



Opportunity Zones

An Analysis of Zone Designations and a Discussion of What States Should do Next

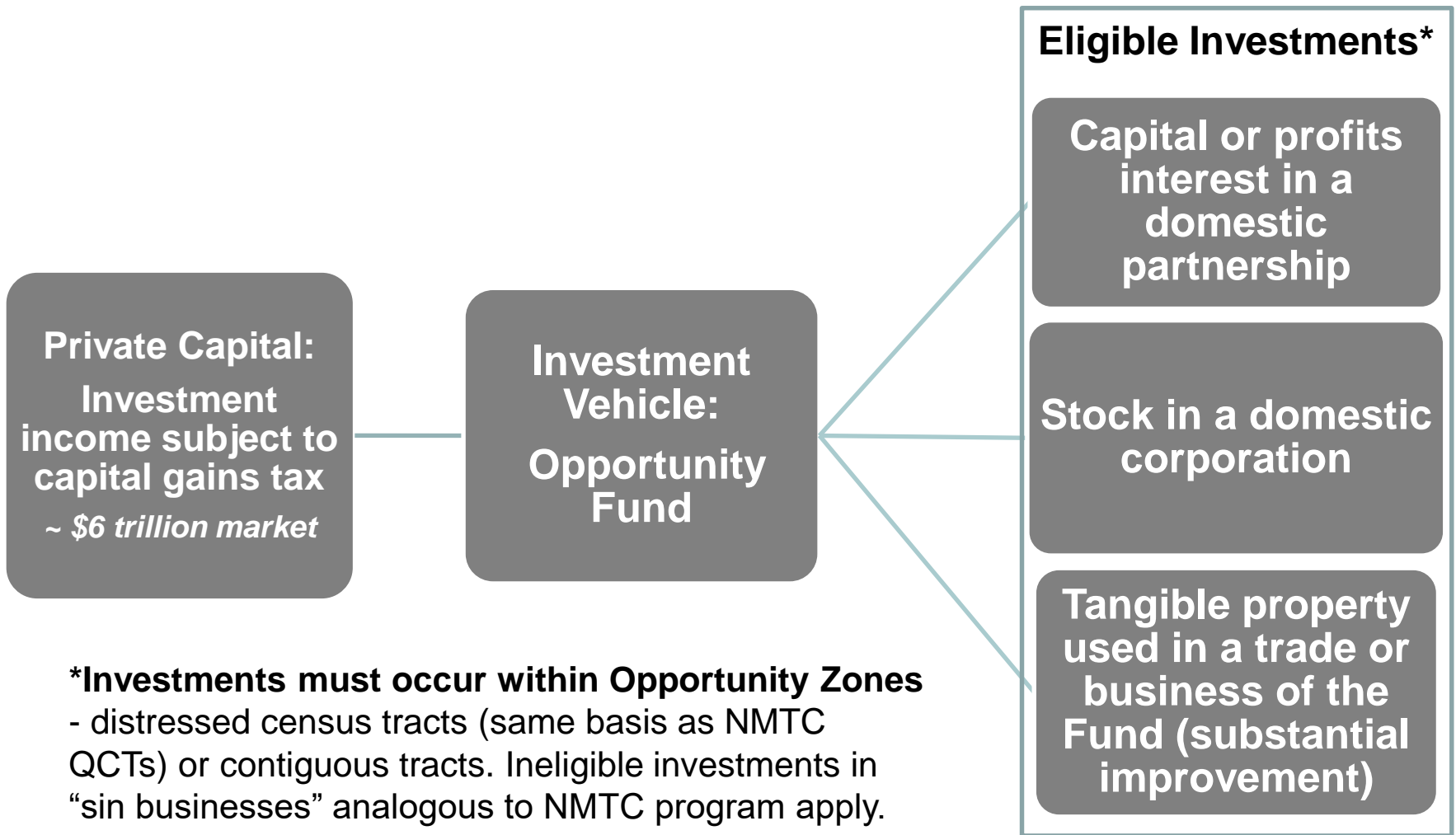
April 25, 2018



Agenda

- **Overview of Structure and Deadlines**
- **Opportunity Zones: What We Know So Far**
 - Two Rounds of Designations Announced – April 9, April 18
 - Status of Nominations as of April 20
 - Analysis of Approved Opportunity Zones
- **Insights from the Council of Development Finance Agencies**
- **Next Steps for States and Communities**
 - Local Engagement to Develop Opportunity Zones Strategies
 - Emerging examples from Across the Nation
- **Additional Resources**

Overview of Structure



Key Dates and Steps Toward Implementation

- **Opportunity Zone Nominations:** 90 - 120 days post-enactment (tax reform)
 - **3/21:** First deadline for nominations/extensions - 100% response
 - **4/09:** Announced - 15 states, 3 territories approved
 - **4/18:** Announced - 5 states, 1 territory approved
 - **4/20:** Final deadline for nominations
 - **5/21:** All Opportunity Zones approved (June 18th at the latest)
- **Guidance on Opportunity Funds:** Q2 - Q3 2018
 - Treasury will release guidance on Fund qualifications and registration
 - 1) Corporation or partnership with 2) 90% of assets in Opportunity Zones
- **Implementation of Law:** Q3 2018 - Q4 2018
 - Unclear whether it will be a proposed rule making or interim rule making process
- **Creation of / Investment in Funds:** Q4 2018 - Q1 2019

Approved Opportunity Zones

First Round – April 9

[American Samoa](#) | [Arizona](#) | [California](#) | [Colorado](#) | [Georgia](#) | [Idaho](#)

[Kentucky](#) | [Michigan](#) | [Mississippi](#) | [Nebraska](#) | [New Jersey](#)

[Oklahoma](#) | [Puerto Rico](#) | [South Carolina](#) | [South Dakota](#) | [Vermont](#)

[Virgin Islands](#) | [Wisconsin](#)

Second Round – April 18

[Alabama](#) | [Delaware](#) | [Missouri](#) | [Northern Mariana Islands](#) | [Ohio](#) | [Texas](#)

What We Know as of April 20 (Final Deadline)

Submitted Nominations to Treasury after March 21 (Not Approved)

[Alaska](#) | [Arkansas](#) | [Connecticut](#) | [Washington, D.C.](#) | [Florida](#) | [Indiana](#) |
[Iowa](#) | [Kansas](#) | [Louisiana](#) | [Maryland](#) | [Massachusetts](#) | [Minnesota](#) |
[Montana](#) | [Nevada](#) | [New York](#) | [North Carolina](#) | [North Dakota](#) |
[Oregon](#) | [Pennsylvania](#) | [Rhode Island](#) | [Utah](#) | [Virginia](#) | [Washington](#)

Unclear: Waiting for Confirmation from Governor

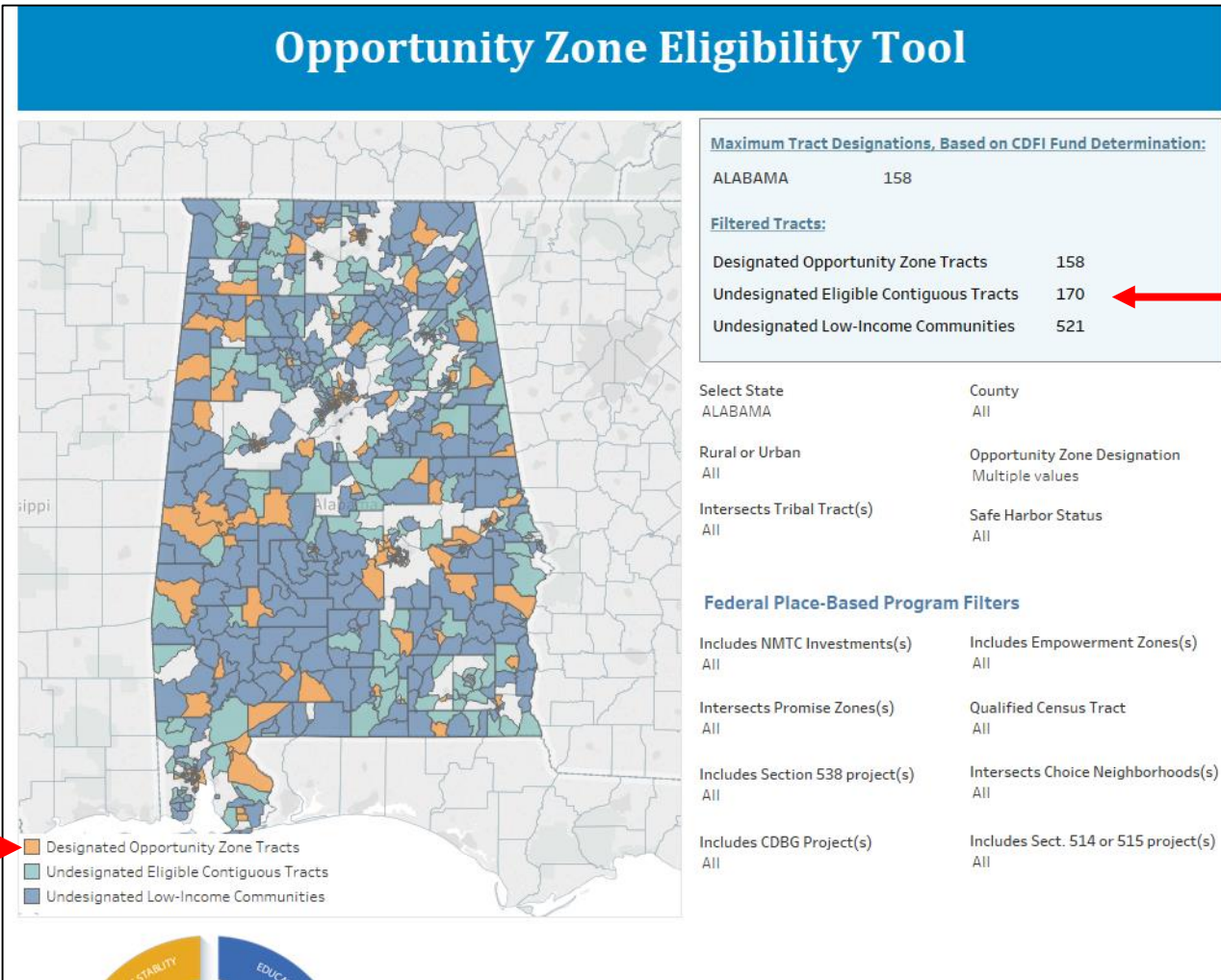
Guam | Hawaii | Illinois | Maine | New Hampshire | New Mexico | Tennessee

West Virginia | Wyoming

Analysis: What We Know So Far

- Treasury has approved 4,831 census tracts across 20 states and 4 territories as designated Opportunity Zones.
- Of those Opportunity Zones, 98% (4,732) qualify as Low-Income Communities. The remaining 2% (99) Opportunity Zones were eligible contiguous tracts.
- All but 22 of the Opportunity Zone designations were made on the basis of the 2011-2015 American Community Survey data.
- Collectively, these states represent a little over half of all tracts that are eligible to be designated.

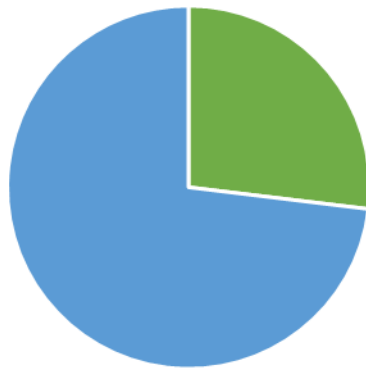
Analysis: Updated Tool!



Analysis: Where are Opportunity Zones Located?

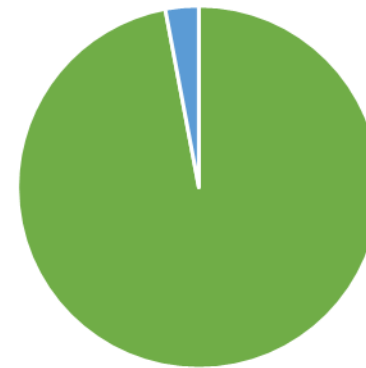
- The majority of designated Opportunity Zones are located in urban and suburban census tracts.
- But most of the land area designated is located in rural census tracts.

Number of Opportunity Zone Tracts by Place Type



■ Rural ■ Urban

Land Area of Opportunity Zone Tracts by Place Type

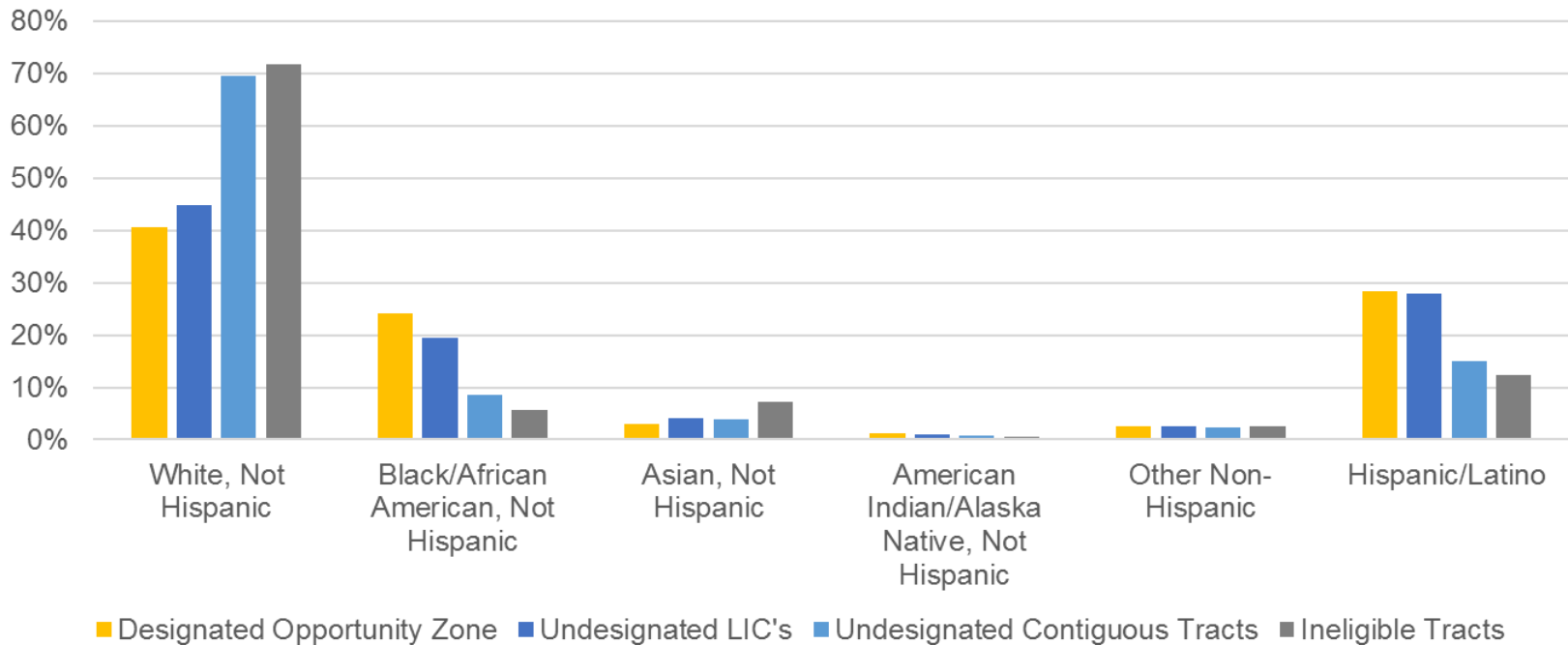


■ Rural ■ Urban

Analysis: What does the racial composition look like?

- Households in designated Opportunity Zones have:
 - Relatively large populations of Black/African American and Hispanic/Latino residents.
 - Smaller populations of White and Asian residents

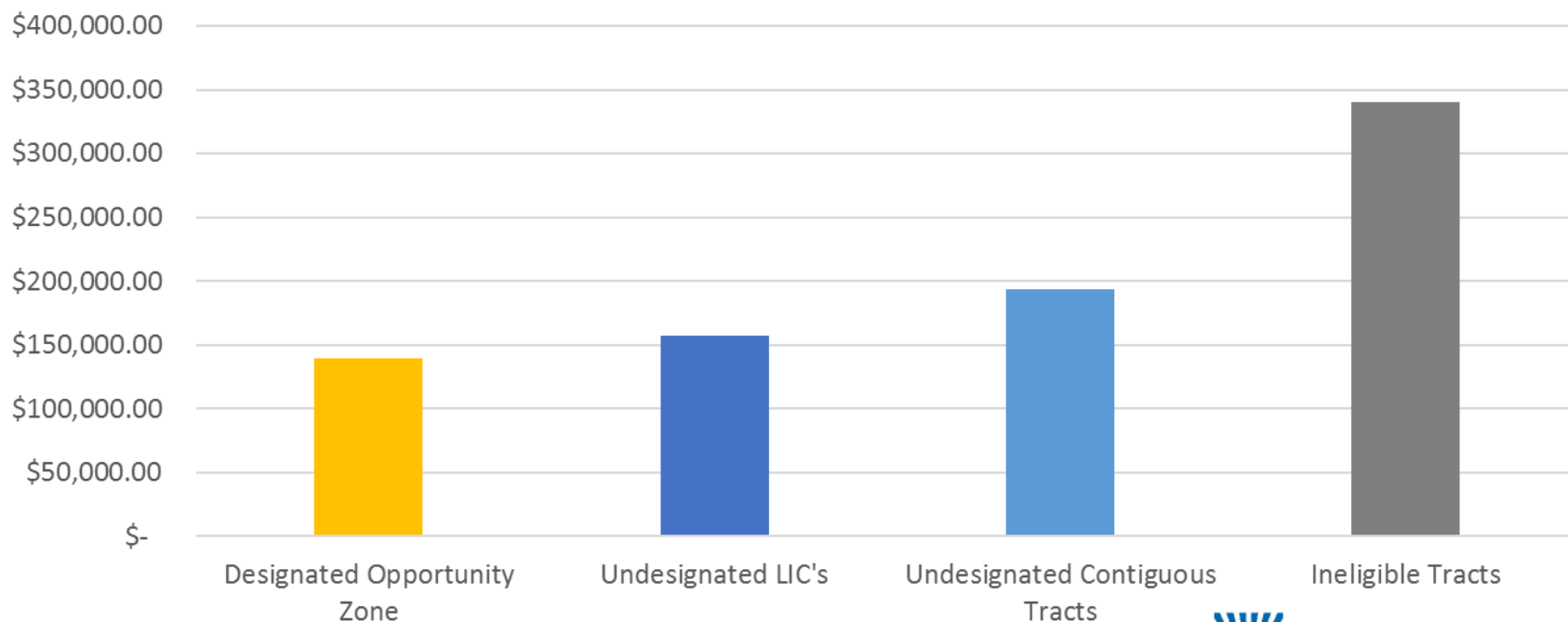
Racial Composition of the Average Tract (2012-2016)



Analysis: How vulnerable are residents to housing shocks?

- Households in designated Opportunity Zones have lower home values, lower homeownership rates, and higher levels of renter cost burden than both other eligible tracts that were not nominated and the states overall.

Median Home Value in the Average Tract (2012-2016)



Analysis: Significant Overlap With Affordable Housing

- The designated Opportunity Zones have a significant presence of affordable homes with federal, project-based subsidies compared to:
 - other census tracts eligible for nomination, and
 - the 20 states and 4 territories as a whole.
- Collectively, 27% of existing federally-subsidized affordable homes in these 20 states and 4 territories is located within designated Opportunity Zones.

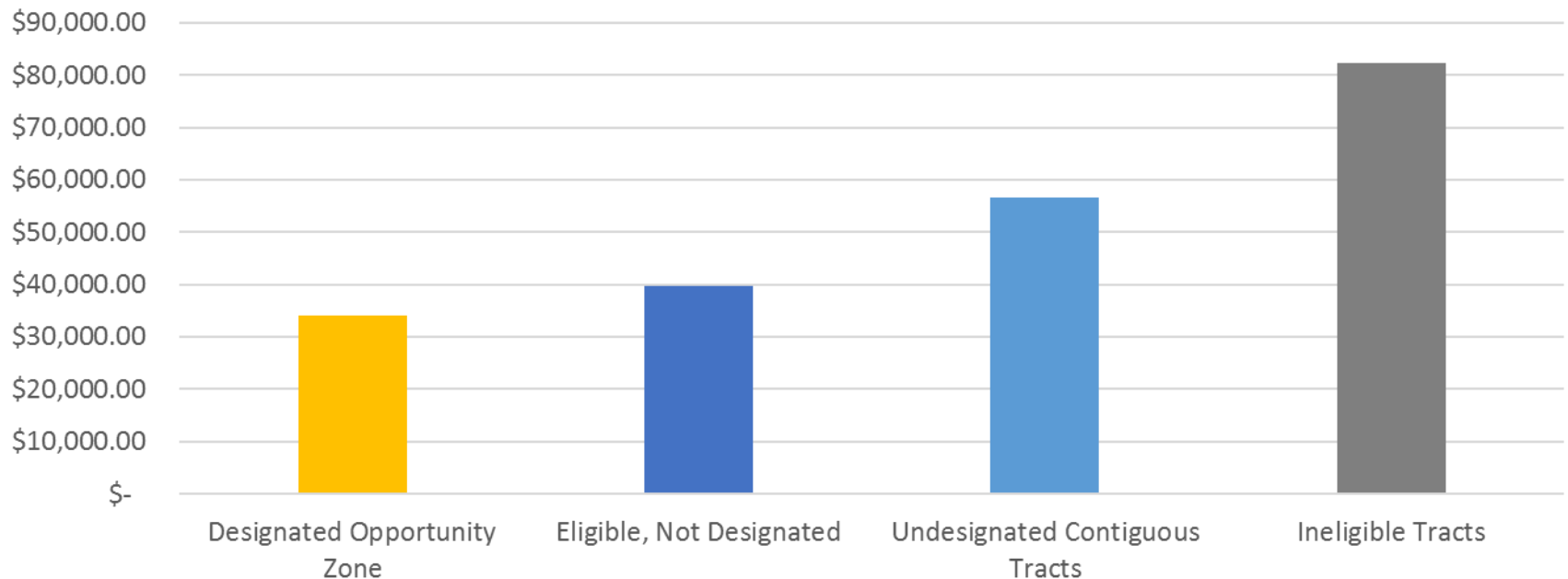
Analysis: What Jobs Exist in Designated Zones?

- 15% of the region's jobs from small businesses are located in the designated Opportunity Zones
- 49% of the jobs located in designated Opportunity Zones are from small businesses.
- 51% of the jobs located in designated Opportunity Zones are from large businesses with 500 or more employees.

Analysis: Will local workers be competitive for new jobs?

- Adults in designated Opportunity Zones have lower incomes and lower educational attainment than both the surrounding area and the census tracts that were eligible but not nominated.

Median Household Income in the Average Tract (2012-2016)



Insights from the Council of Development Finance Agencies



Katie Kramer, Vice President

National association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing hundreds of public, private and non-profit development entities. Members are state, county and municipal development finance agencies and authorities that provide or otherwise support economic development financing programs as well as a variety of non-governmental and private organizations including bankers, underwriters, attorneys, financial advisors and other organizations interested in development finance.

What's Next for States and Communities

- Engagement with mayors, county executives, local leaders, and other important community stakeholders
- Policies, programs, and planning that ensure equitable and inclusive economic development and expand access to opportunity for existing residents and local businesses
- Create strategies that:
 - Protect residents and business owners from displacement
 - Attract investment in Zones where private capital would otherwise not flow
 - Incent investments geared toward high social benefit
- Enterprise will be monitoring and sharing best practices being shared and the state and local level that are aligned with local priorities and community needs
 - May 2018: Upcoming webinar to discuss these strategies

Examples of Opportunity Zones Strategies

Legislation

- [California AB-3030](#): Adds projects financed by Opportunity Funds to list of those exempt from the California Environmental Quality Act
- [Missouri SB 590](#): Modifies state Historic Preservation Tax Credit

Treatment of Capital Gains (state-level)

Incent investment in Opportunity Funds and keep dollars locally invested by providing preferential tax treatment at state-level

Government-sponsored Opportunity Funds

Nebraska: potential creation of a state Fund to finance workforce housing adjacent to college campuses. Could be paired and leveraged with state capital resources and assets to maximize value.

More Information

CDFI Fund, Treasury - [Opportunity Zones Resource Page](#)

Economic Innovation Group - [Opportunity Zones Landing Page](#)

Council of Development Finance Agencies – [Resource Page](#)

Enterprise Community Partners - [Opportunity Zones Information Page](#)

Letter to Treasury on Opportunity Zones Implementation

Updated Opportunity360 Maps

New Podcast: Opportunity Zones – Promises and Pitfalls

Blog Posts: tax benefits for investors, letter to Treasury, etc.

Additional Information and Reading

Sign-up for Breaking News!

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