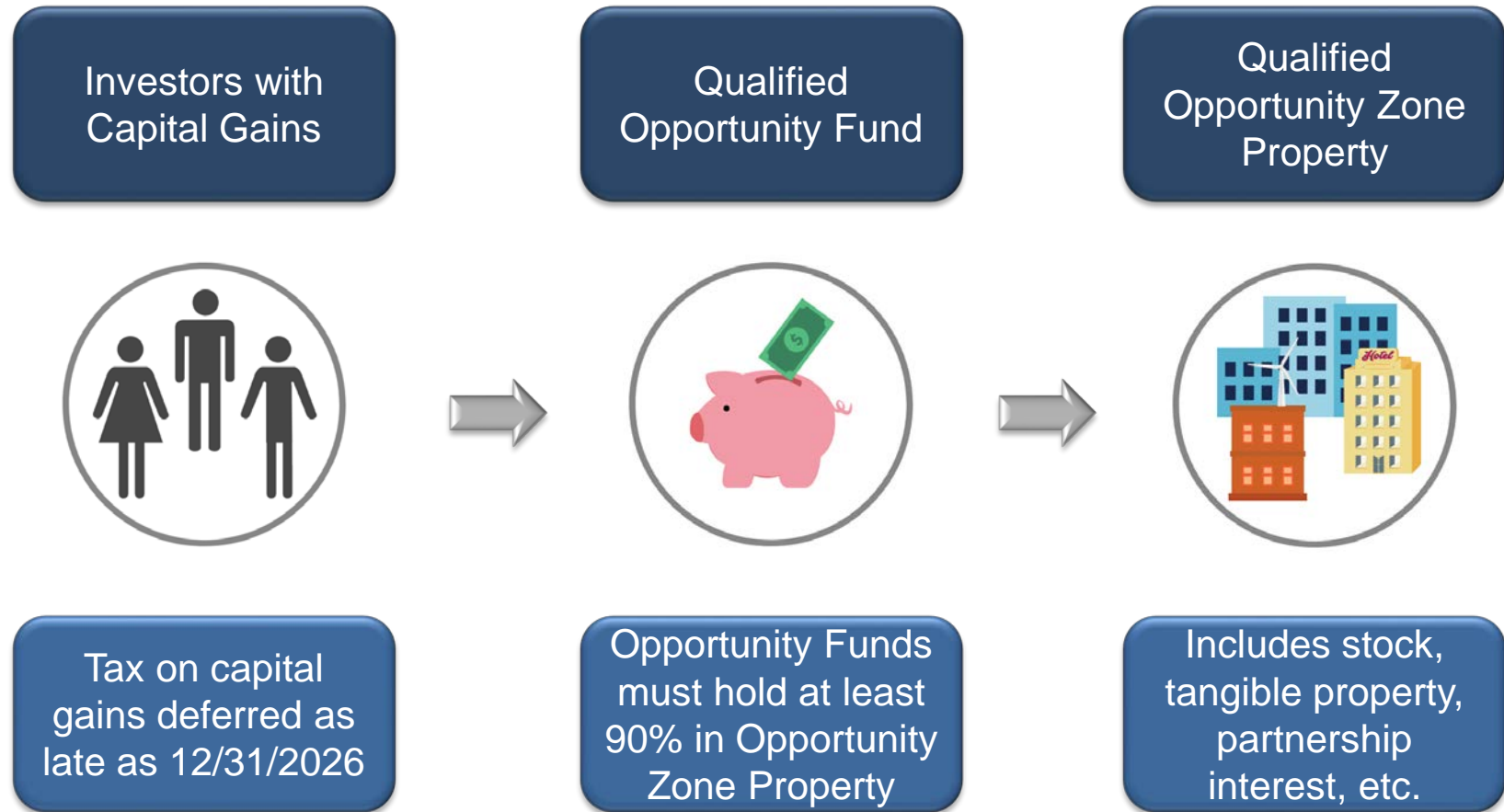


OPPORTUNITY ZONES – FEDERAL GUIDANCE

- Many unknowns remain regarding interpretation and administration from the US Treasury
- IRS issued guidance in October 2018
 - Focused on investors and tax implications
 - Comment period closed December 2018
 - Public hearing recently scheduled for February 14, 2019
- Second round of guidance anticipated for early March 2019
 - 60-day public comment period
- Third round of guidance TBD



OPPORTUNITY ZONES – GENERAL STRUCTURE





OPPORTUNITY ZONES

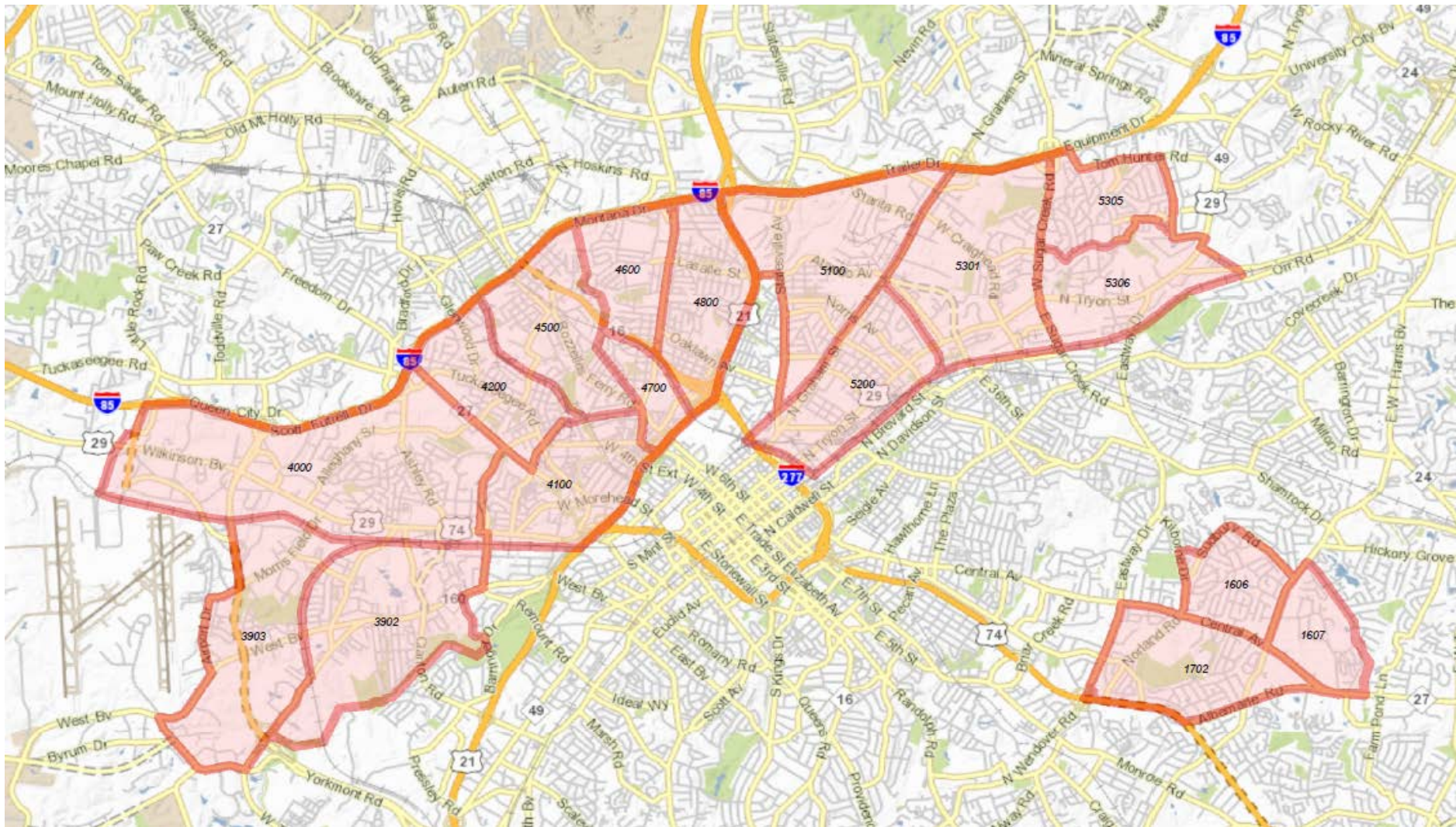


"By God, gentlemen, I believe we've found it—the Fountain of Funding!"

Source: The New Yorker

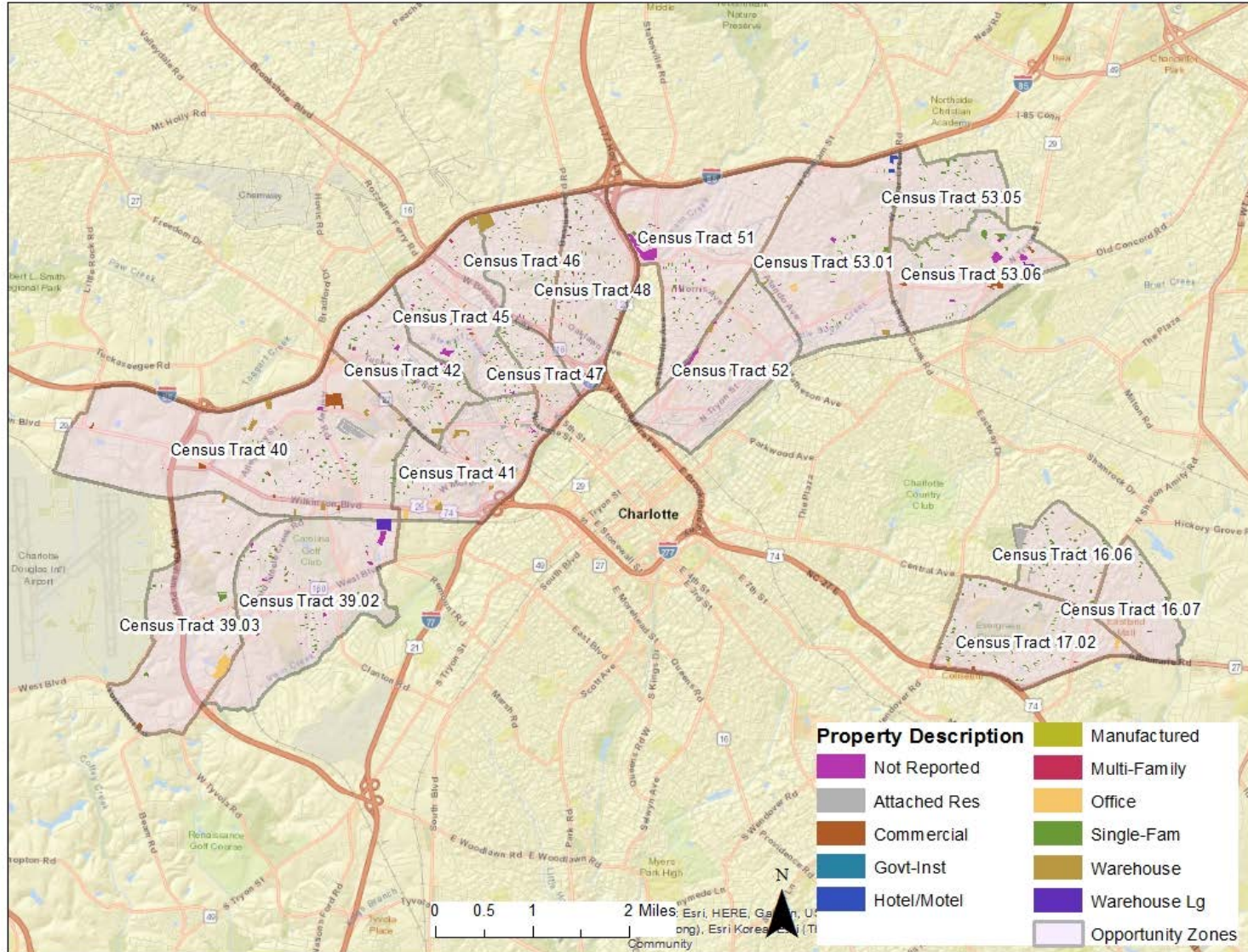


OPPORTUNITY ZONES IN CHARLOTTE



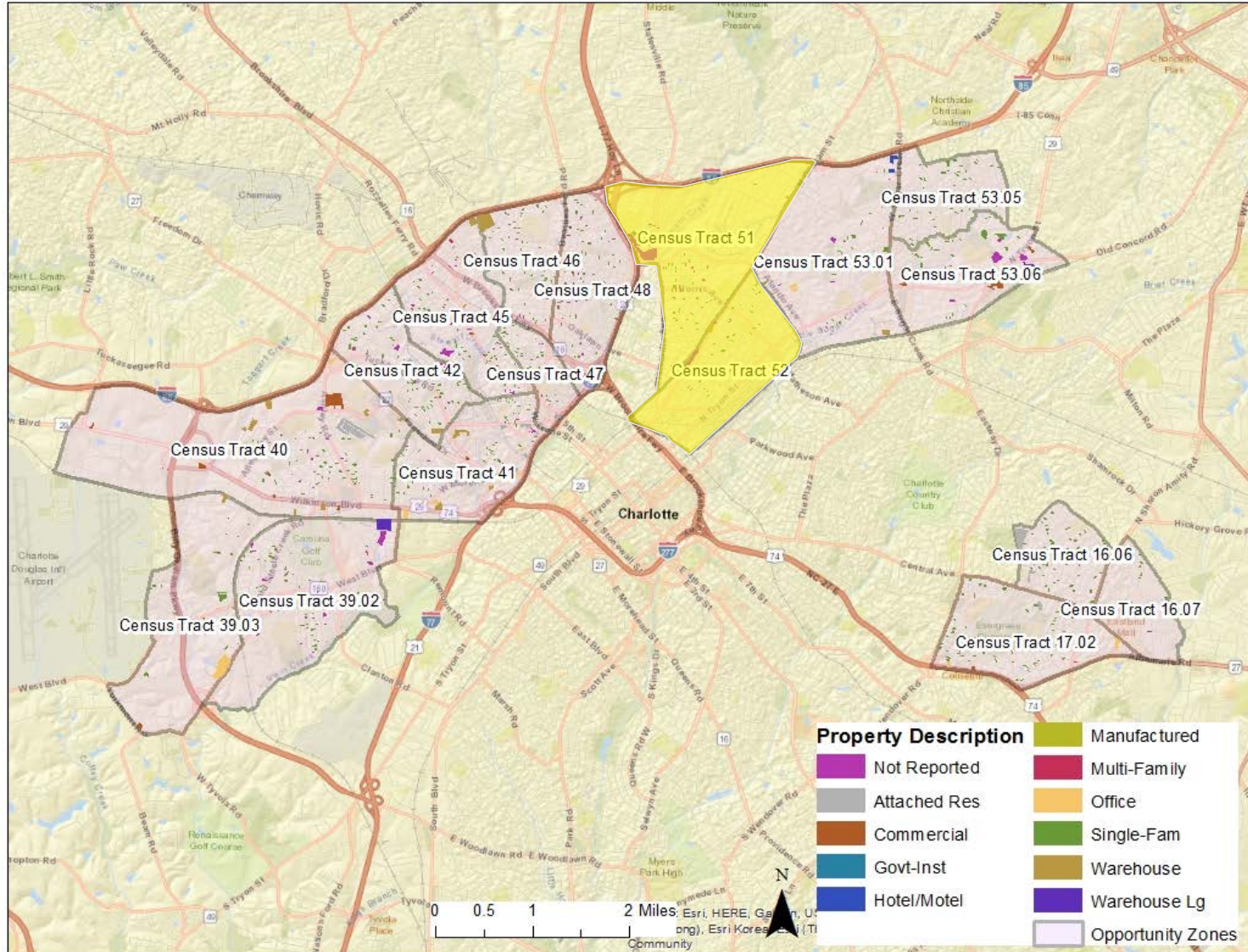


OPPORTUNITY ZONE SALES (SINCE 1/1/2018)



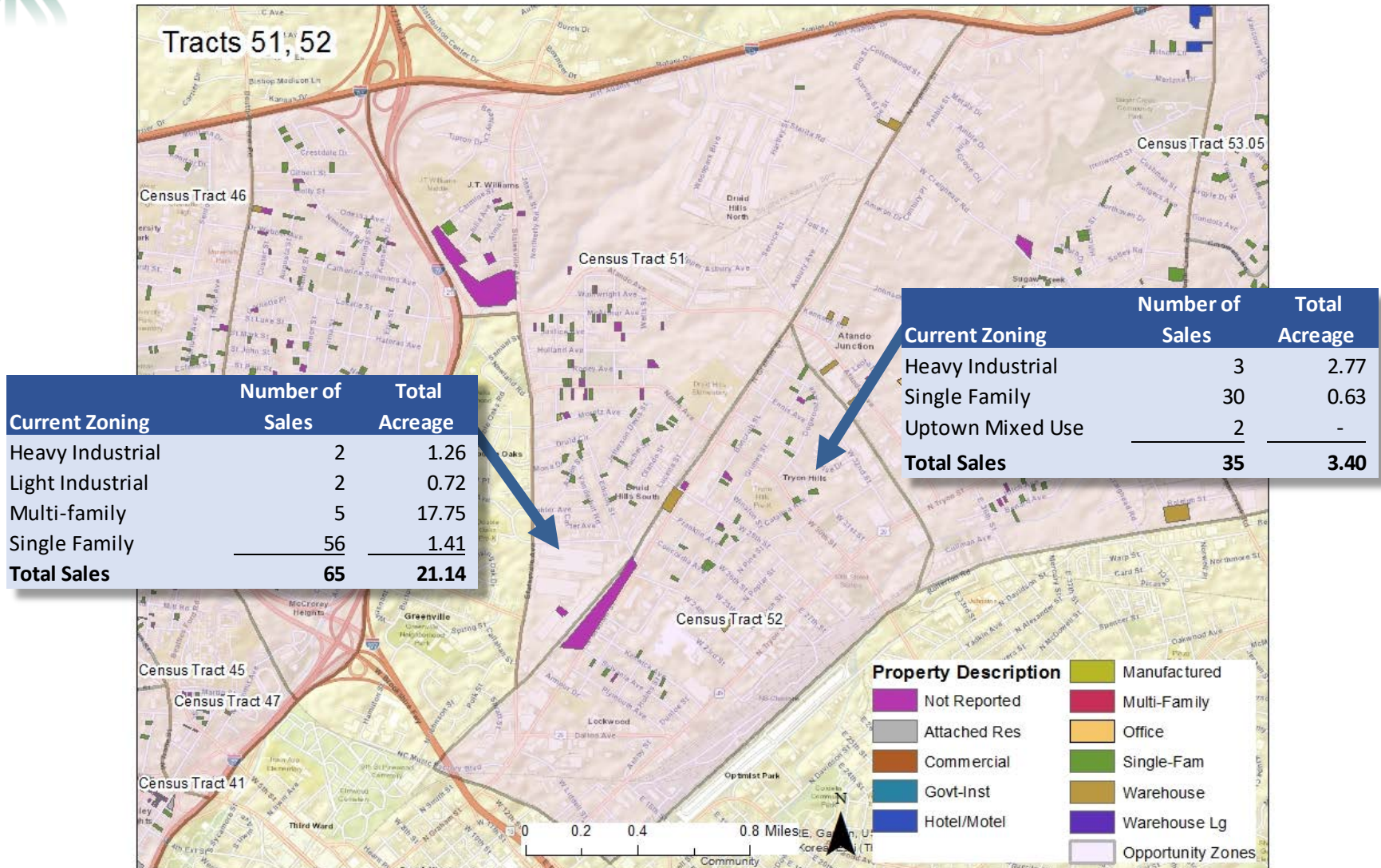


OPPORTUNITY ZONE SALES – 51 & 52





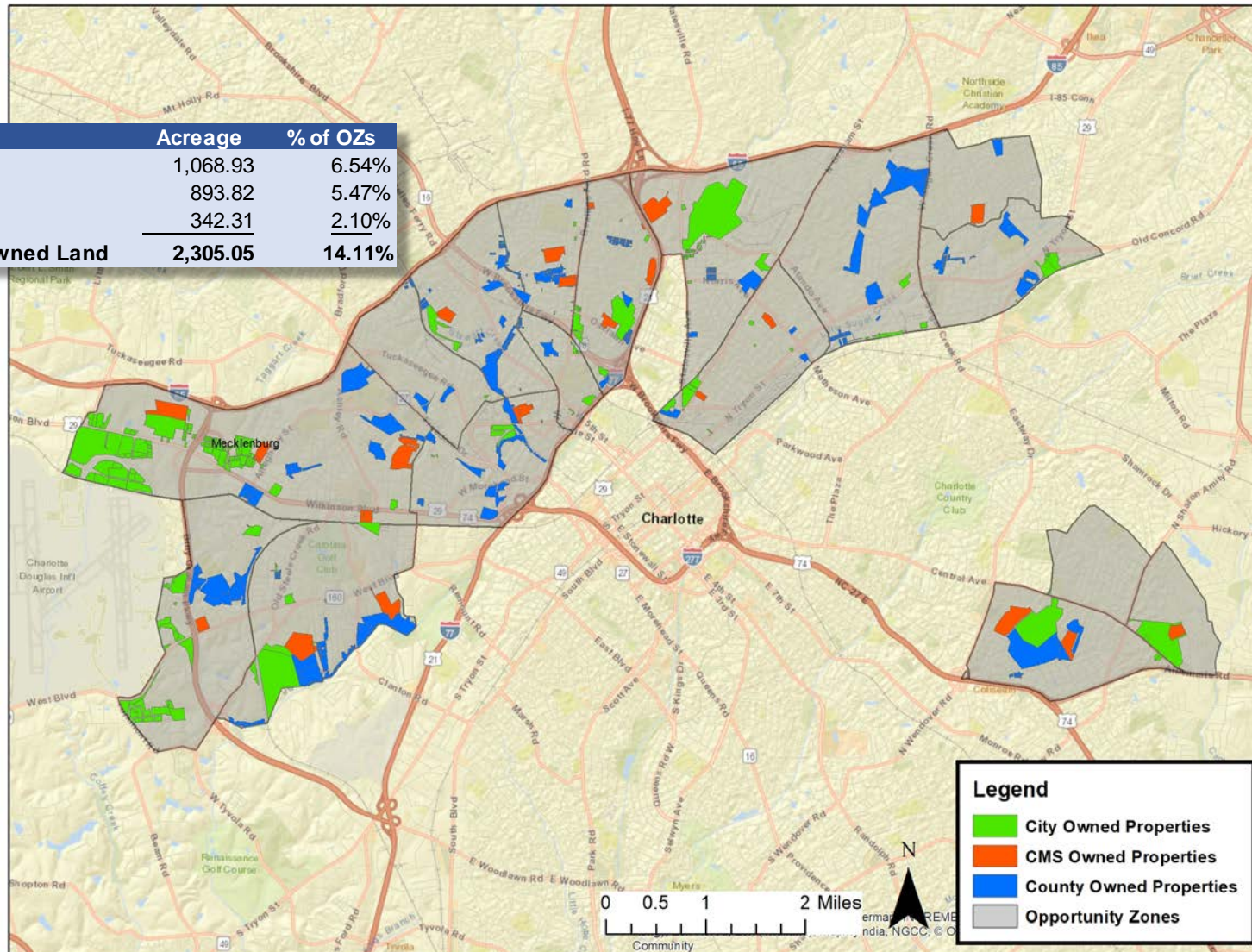
OPPORTUNITY ZONE SALES – 51 & 52





OPPORTUNITY ZONES – PUBLIC-OWNED LAND

Land Owner	Acreage	% of OZs
City	1,068.93	6.54%
County	893.82	5.47%
CMS	342.31	2.10%
Total Public-owned Land	2,305.05	14.11%





OPPORTUNITY ZONES – COUNCIL QUESTIONS

- When will the rules/guidelines be established on the background, purpose, and criteria for Opportunity Zones?
 - What clearly defined roles are local governments allowed to assume in administering Opportunity Zones?
- Who are utilizing Opportunity Zones?
- How do Opportunity Zones benefit low income communities?
- What is the greatest threat?
- What public land do we have in the Opportunity Zones?
 - If the City decides to seek Opportunity Funds with development of City-owned land, what requirements are we allowed to impose?



OPPORTUNITY ZONES – COUNCIL QUESTIONS

- What is the City's level of control?
 - Do municipal governments have any authority to put in place any governance over Opportunity Zones?
- What is the City's strategy for using Opportunity Zones?
 - What should the City's role be in leveraging the best outcomes?
 - What do we need to do to advocate for better, more appropriate rules, so the program is not misused or abused?
 - When will the City establish an implementation team?
 - Should the City consider land banking as a strategy?
 - What is the City's level of involvement going to be?
 - Is the City willing to dedicate a point person to proactively seek out Opportunity Funds to partner on City development projects?



OPPORTUNITY ZONES – WHAT'S OUR ROLE



is a nationwide initiative administered by the U.S. Treasury created under the 2017 program provides federal tax incentives for investment in distressed communities over designated Opportunity Zones will be able to reap the benefits of capital gains to help communities.

Department of Housing and Community Development to facilitate Opportunity Zone investment. The Opportunity Zone Information Exchange is the first comprehensive, interactive resource

serve as a virtual meeting place for investors, fund managers, property developers, and local stakeholders. It provides the latest Opportunity Zone news and investment opportunities; and information on financial and other incentives available at the local level. Anyone can search and find what's happening in Maryland's Opportunity Zones online.

NOTE: For best results, use Chrome or Firefox as your browser when using the Information Exchange.





OPPORTUNITY ZONES – WHAT'S OUR ROLE?

- Act as a conduit information for developers, businesses, and Opportunity Funds
- Connect development projects and Opportunity Funds
- Target strategic developments or areas
- Create strategies to market specific areas within the Opportunity Zones to developers and investors
- Align public investment in Opportunities Zones to leverage private investment to maximize impact and create opportunities for upward mobility for area businesses and residents



OPPORTUNITY ZONES – NEXT STEPS

AS PRESENTED TO THE ECONOMIC DEVELOPMENT COMMITTEE ON 01/24/19

- Initial next steps (next 60 days)
 - Create advisory/implementation team to coordinate the City's strategy
 - Launch a City of Charlotte Opportunity Zone website
 - Interactive map of the 17 certified zones
 - Key demographic characteristics and market statistics for each of the zones
 - Links to existing programs offered by the City
 - Create development/investment prospectus for key zones to market sites to developers

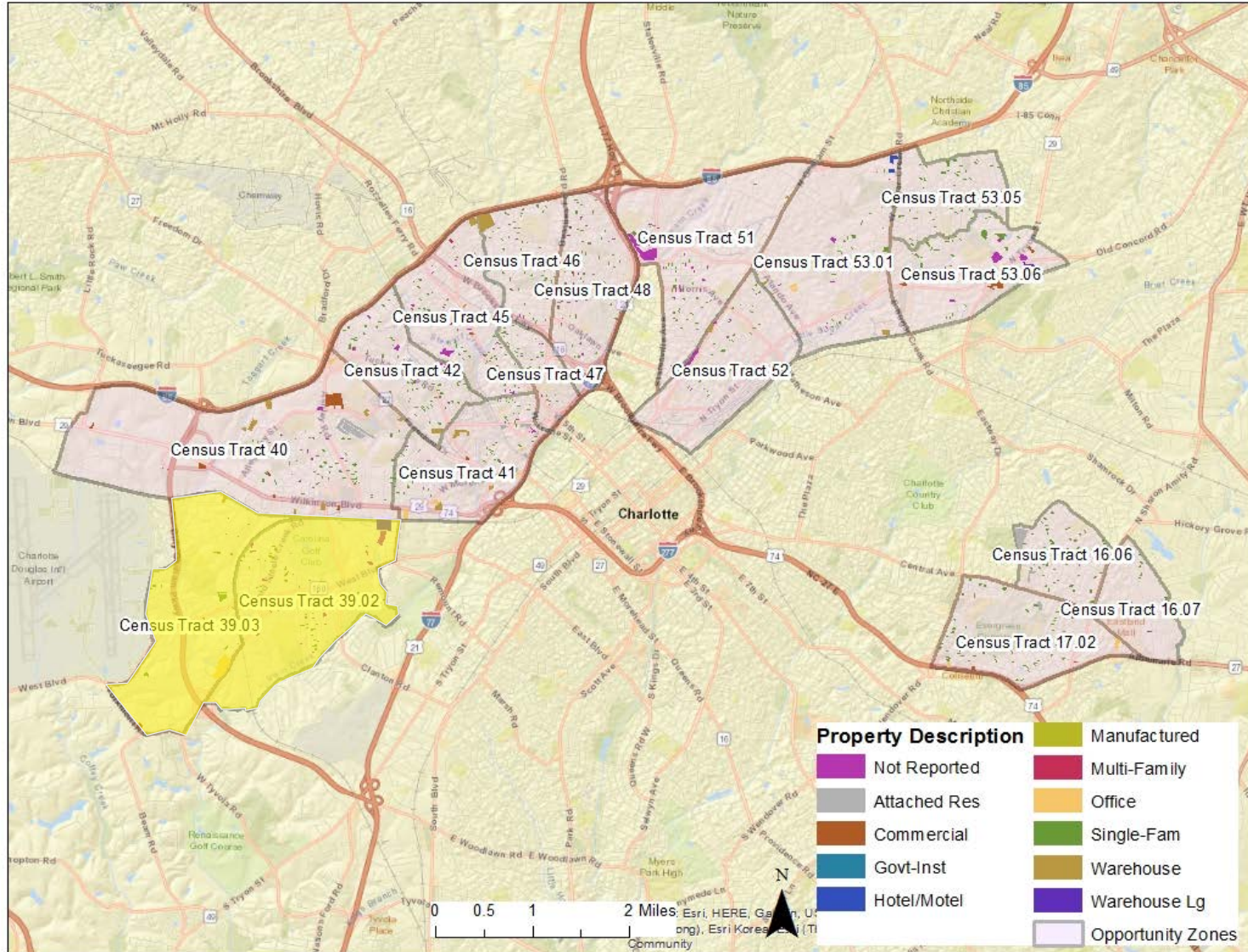
- Mid-term strategy (next 90 -120 days)
 - Review existing tools programs and identify gaps
 - Create strategy to layer incentives for specific projects based on compatibility with community goals
 - Enhance website to facilitate connections between Opportunity Funds and Qualified Opportunity Zone Projects



APPENDIX

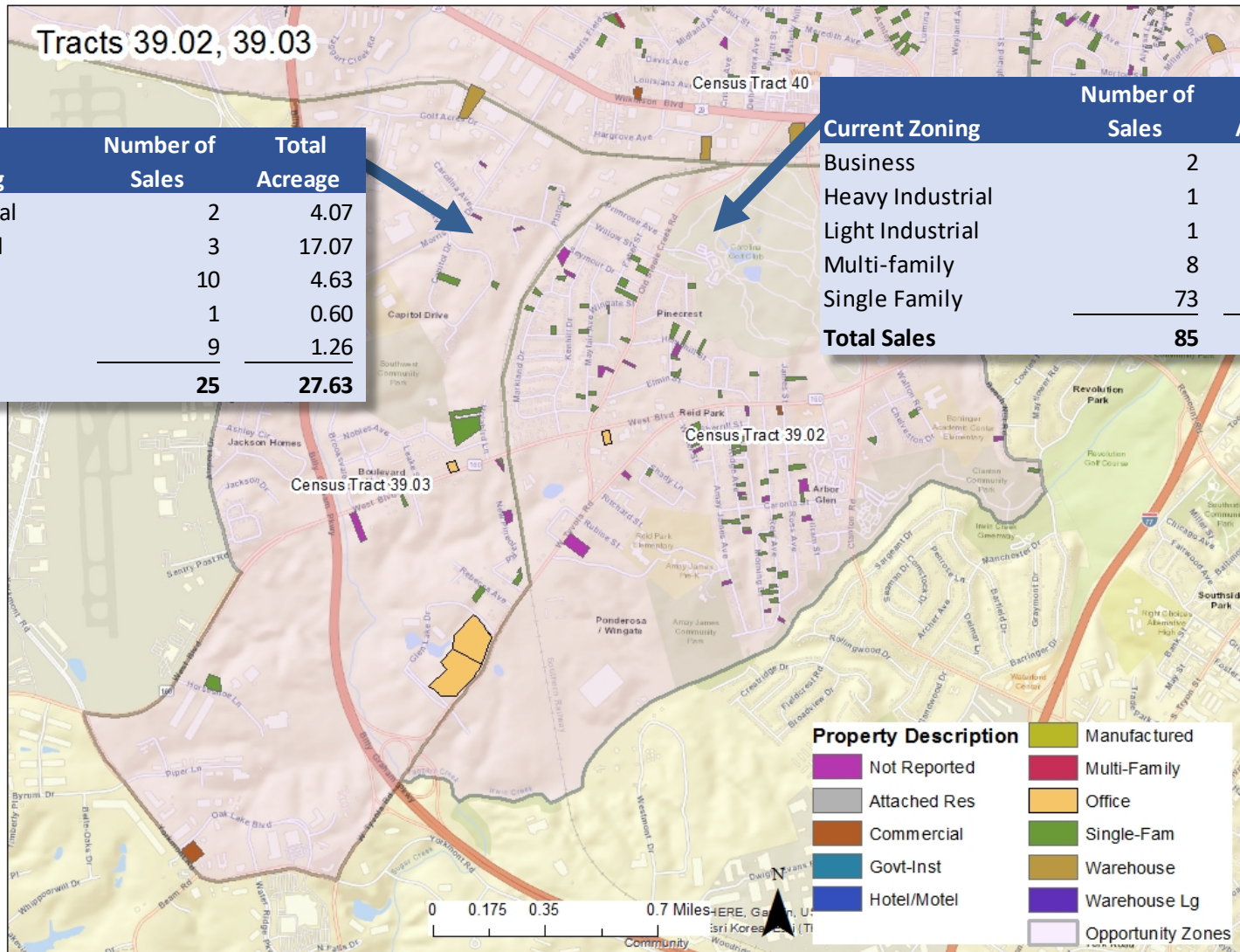


OPPORTUNITY ZONE SALES - 39.02 & 39.03



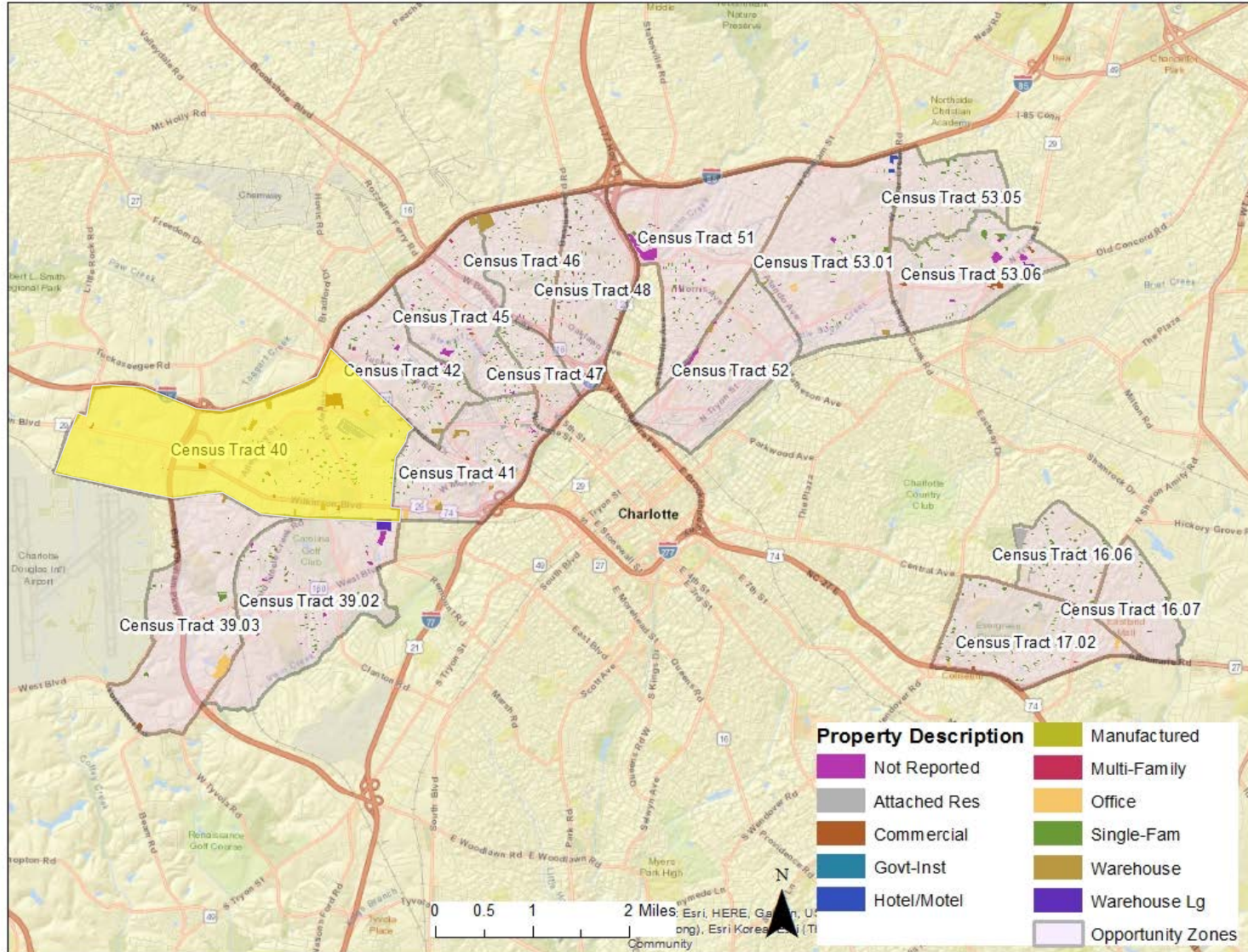


OPPORTUNITY ZONE SALES – 39.02 & 39.03



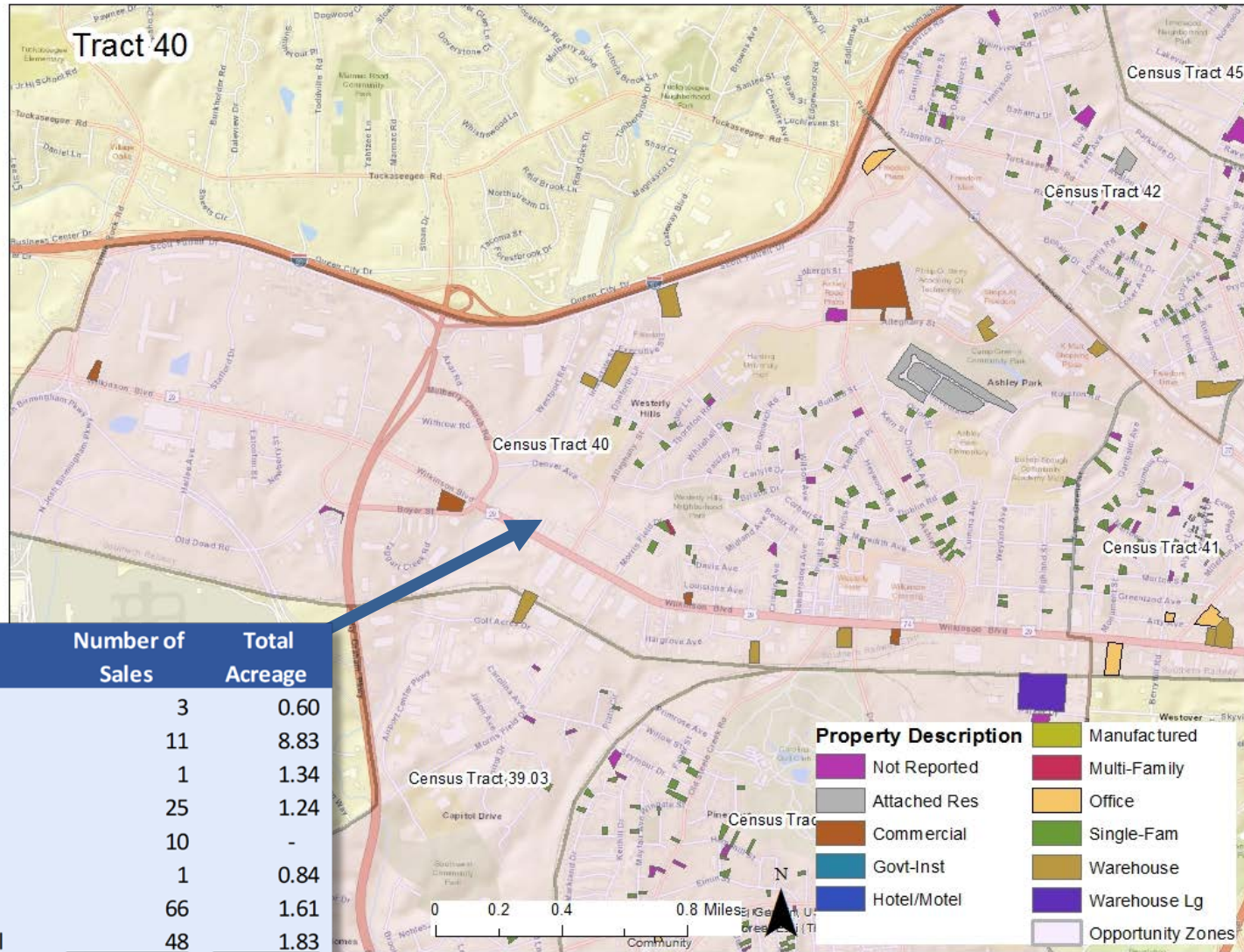


OPPORTUNITY ZONE SALES – 40





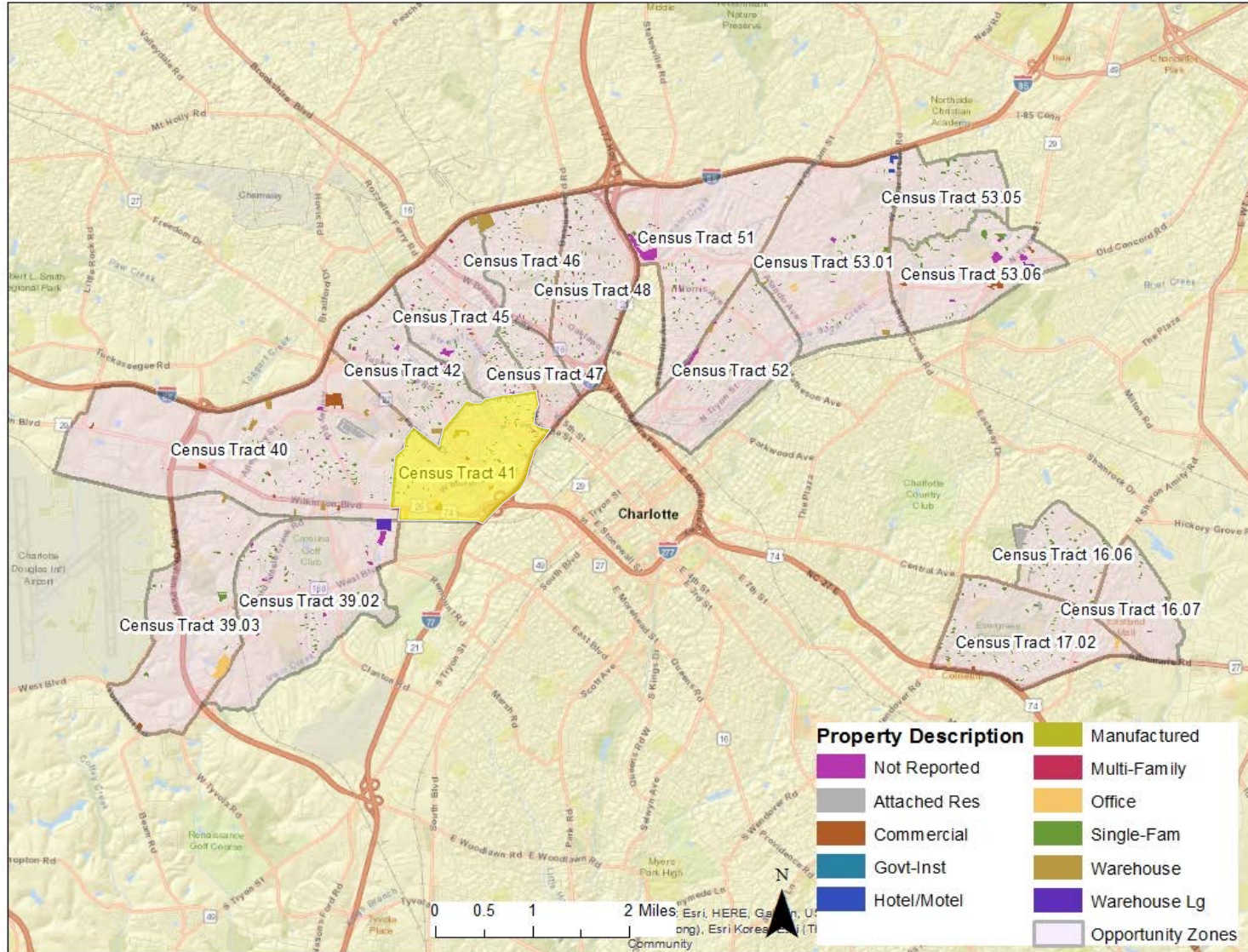
OPPORTUNITY ZONE SALES - 40



Current Zoning	Number of Sales	Total Acreage
Business	3	0.60
Heavy Industrial	11	8.83
Light Industrial	1	1.34
Mixed Use	25	1.24
Multi-family	10	-
Office	1	0.84
Single Family	66	1.61
Urban Residential	48	1.83
Total Sales	165	16.28



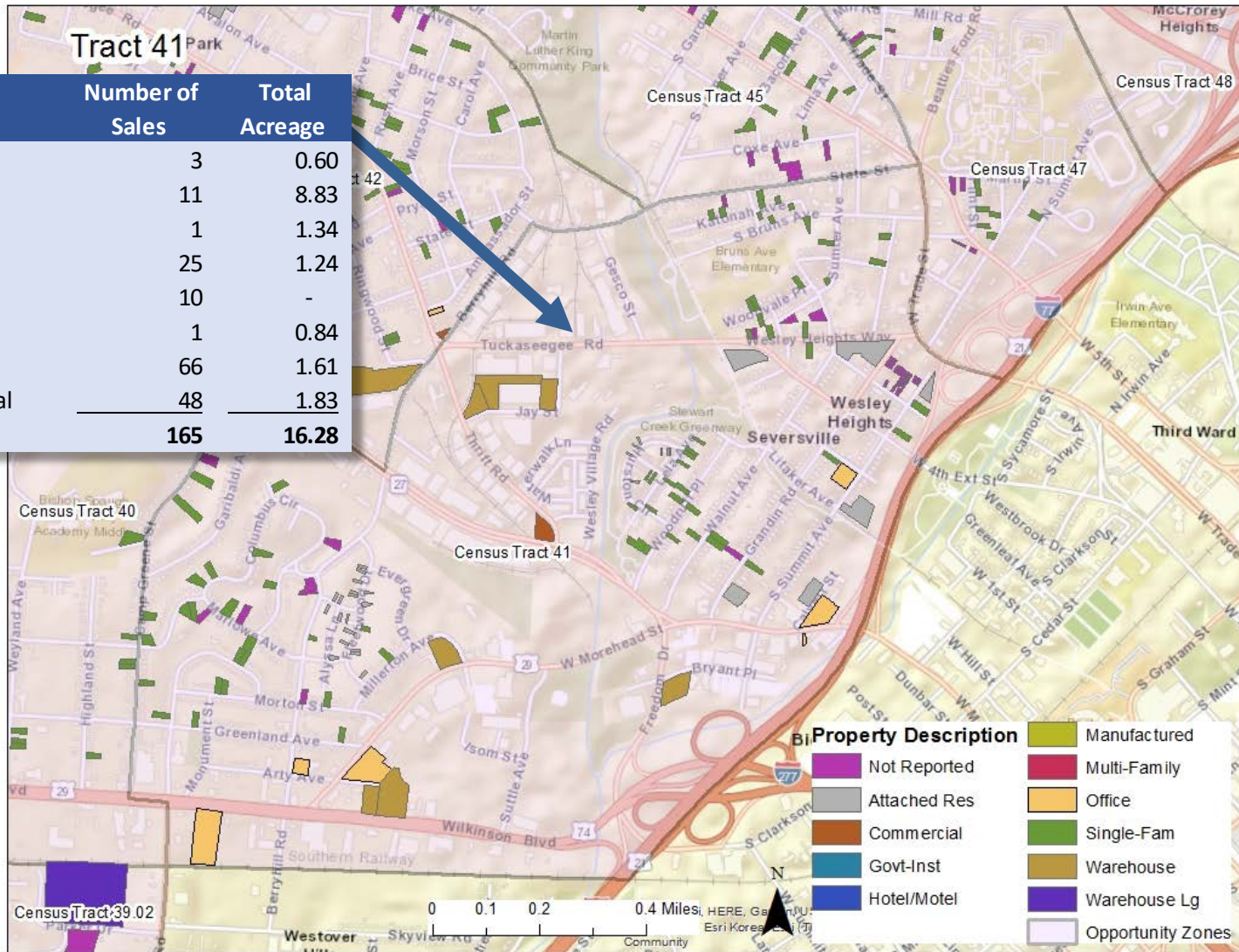
OPPORTUNITY ZONE SALES - 41





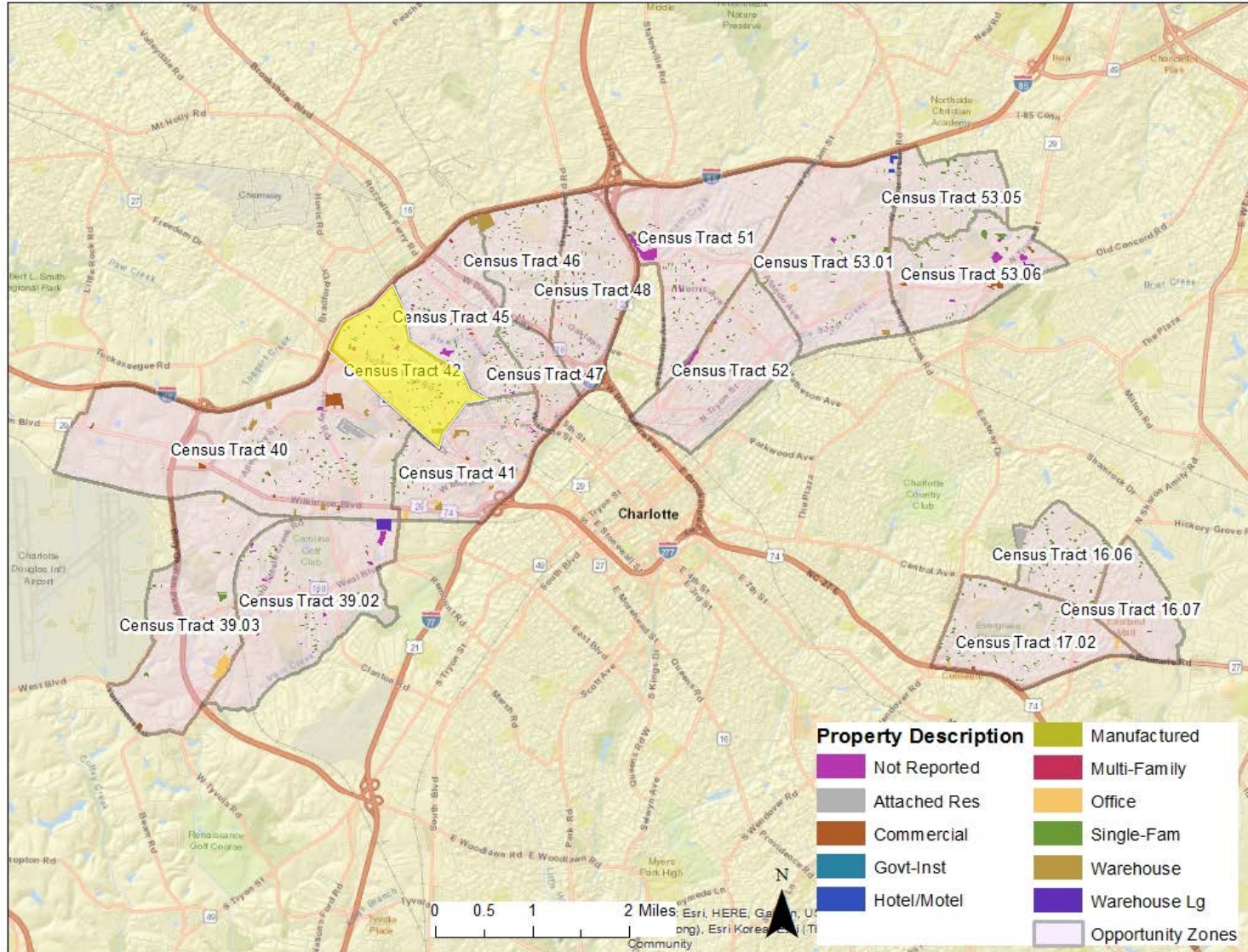
OPPORTUNITY ZONE SALES - 41

Current Zoning	Number of Sales	Total Acreage
Business	3	0.60
Heavy Industrial	11	8.83
Light Industrial	1	1.34
Mixed Use	25	1.24
Multi-family	10	-
Office	1	0.84
Single Family	66	1.61
Urban Residential	48	1.83
Total Sales	165	16.28



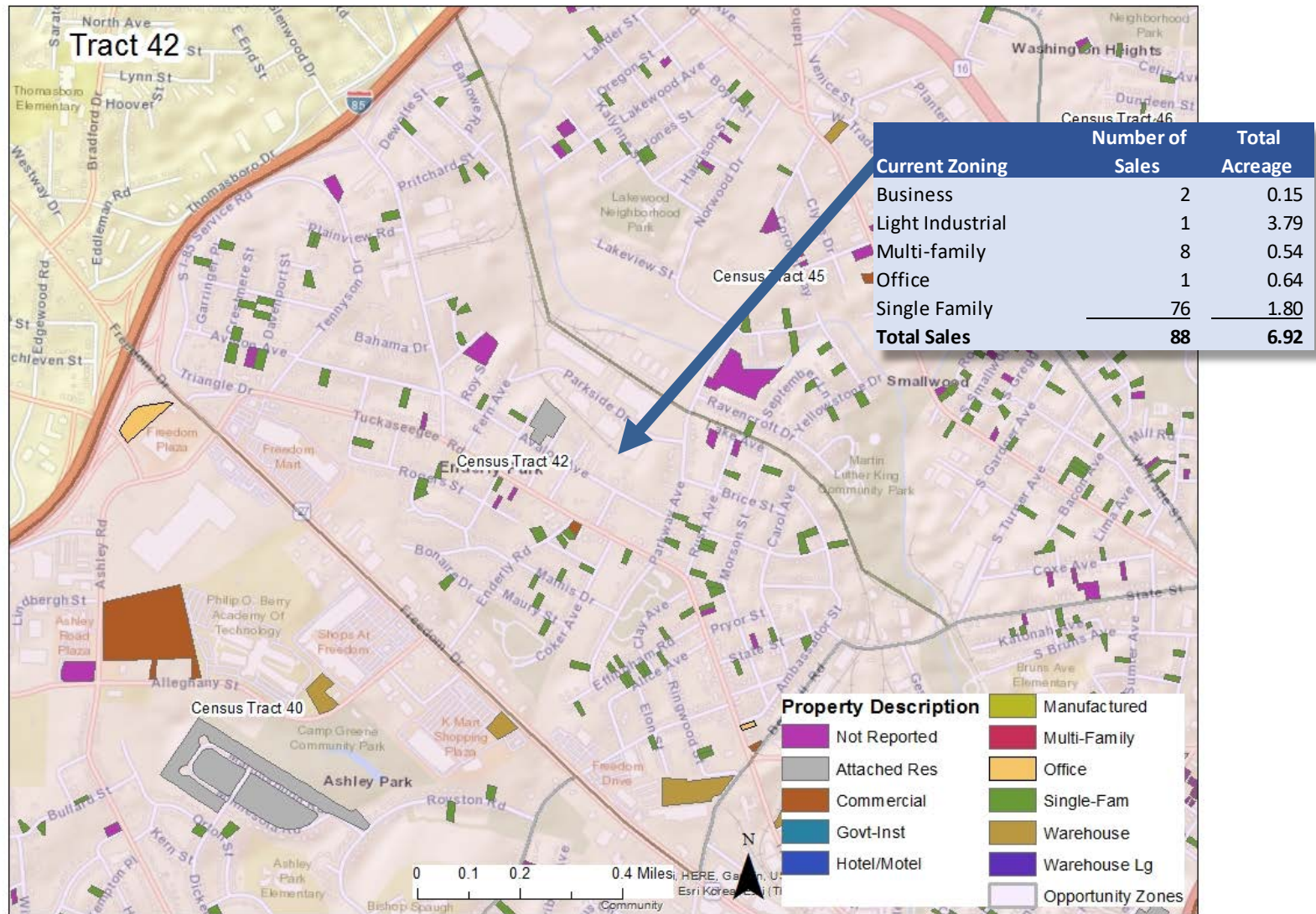


OPPORTUNITY ZONE SALES - 42





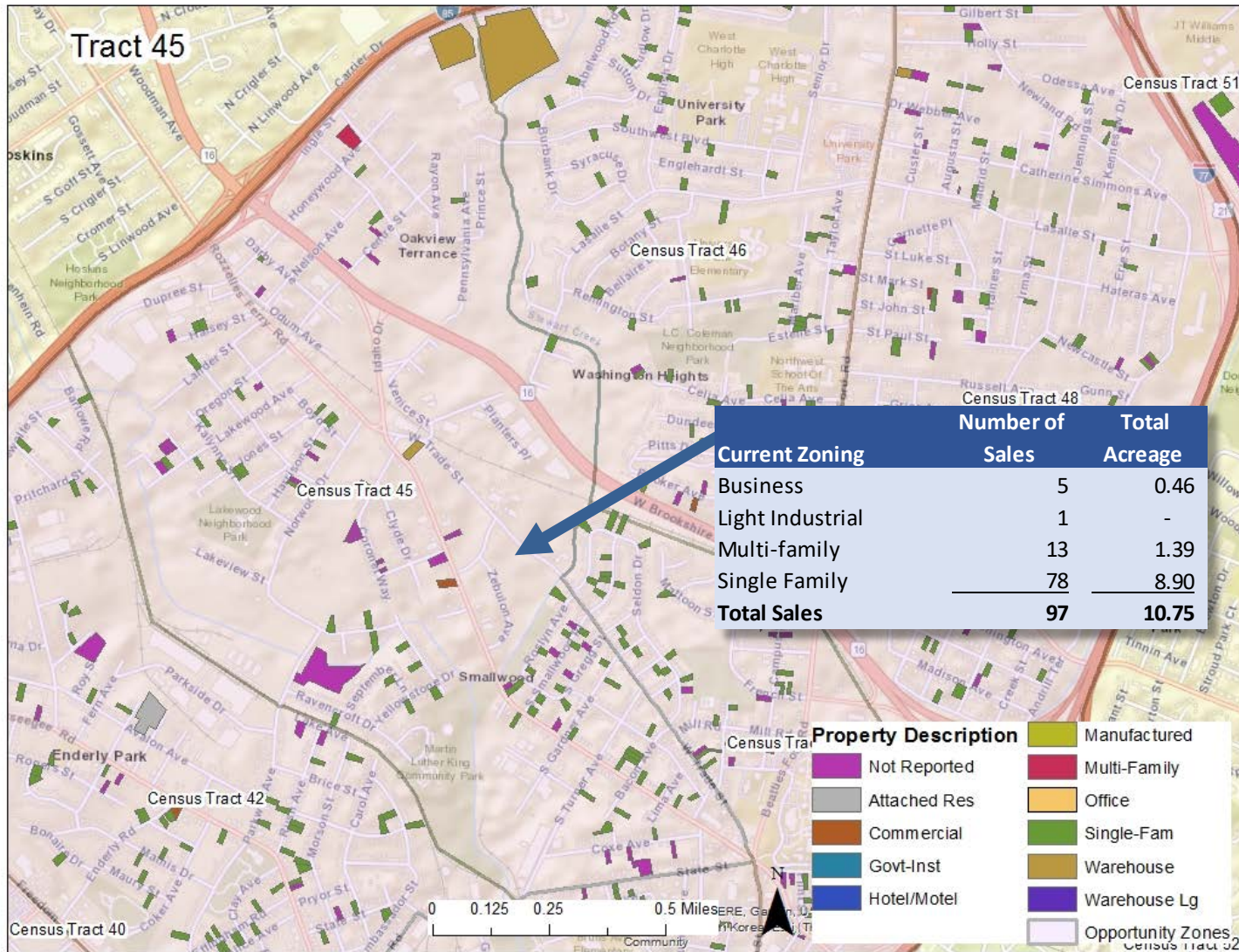
OPPORTUNITY ZONE SALES - 42





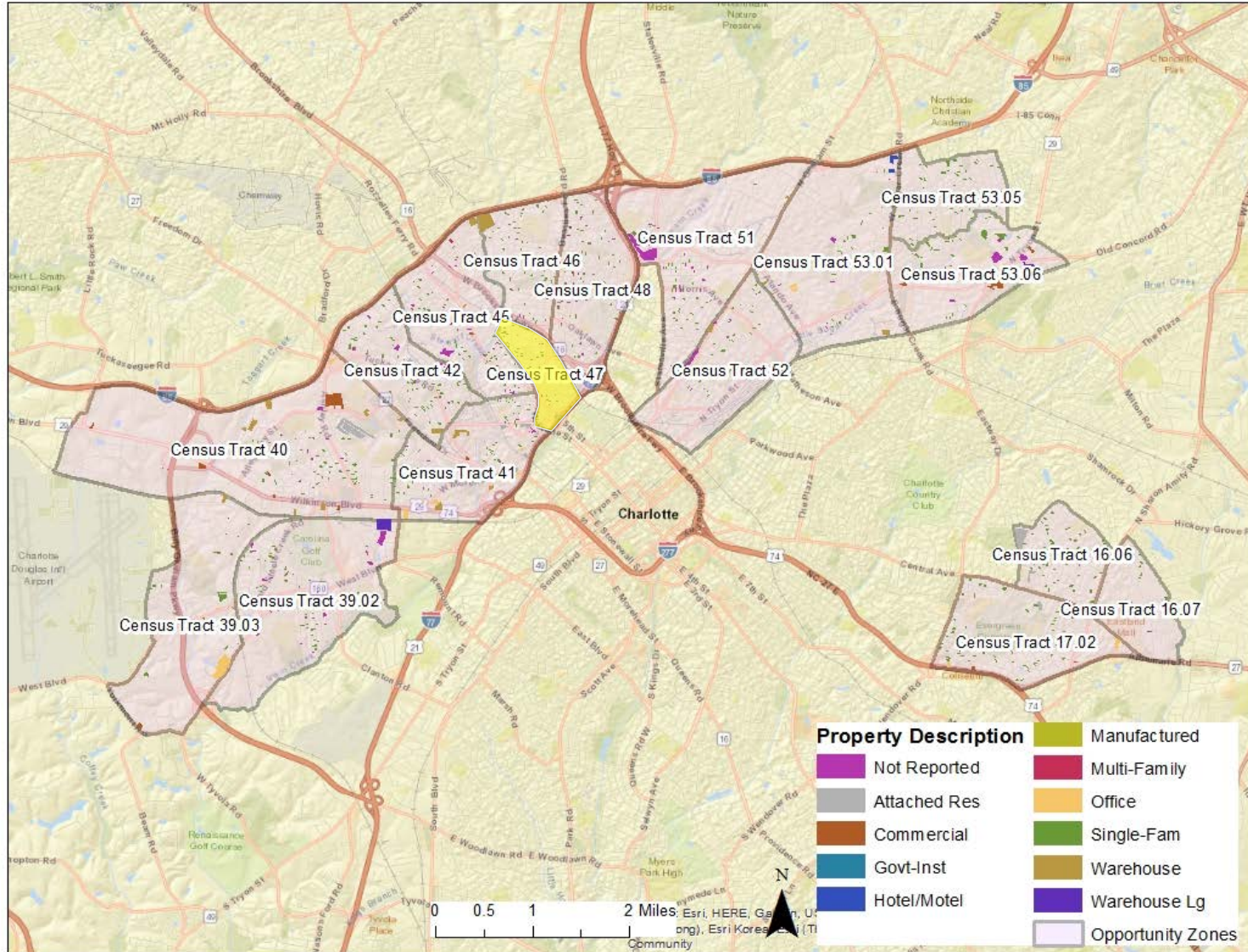


OPPORTUNITY ZONE SALES - 45



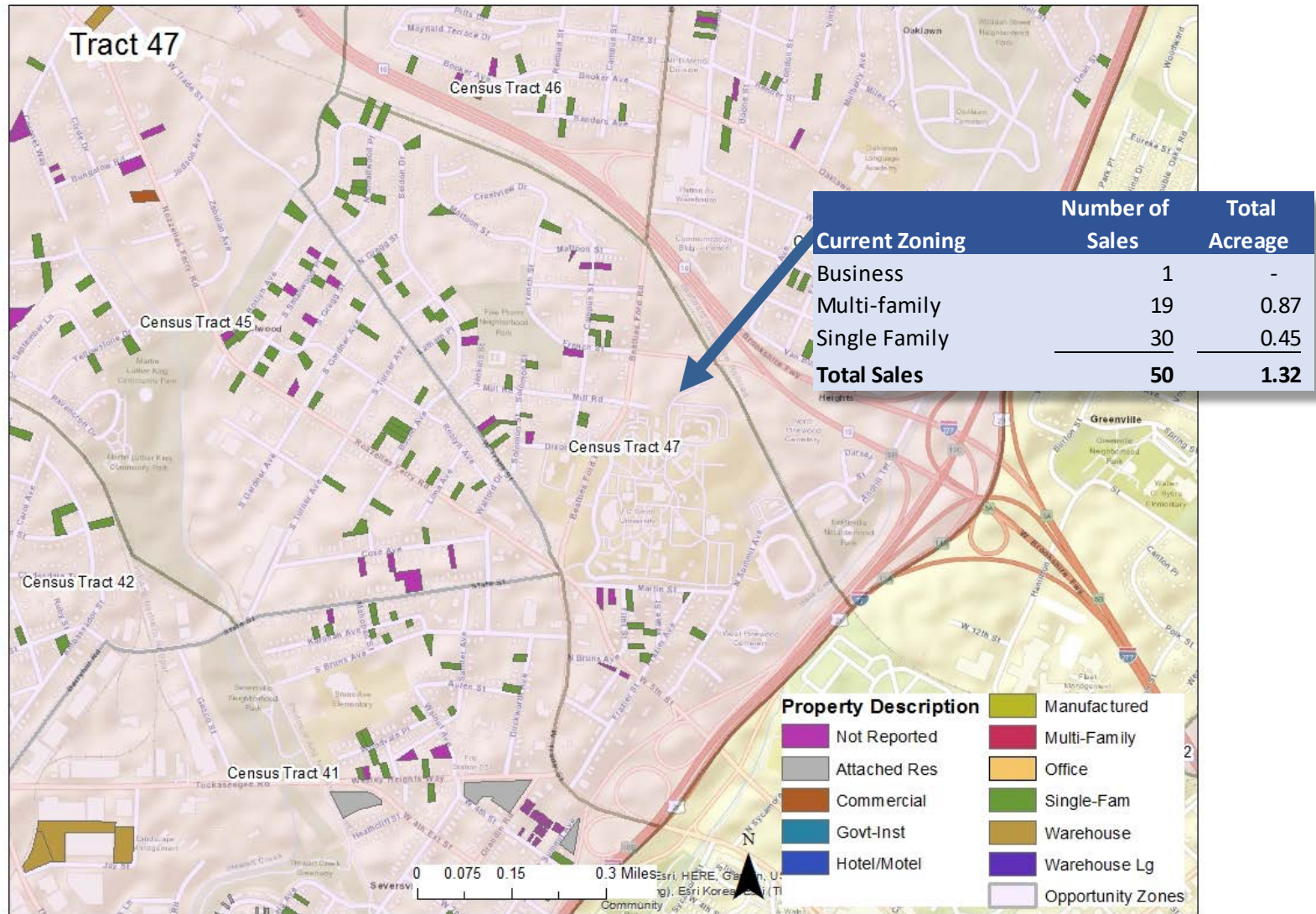


OPPORTUNITY ZONE SALES - 47



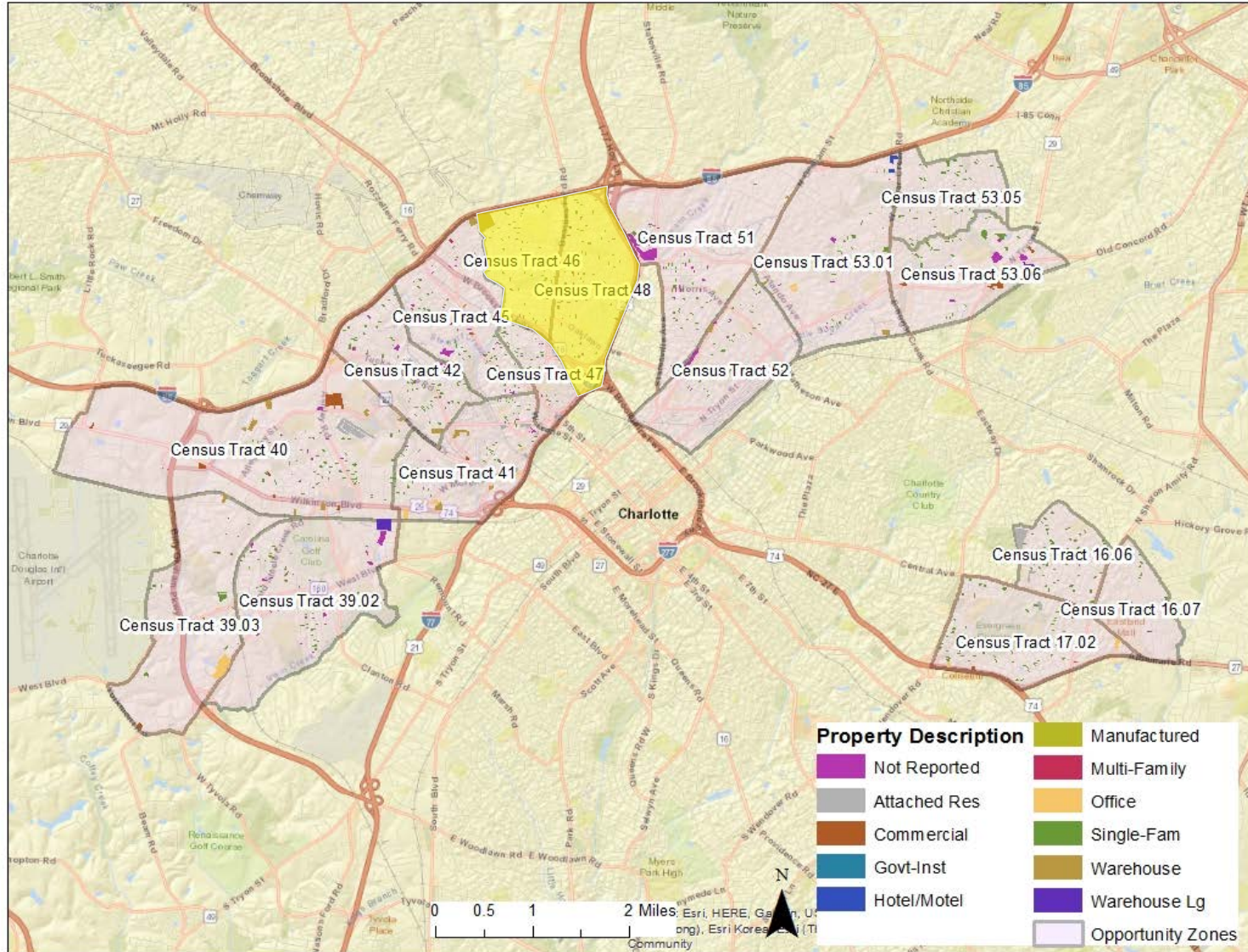


OPPORTUNITY ZONE SALES – 47



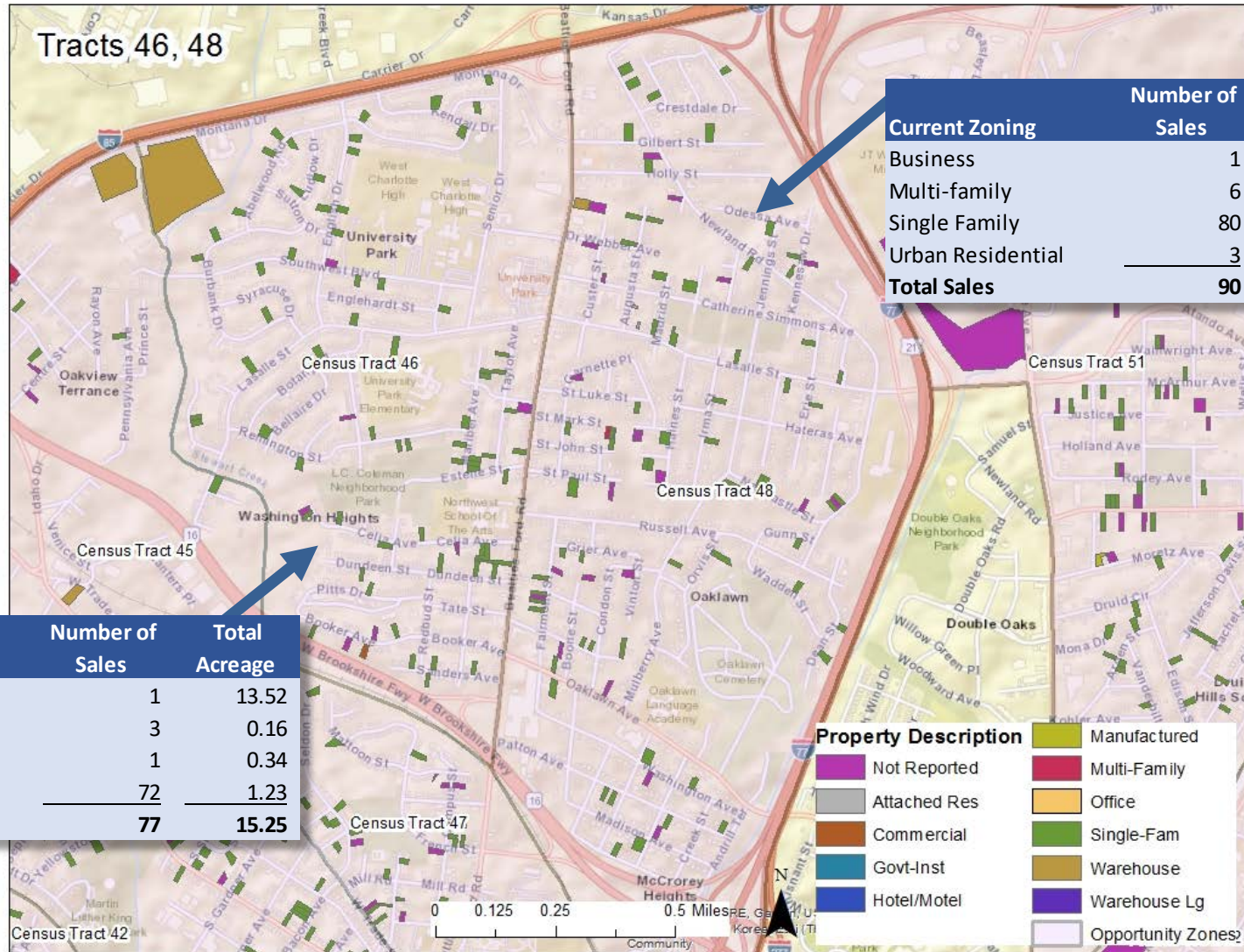


OPPORTUNITY ZONE SALES – 46 & 48



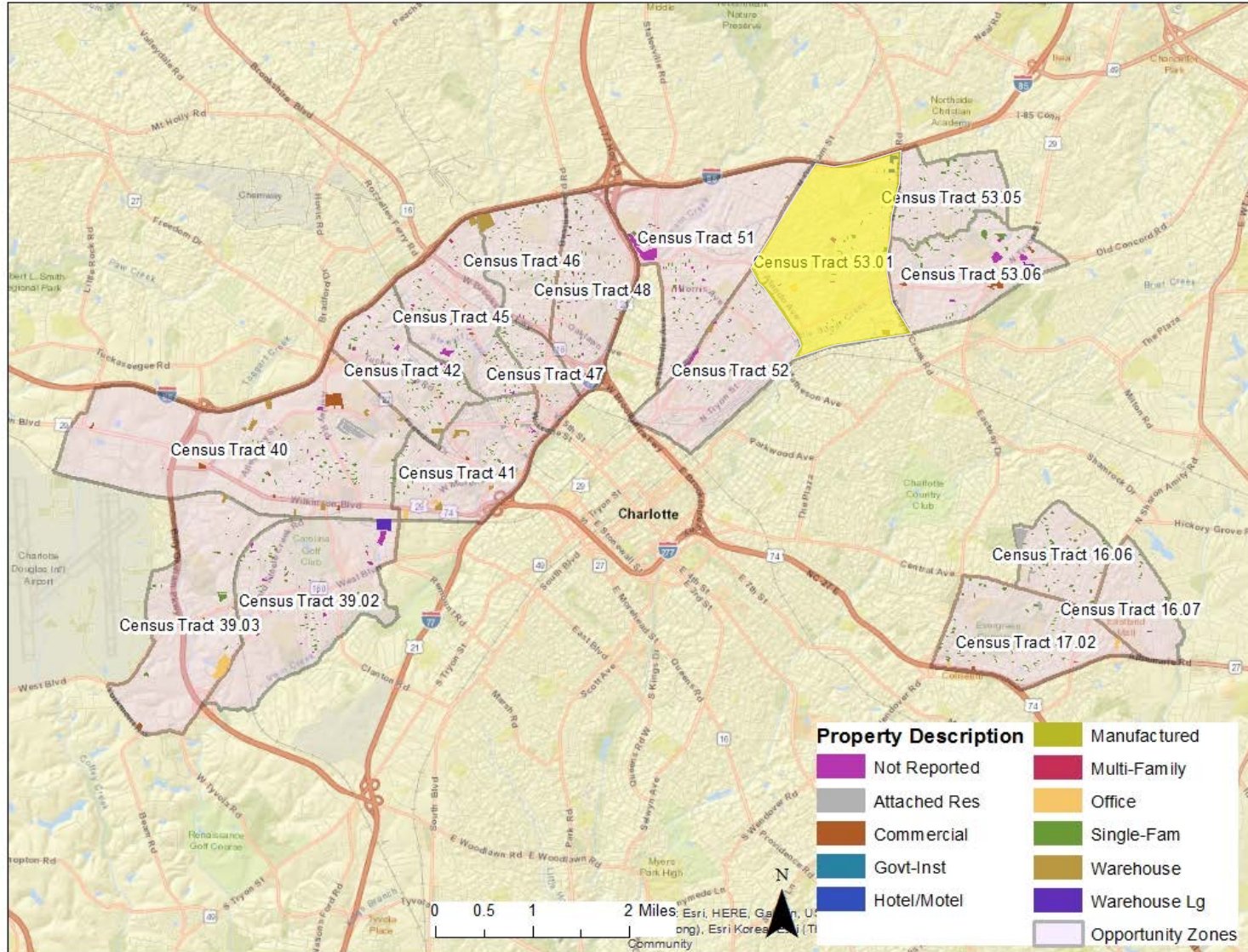


OPPORTUNITY ZONE SALES – 46 & 48



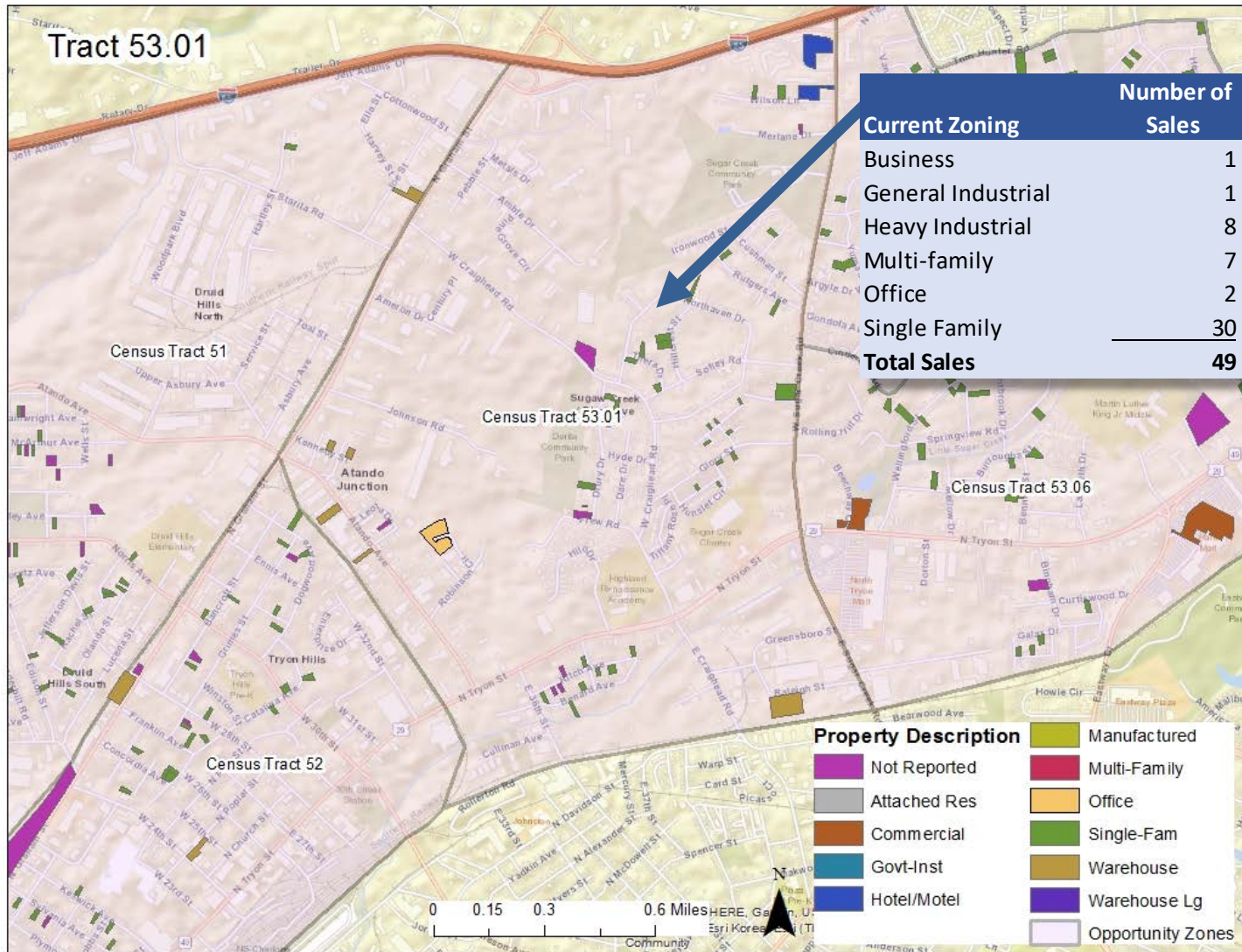


OPPORTUNITY ZONE SALES – 53.01



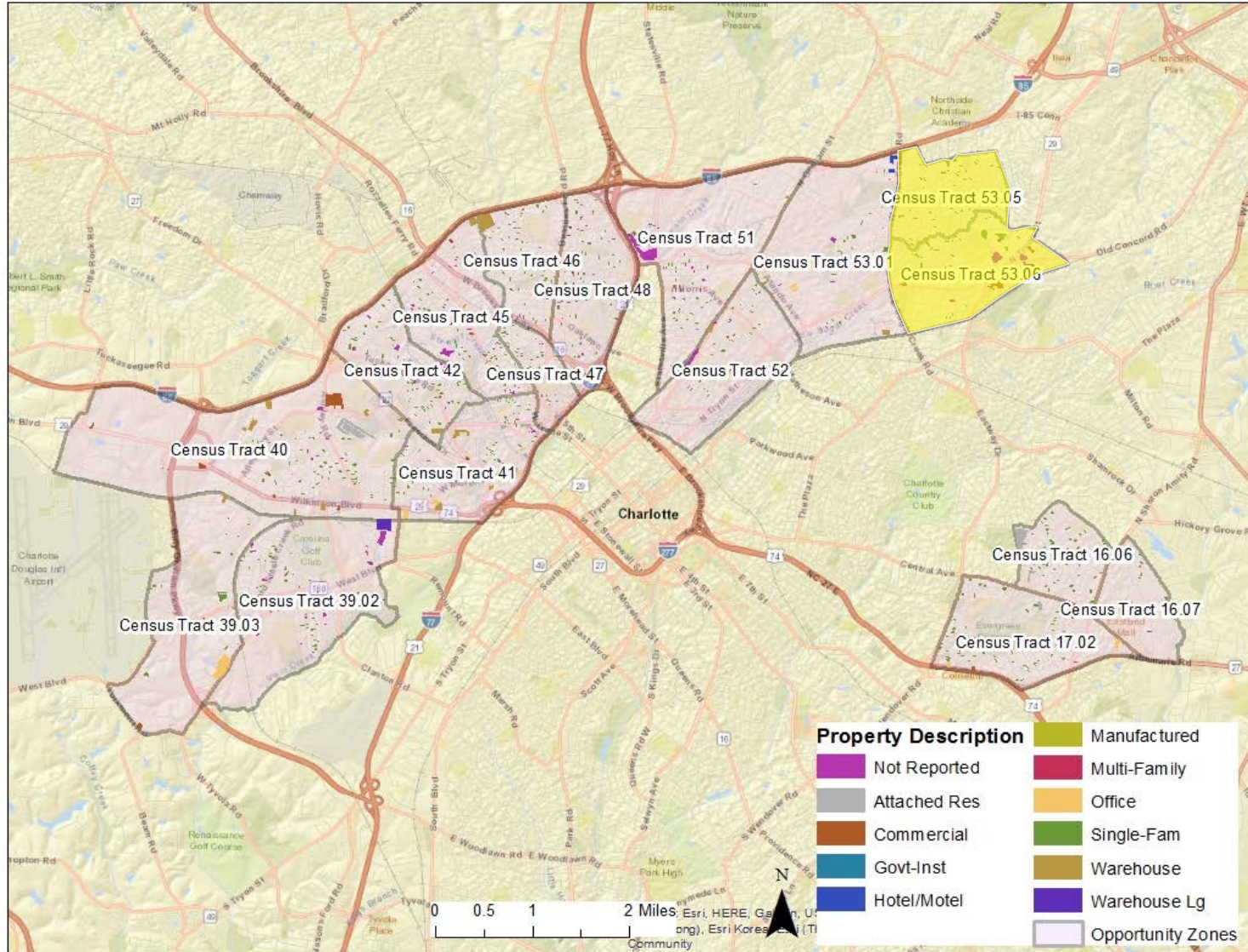


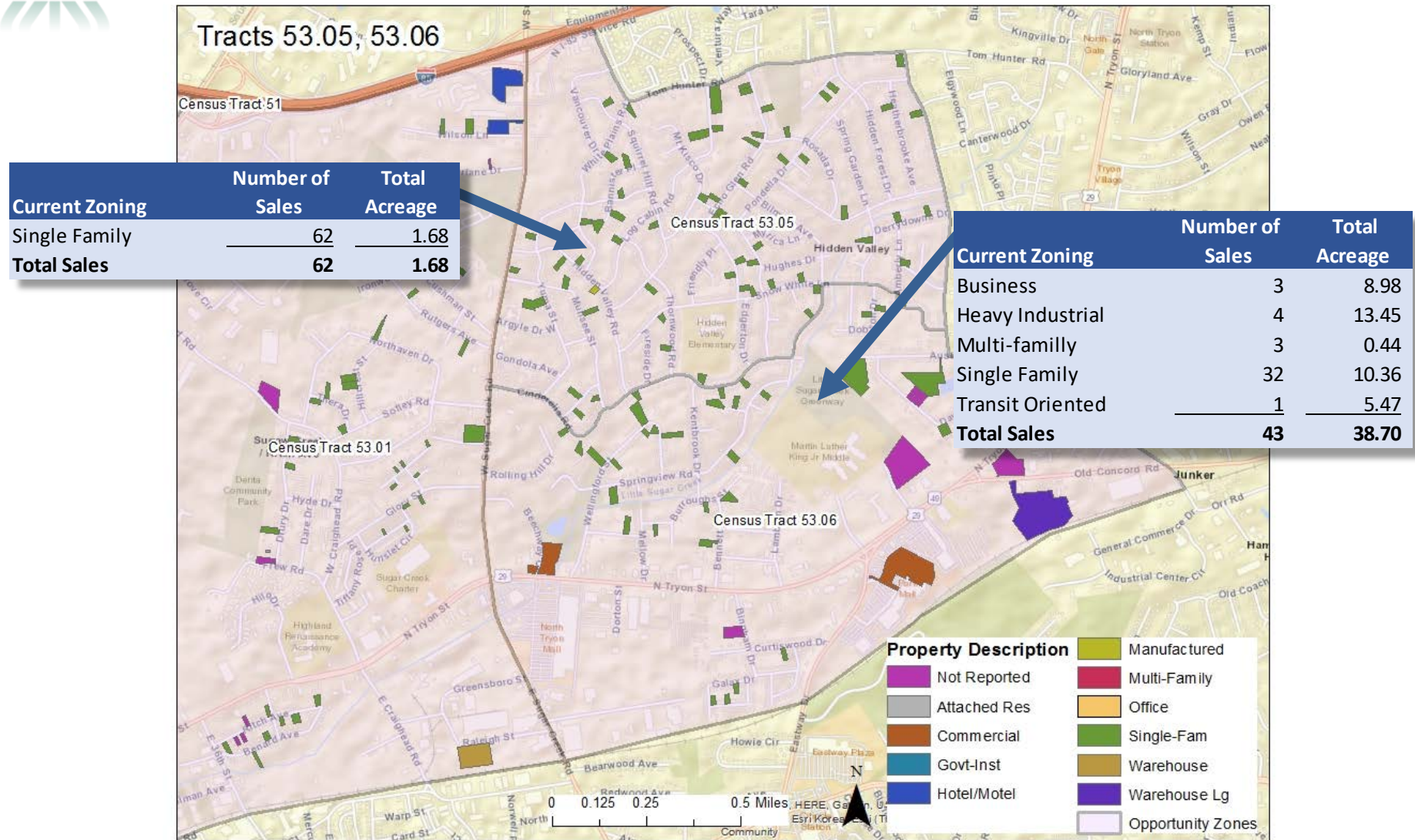
OPPORTUNITY ZONE SALES – 53.01





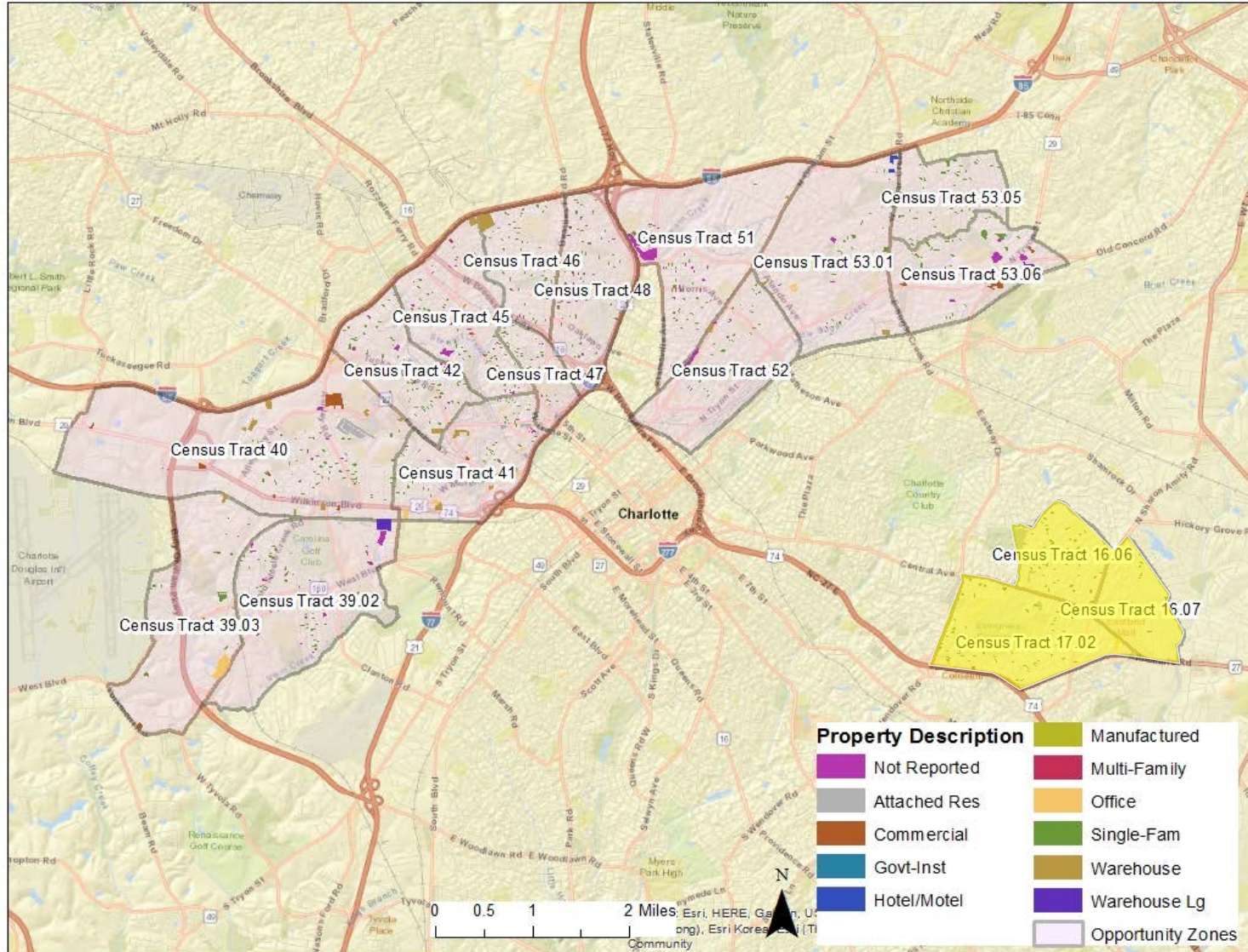
OPPORTUNITY ZONE SALES – 53.05 & 53.06







OPPORTUNITY ZONE SALES – 16.06, 16.07 & 17.02





OPPORTUNITY ZONE SALES – 16.06, 16.07 & 17.02

