

# How to be a Wizard of OZ: Making the Most of Your Opportunity Zone

APA Upper Midwest Conference  
October 4, 2019



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# VANDEWALLE & ASSOCIATES, INC.

## Madison & Milwaukee

Urban Planning and Economic Development  
Firm with Over 40 Years of Experience Across  
the Midwest

Multiple Clients and Projects in Upper  
Midwest and Great Lakes

Assess Regional & Local Opportunities

Connect Communities with Resources and  
Collaborators

Identify Catalytic Projects for Redevelopment

Leverage Assets to Maximize Impact

Transform Communities

Working with Opportunity Zones in Three  
States

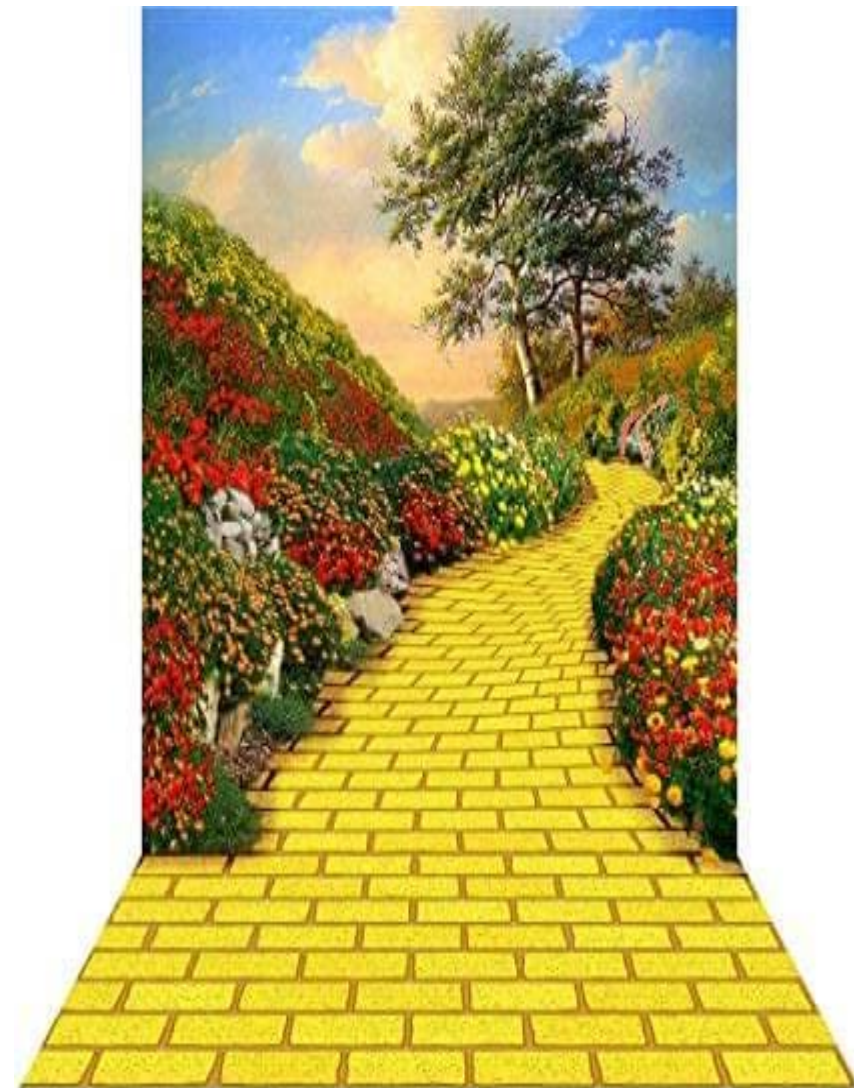
Here to Help Communities and Regions Take  
the Next Step



***We Are Not Financial Advisors***

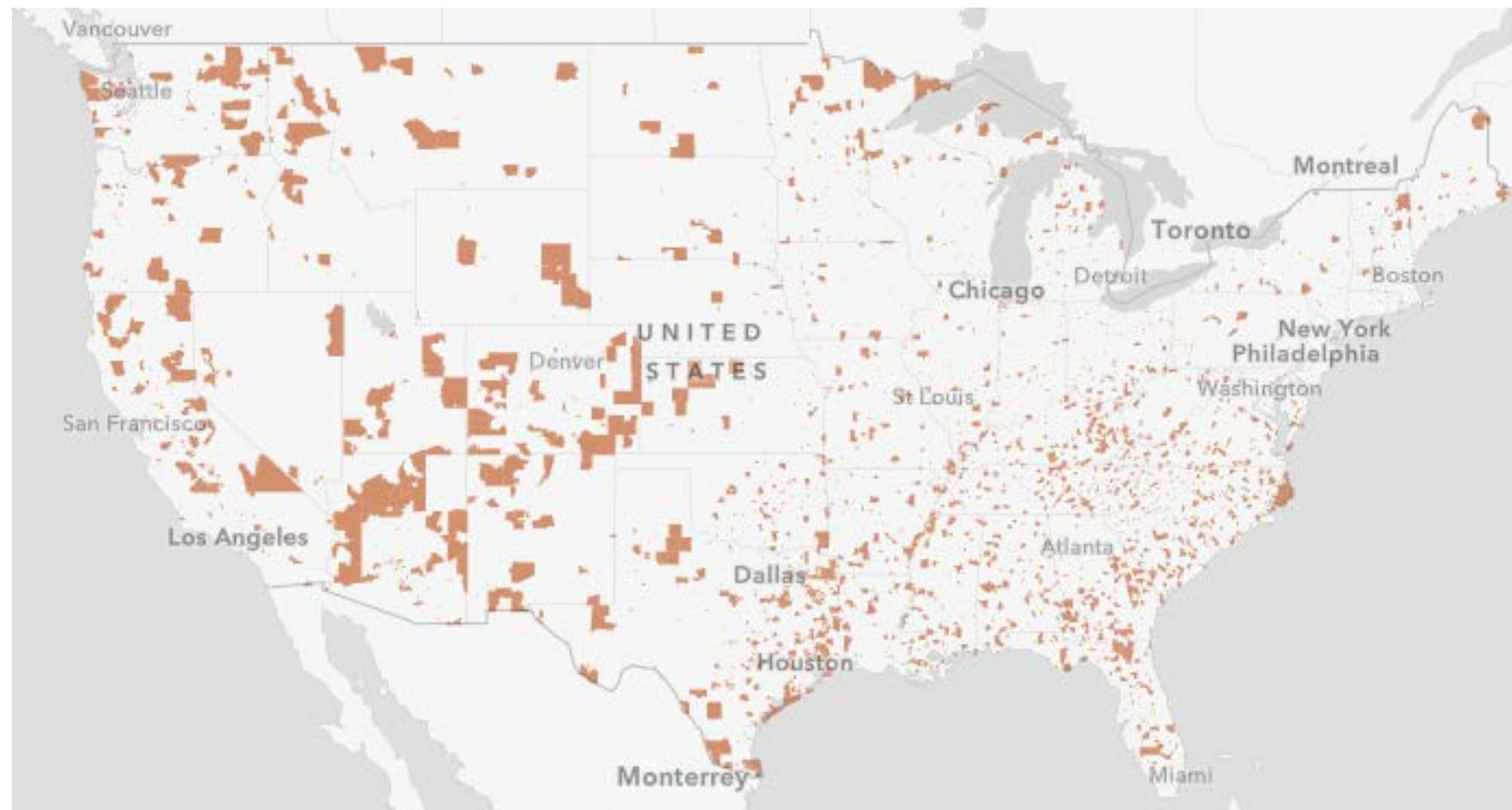
## OPPORTUNITY ZONES

Opportunity Zones are low income census tracts nominated by governors and certified by the U.S. Department of the Treasury into which investors can now put capital to finance new projects and enterprises in exchange for certain federal capital gains tax advantages.

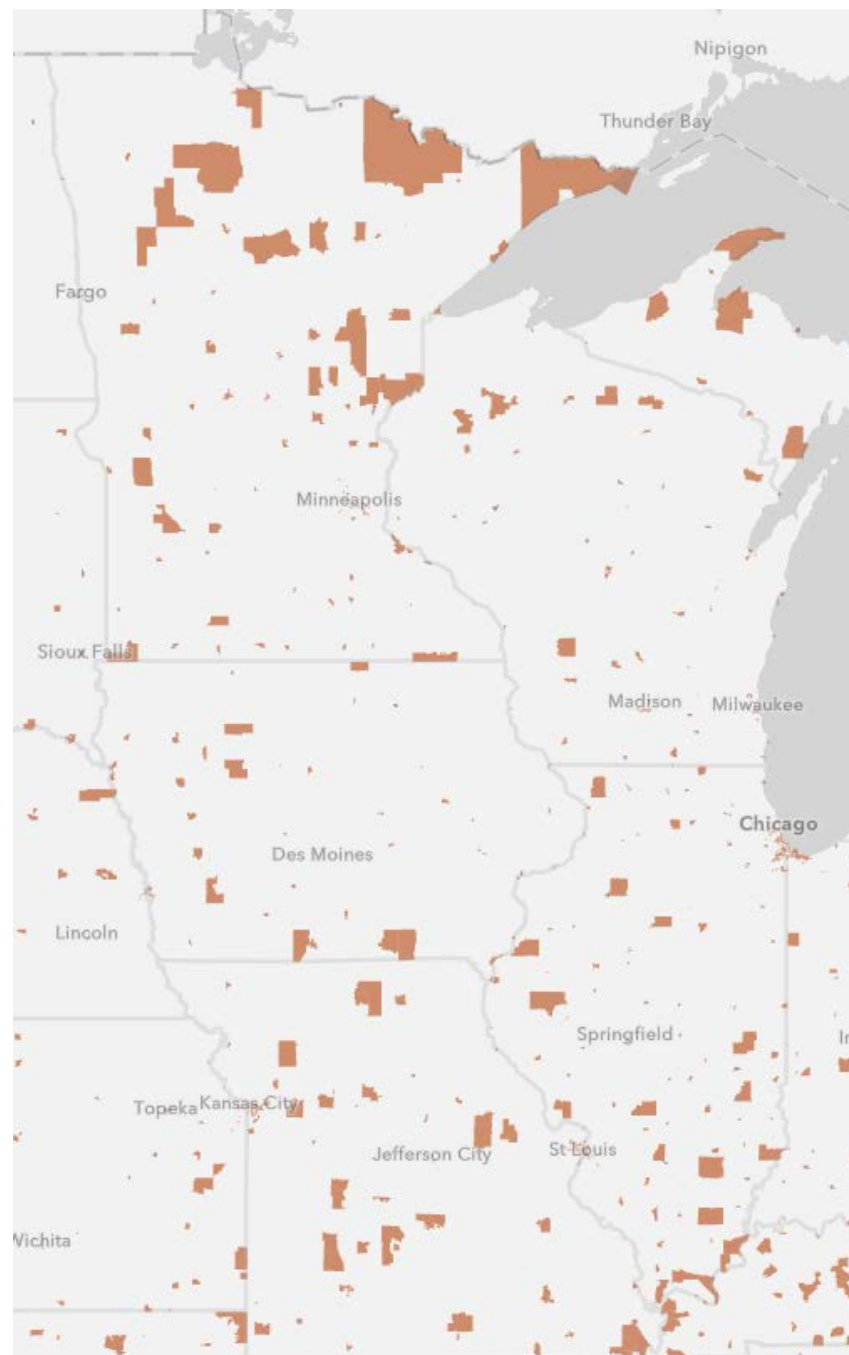




# NATIONWIDE OPPORTUNITY ZONES



# UPPER MIDWEST OPPORTUNITY ZONES



## Designated OZ Census Tracts by state:

- Illinois: 327
- Minnesota: 128
- Wisconsin: 120
- Iowa: 62

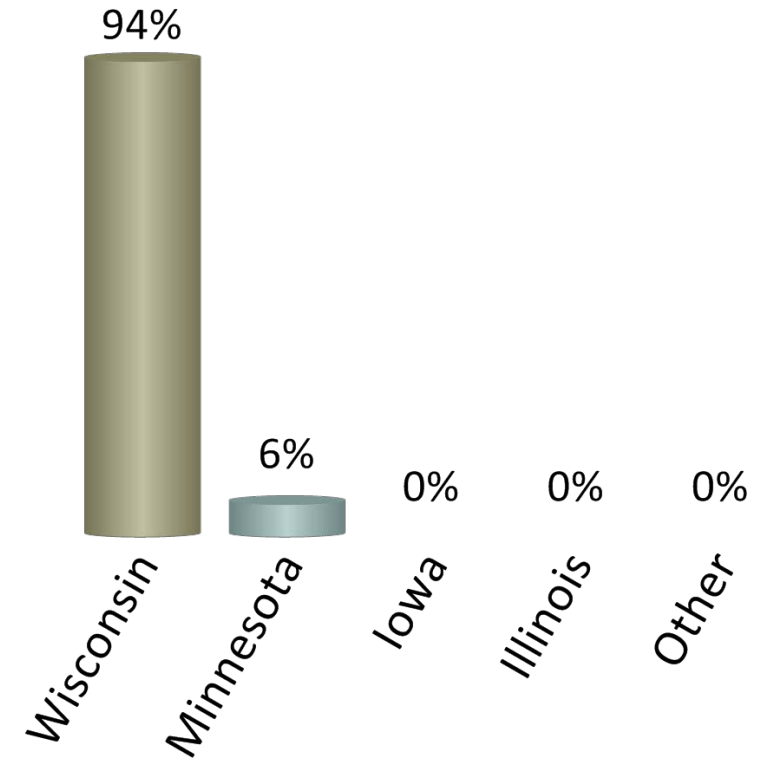
# INTERACTIVE POLLING QUESTIONS

Are you a  
wizard?



What state do  
you primarily  
work in?  
(check all that  
apply)

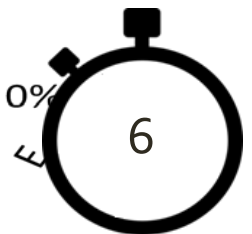
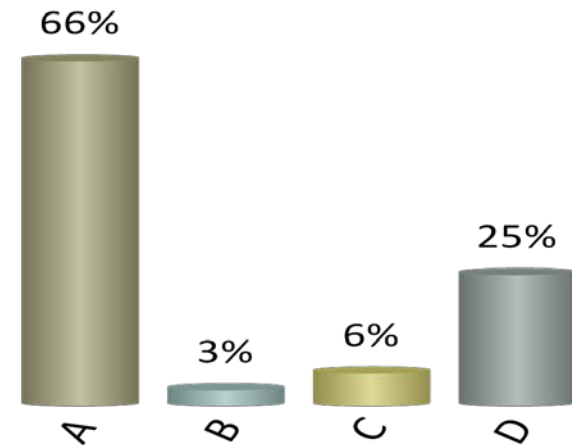
- A. Wisconsin
- B. Minnesota
- C. Iowa
- D. Illinois
- E. Other





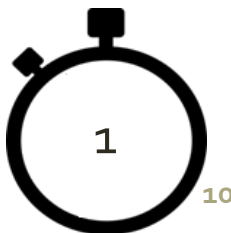
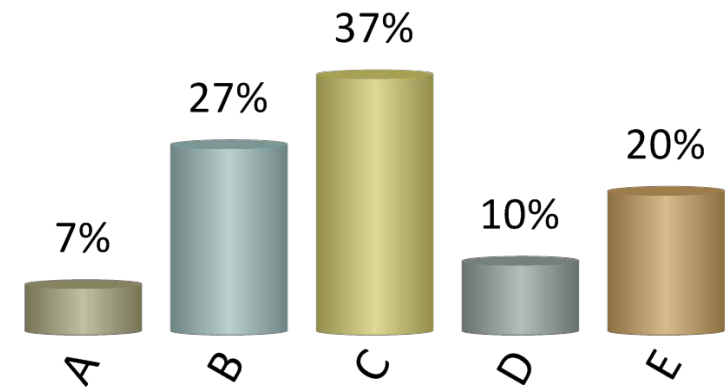
Who do you  
work for?

- A. Local government
- B. State government
- C. Regional organization
- D. Private consulting firm
- E. Non-profit or other community development organization



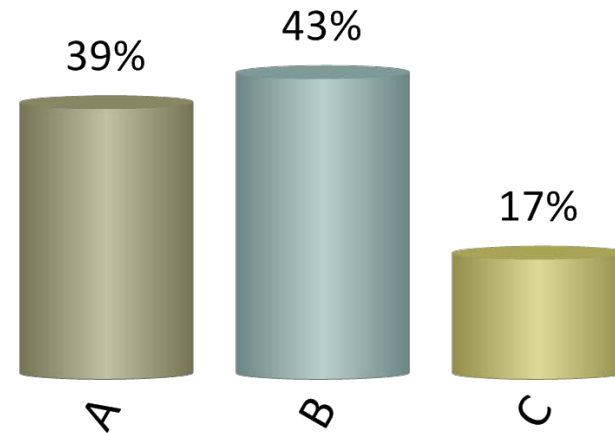
How many designated Opportunity Zone (OZ) Census tracts are located within your unit of government/primary practice area?

- A. None
- B. One
- C. Two
- D. Three
- E. Four or more



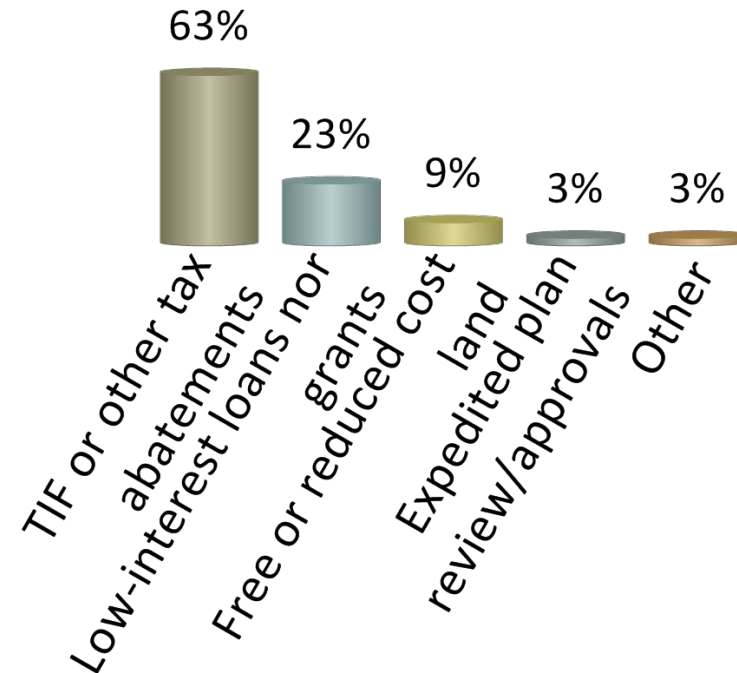
If your city/area has one or more OZ's, how were they awarded?

- A. We nominated one or more tracts via a local/state application process
- B. My state chose them for us, with some local input
- C. My state chose them for us, without local input



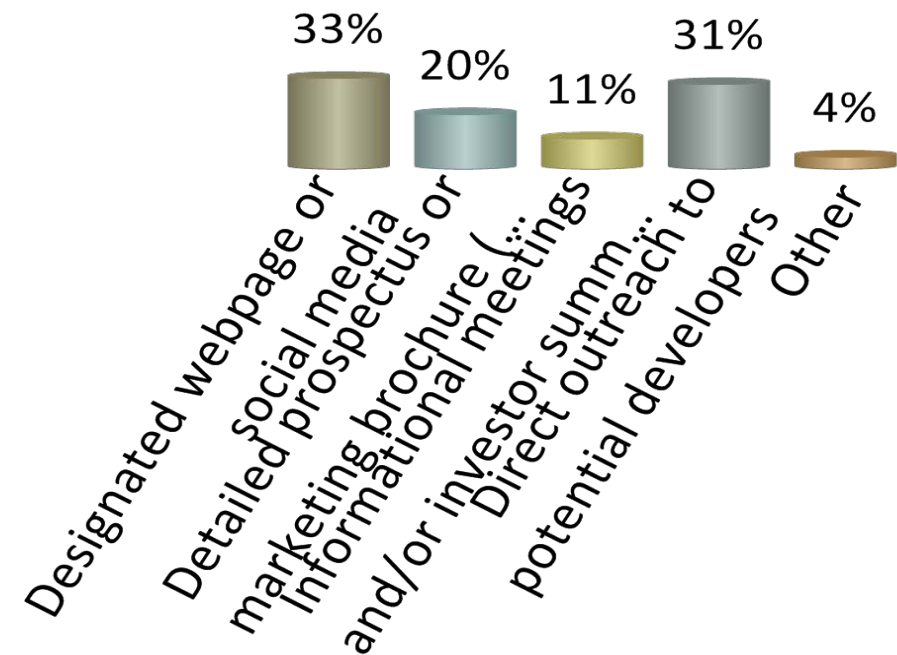
Does your community/area offer (or plan to offer) any additional incentives for OZ developments? (check all that apply)

- A. TIF or other tax abatements
- B. Low-interest loans nor grants
- C. Free or reduced cost land
- D. Expedited plan review/approvals
- E. Other



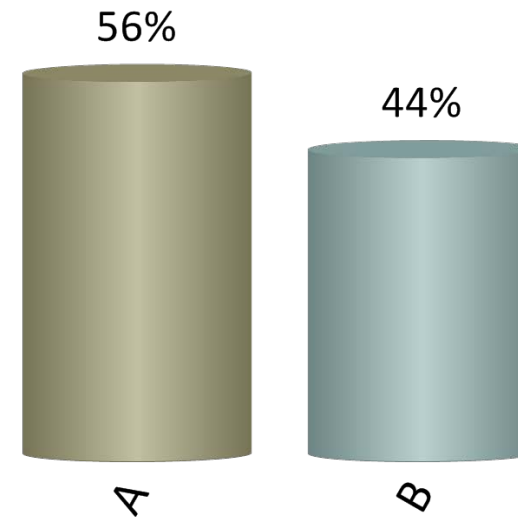
How is your  
community/area marketing  
its OZ's?  
(Check all that  
apply)

- A. Designated webpage or social media
- B. Detailed prospectus or marketing brochure  
(data and/or site specifics)
- C. Informational meetings and/or investor  
summits
- D. Direct outreach to potential developers
- E. Other



Has your  
community/area  
considered joint  
marketing or  
other OZ-related  
partnerships?

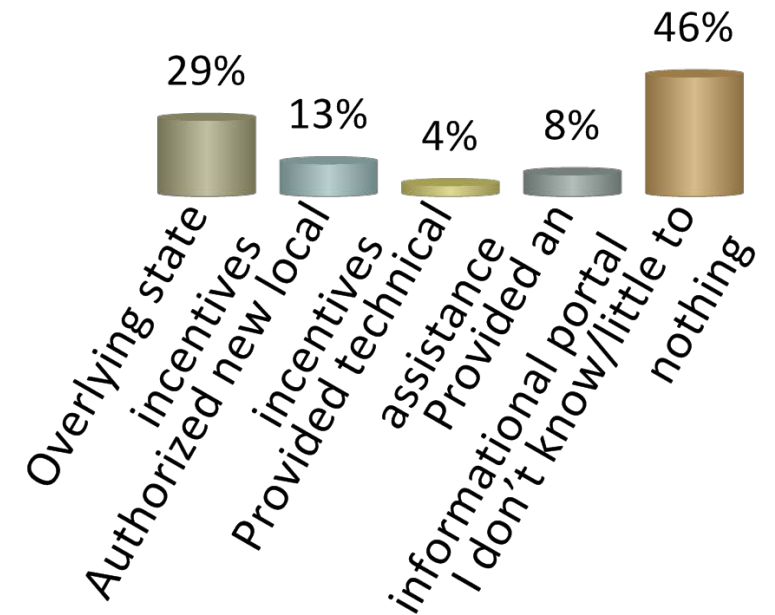
- A. Yes
- B. No





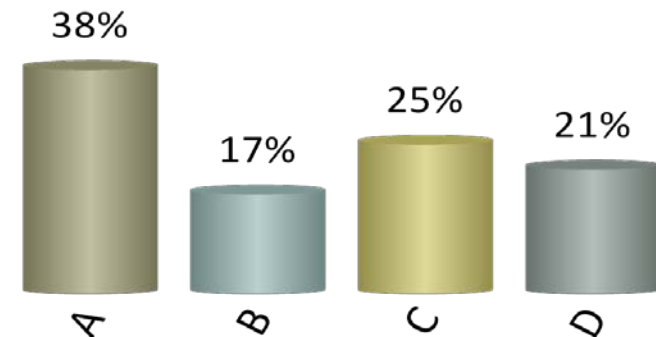
What assistance has your state offered with OZ's? (Check all that apply)

- A. Overlying state incentives
- B. Authorized new local incentives
- C. Provided technical assistance
- D. Provided an informational portal
- E. I don't know/little to nothing



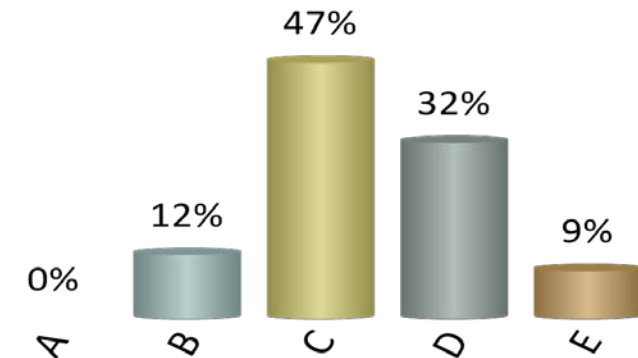
Has your  
community/area  
seen any OZ  
developments?

- A. Yes, the developer specifically cited the site's OZ status as a reason for investment.
- B. Yes, but OZ status wasn't a factor.
- C. No, but we have received developer inquiries about OZ properties and local incentives.
- D. No, OZs have not altered the development pipeline in any noticeable way.

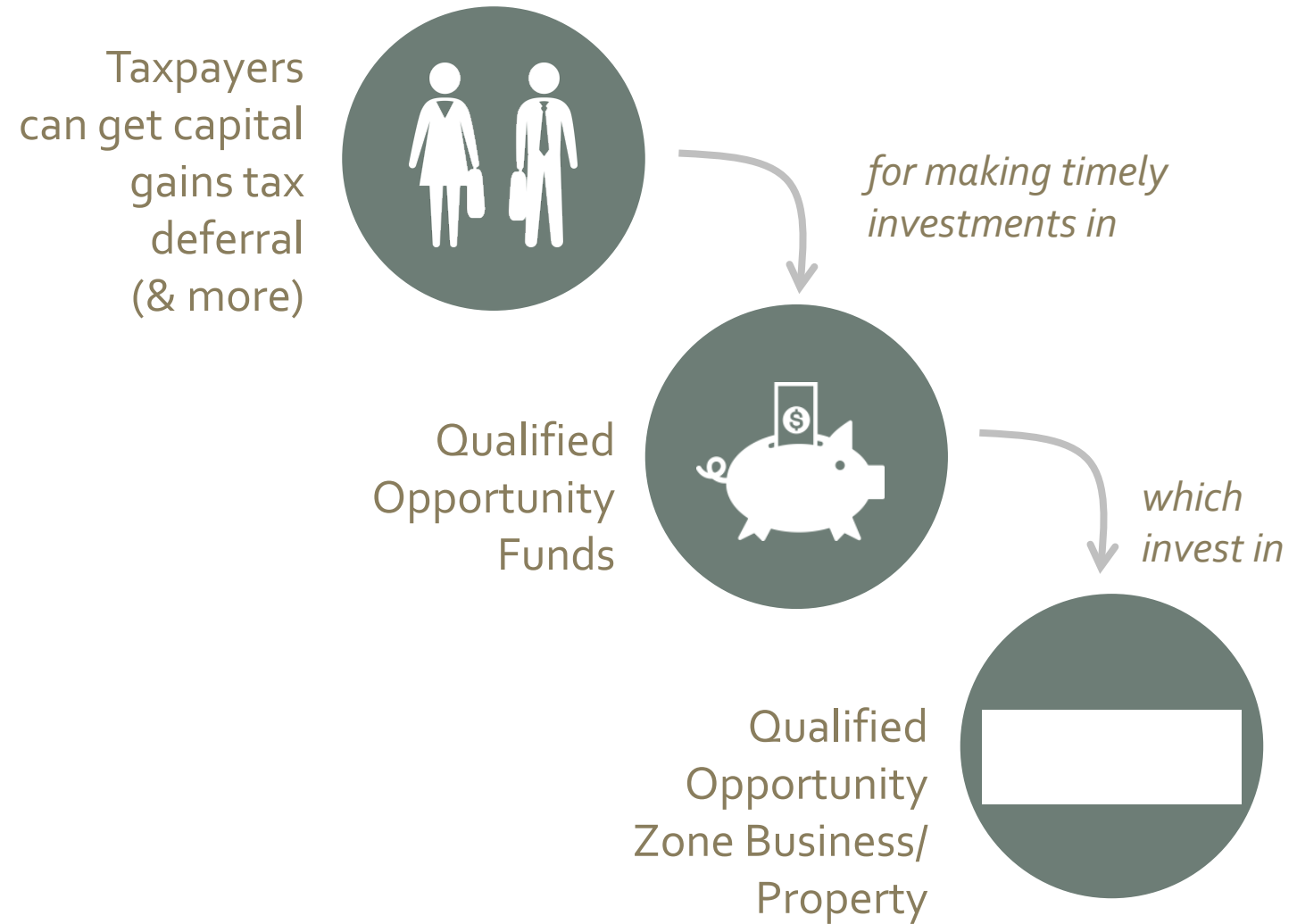


How familiar  
are you with  
the OZ  
program?

- A. Expert/I should be giving this presentation!
- B. Good enough/I'm just here for the CM credit
- C. I know enough to be dangerous
- D. Help!
- E. Opportunity Zone? I thought this was about that new movie *Judy*.



# HOW IT WORKS



Graphic Source: Fikri, Kenan. Economic Innovation Group, "Opportunity Zone Program Overview." Opportunity Zone Program Conference. Denver, CO. June 2018.

## INVESTOR BENEFITS

### 1. Gain Deferral

**Temporary deferral** of inclusion for any capital gains tax on money reinvested into an Opportunity Fund.

### 2. Partial Forgiveness

**Up to 15% reduction** in capital gains tax obligation due to a step-up in basis if the investment is held in the Opportunity Zone for 5 to 7 years.

### 3. Exemption from Additional Gains

**Permanent exclusion** from taxable income of capital gains from the sale or exchange of Opportunity Fund investment if that investment is held for at least 10 years.

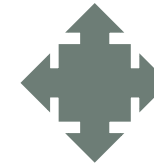
# TYPES OF POTENTIAL INVESTMENTS



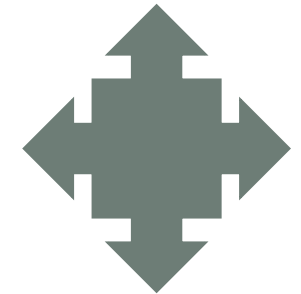
Commercial **Real Estate Development** and Renovation in Opportunity Zones



Opening **New Businesses** in Opportunity Zones



Expansion of Existing Businesses **Into** Opportunity Zones



Large Expansions of Businesses **Already Within** Opportunity Zones



## OPPORTUNITY ZONE TIMELINE

*\*PER CURRENT IRS  
GUIDANCE*



**Deadline for 15% Increase in Basis  
(7 Year Benefit)**



**Deadline for 10% Increase in Basis  
(5 Year Benefit)**



**Deadline to Pay Tax on Deferred Gain**



**Can Continue to Hold Investment  
in Opp. Zone until Dec. 31, 2047**

## WHAT KINDS OF MUNICIPAL INCENTIVES ARE INVESTORS LOOKING FOR?

- Tax Increment Financing (TIF)
- Free or reduced cost land
- Community and city involvement
- Social impact



HOW ARE  
OTHER  
MUNICIPALITIES  
LEVERAGING  
THEIR  
OPPORTUNITY  
ZONES?

- Marketing and education (rural communities)
- Acceleration programs (larger cities)
- [Minnesota Opportunity Collaborative](#) (non-profit)

# HOW ARE INVESTORS UTILIZING OPPORTUNITY ZONE FUNDS?

- What are the signs of a good investment opportunity?
- How are OZ deals structured?



## CENTERGY, INC.

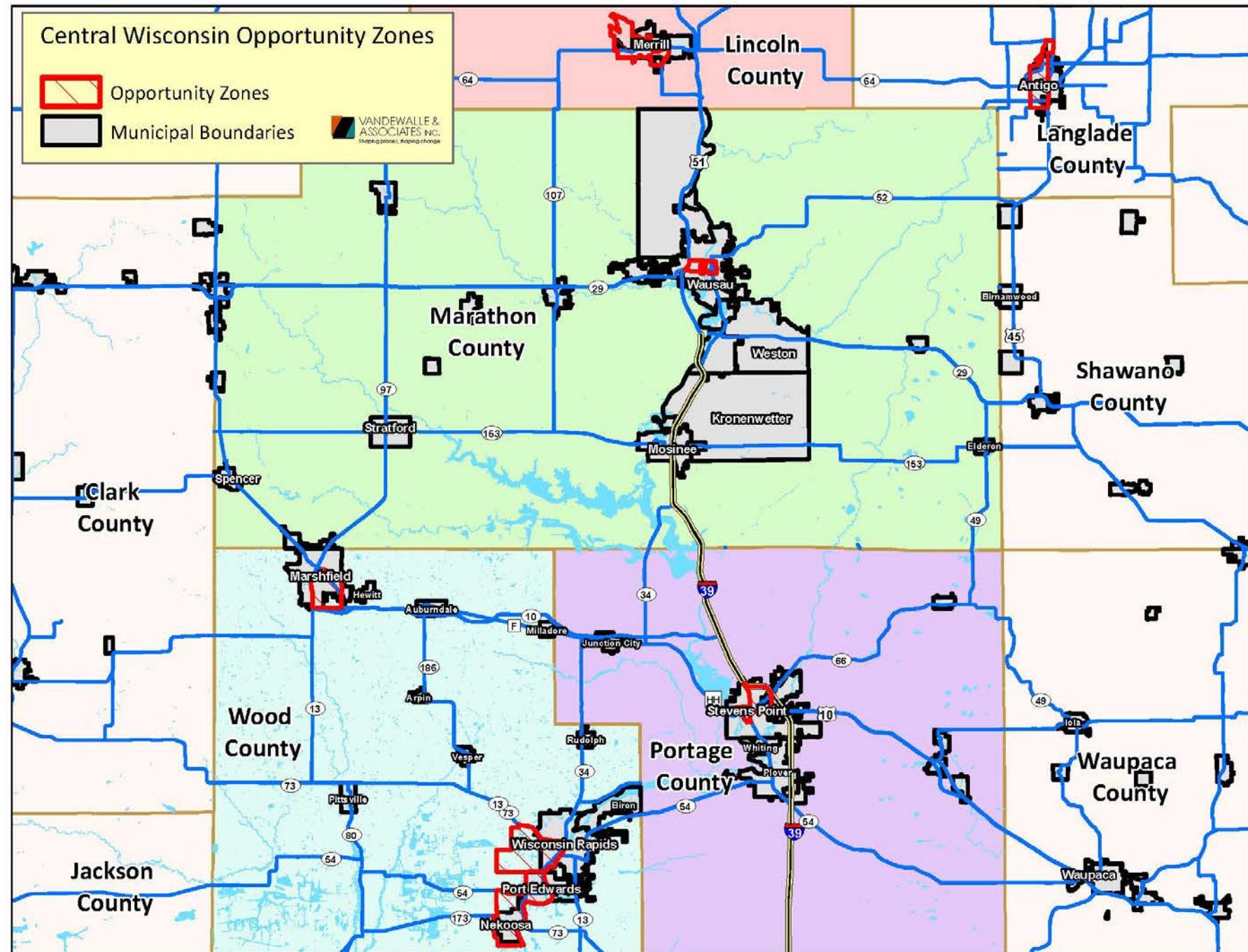
- **Centergy, Inc.** is a 501(c)4 nonprofit regional marketing and economic development organization.
- **Our purpose:**
  - **Foster collaboration among private and public-sector leaders** in central Wisconsin.
  - Provide an effective way to **leverage the region's collective economic power.**
  - Unite the region's efforts in **talent attraction and development, regional brand development, business development, and promoting innovation and entrepreneurship.**
  - Operate in **partnership** with a broad variety of organizations, institutions, and government entities.

# WISCONSIN OPPORTUNITY ZONES (120 STATEWIDE)





CENTRAL  
WISCONSIN  
OPPORTUNITY  
ZONES  
(9 ZONE IN 7  
COMMUNITIES)





# OPPORTUNITY ZONE COMMUNITIES SUMMIT

APRIL 23, 2019

- Overview of Opportunity Zone Program
  - Vandewalle & Associates
- State Opportunity Zone Programs
  - WI Housing and Economic Development Authority (WHEDA)
  - WI Economic Development Corporation (WEDC)
- Regional Overview – Nine zones in seven communities
  - Community staff/representatives
- Discussion of Potential Regional Strategies to Promote Opportunity Zones
  - Community staff/representatives



# OPPORTUNITY ZONE INVESTORS SUMMIT

JULY 24, 2019

- Overview of Opportunity Zone Program for Investors and Developers
  - Husch Blackwell, LLP
- Central Wisconsin Opportunity Zones and Projects
  - Vandewalle & Associates
- Community Reinvestment Act (CRA) Network Program Overview
  - Wisconsin Economic Development Association (WEDA)
- Q&A and Discussion of Potential for Creation of Regional Opportunity Funds

OPPORTUNITY  
ZONE  
INVESTMENT  
PROSPECTUS

**Accelerator for America:**  
the R&D arm of mayors and cities

Seek to scale and replicate local solutions to economic insecurity

- Economic Development
  - Opportunity Zones
- Transit and Infrastructure

<http://www.acceleratorforamerica.com/>

# THE ACCELERATOR FOR AMERICA PROSPECTUS TEMPLATE



## BY THE NUMBERS

Use quantitative information to illustrate the strengths of the community.

- Relevant Demographic and Socioeconomic Data
  - Population
  - Income
  - Race
  - Education
  - Workforce
  - Employment
  - Economic Indicators



## BY THE ASSETS

Show market momentum and highlight the community's competitive advantage by showcasing what makes you unique and appealing to investors.

- Institutions and Anchors
- Natural Resources
- Regional Connectivity
- Leadership
- Special Identifiers



## BY THE OPPORTUNITY ZONE

Drill down to the Opportunity Zone level to highlight specific sites and projects for investment.

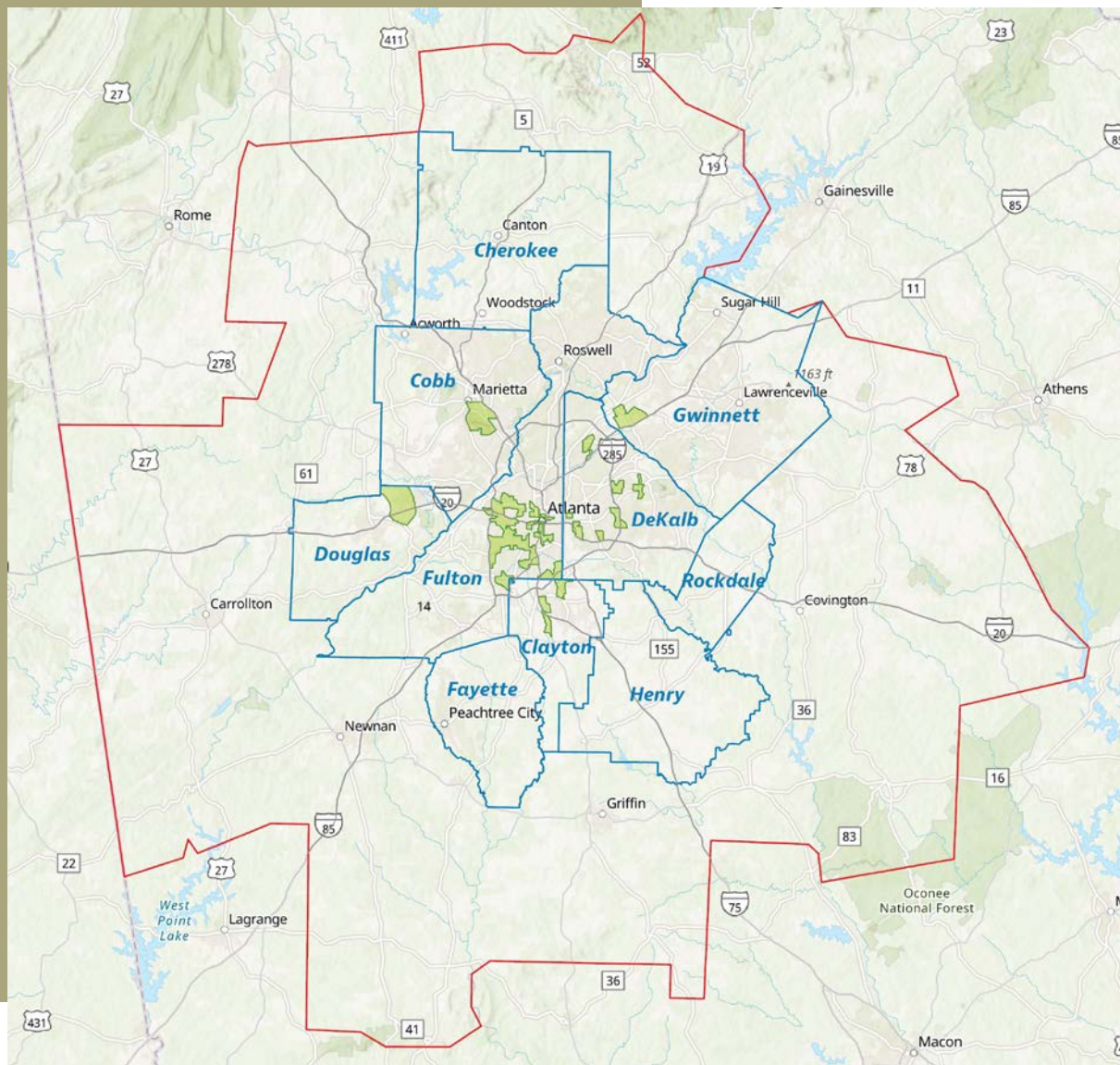


# Metro Atlanta Opportunity Zone Prospectus






Disclaimer: The use of the word "prospectus" for the purpose of the work contained herein is not to advertise about, endorse or in any other way to promote or offer specific investment opportunities in cities OR OTHERWISE. The urban investment prospectus is a template designed to help unify city leaders around a plan, to show what might occur in a city and to use as a tool to promote the city and its plans. The prospectus has been prepared for discussion purposes only and not to induce anyone to enter into any agreement or transaction. For the avoidance of any doubt, the distribution of this prospectus does not constitute an offer to sell or a solicitation of an offer to buy any assets or equity securities or any investment of any kind.





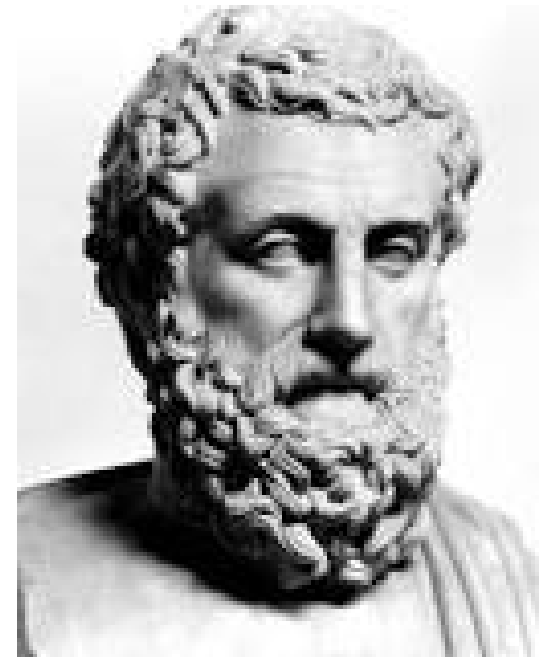
	2010 Population	2018 Population	% Change	Square Miles
Atlanta MSA	5,286,728	5,891,925	11.4%	8,376
10-County Region	4,107,750	4,562,617	11.1%	3,024
Opportunity Zones in the 10-County Region	200,113	210,000	4.9%	80

-  Opportunity Zones  
 10 County Region  
 Atlanta MSA



*The whole is greater than  
the sum of its parts.”*

-Aristotle

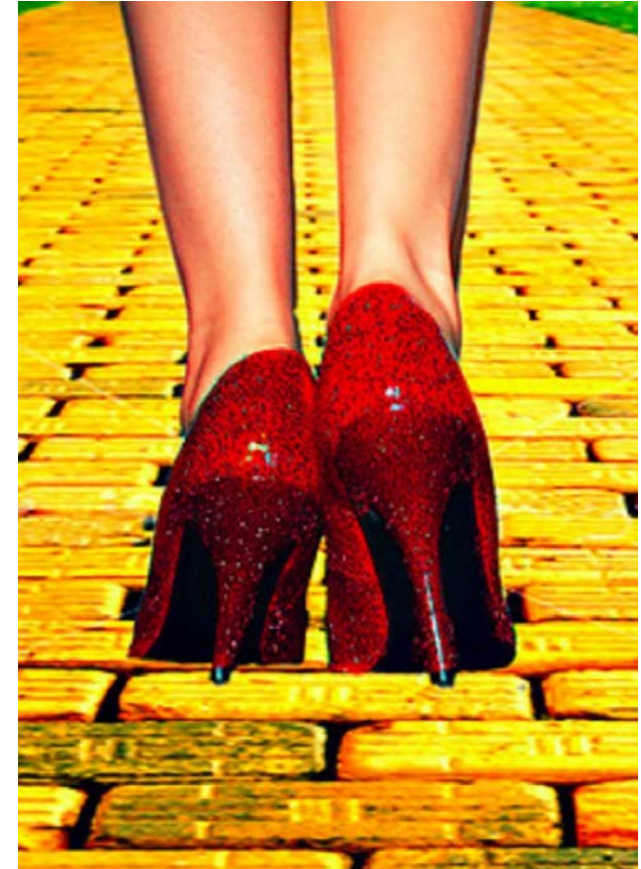


## CONTACTS

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952-548-3334





## Other Resources

Novogradic

Opportunity Zone Resource Center

<https://www.novoco.com/resource-centers/opportunity-zones-resource-center>

Economic Innovation Group

Opportunity Zones Resource Page

<https://eig.org/opportunityzones>

Opportunity360

Opportunity360 Measurement Report

<https://www.enterprisecommunity.org/opportunity360/measure>

U.S. Internal Revenue Service

Opportunity Zone FAQ

<https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions#general>

Wisconsin Housing and Economic Development Authority

Opportunity Zones Page

<https://www.wheda.com/Opportunity-Zones/>