



Opportunity Zones: How Are They Working for Cities?

- Chris Slevin, Vice President, Economic Innovation Group
- David Glick, Associate Professor of Political Science, Boston University
- Otis Rolley, Senior Vice President of U.S. Equity & Economic Opportunity, The Rockefeller Foundation
- Hasan Kazmi, Director & Head of Partnerships, Citi Ventures Studio

Moderated by Graham Wilson, Director of the BU Initiative on Cities & Professor of Political Science

- Q&A session will be held after presentations by speakers
 - **Submit a question at any time using the Q&A feature at the bottom of your Zoom window**
 - Please upvote questions submitted by other attendees that you would like our panelists to answer
 - We will do our best to answer as many questions as possible

Opportunity Zones Overview

Chris Slevin, Vice President

Economic Innovation Group | Washington, DC

Opportunity Zones: How are They Working for Cities?

Boston University Initiative on Cities Webinar

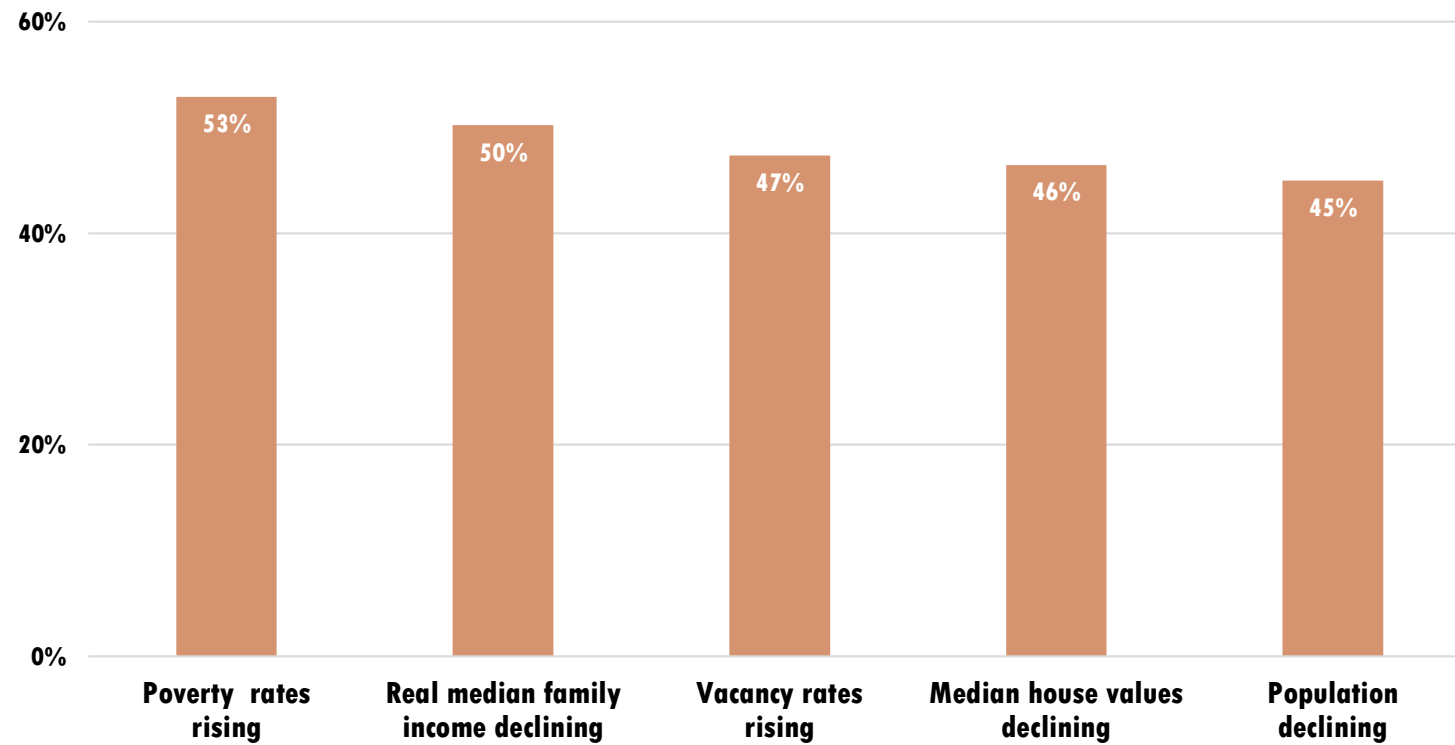
June 10, 2020

Opportunity Zones: Highlighting Gaps in American Well-Being

- Opportunity Zones have an average **poverty rate of 29%**, compared to **15%** nationally.
- Opportunity Zones include **nearly half** of the country's pockets of **persistent concentrated poverty**—places in which at least 40% of the population has been poor since at least 1980.
- The **median family income** in the average zone is **\$44,700**, compared to **\$70,850** nationally.
- **Life expectancy** in the average Opportunity Zone is 75.1 years, **more than three years shorter** than the 78.3 nationwide or the 78.6 outside of Opportunity Zones.
- While Opportunity Zones represent around 11% of all census tracts, they account for **24% of the nation's food deserts**. In total, **2,225** Opportunity Zones, or **28%** of all zones, qualify as **food deserts**.
- **Educational attainment** in Opportunity Zones is lower than the nation as a whole. More adults in Opportunity Zones lack a high school diploma (22%) than have a four-year college degree (18%).

Half of Opportunity Zones remain in active decline

Share of Opportunity Zones experiencing economic decline on assorted metrics

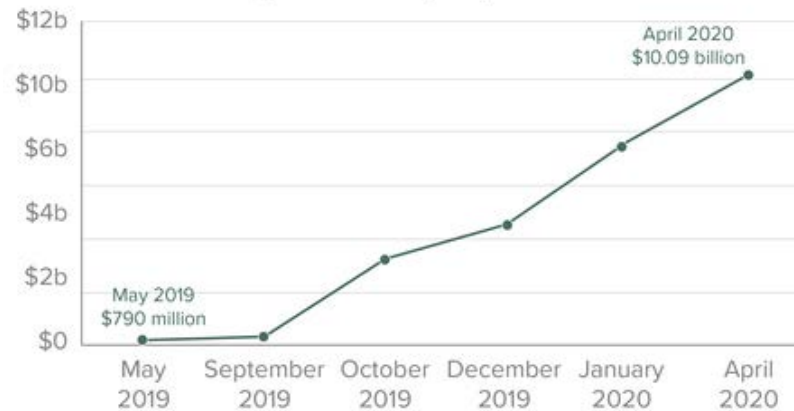


Opportunity Zones: Market Activity

December 2019 – June 2020	
Final Regulations	December 19, 2019
“Expiration” of 7-Year Tax Benefit	December 31, 2019
Cumulative OZ Equity Raised*	\$7.57 billion raised by 308 QOFs as of January 17, 2020
Pandemic and Market Crash	Mid-March 2020
Regularity Relief and Guidance	June 4, 2020

Novogradac Opportunity Funds List

Reported Equity Raised

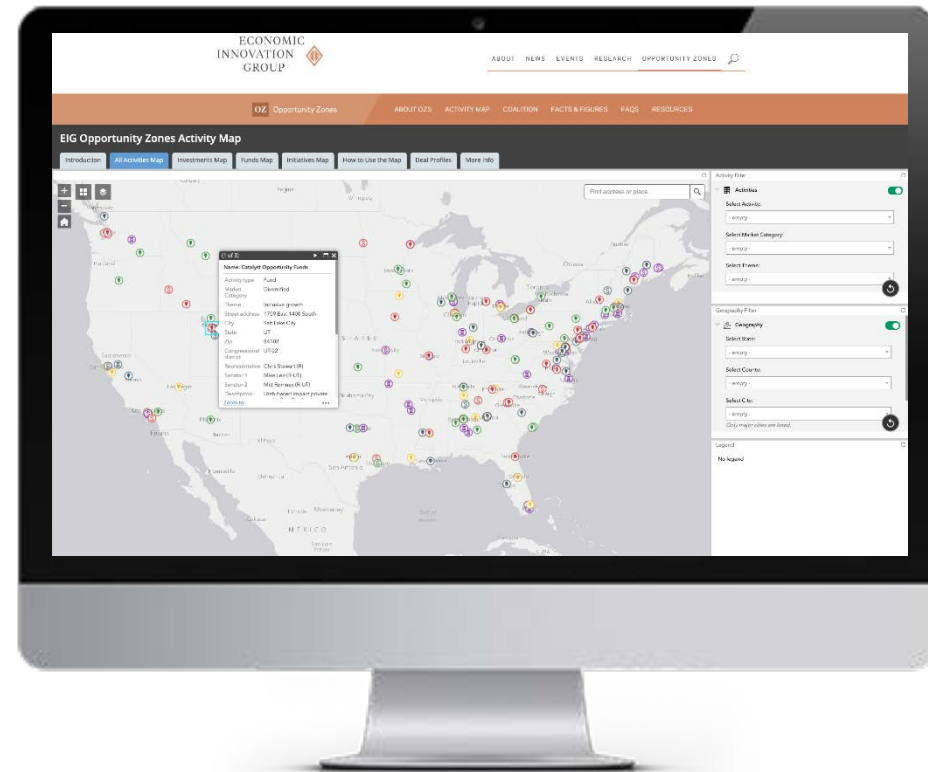


EIG Opportunity Zones Activity Map

Your gateway to the most innovative local developments

This portal highlights the core components of the emerging marketplace:

- 1. Map of Investments** into Opportunity Zones
- 2. Map of Funds** that have formed to steward investment capital in Opportunity Zones
- 3. Map of Initiatives** at the state and local levels that adapt Opportunity Zones to local priorities



Opportunity Zones: Early Signs of Impact

Opportunity Zone Development Profile



The Tappan

Location: **Cleveland, OH**
 Congressional District: **Ohio 11th**
 Opportunity Fund Manager: **PNC Bank**
 QOZ Business: **Tappan Opportunity Zone, LLC**
 Investment Date: **Q2 2019**
 Project Details: **New mixed-use, mixed-income building with 95 apartments and a 2,000-square-foot bakery**

Hometown Developer Carves Out Space for Neighbors in Revitalizing Community

Cleveland-based Sustainable Community Associates (SCA) have broken ground on their fourth development in the city—The Tappan—which will bring 95 new apartments and a bakery to the Tremont neighborhood. SCA views The Tappan as building upon Cleveland's ongoing efforts to revitalize the Tremont neighborhood and invest along the Scranton Corridor. Once completed in Q3 2020, The Tappan will offer homes that are affordable, and will provide a local entrepreneur the opportunity to open a bakery on the ground floor.

The Tremont neighborhood is located within a five-minute drive of downtown Cleveland, and is home to one of the city's largest anchor institutions, MetroHealth. The healthcare provider has embarked upon a \$1 billion renovation of its main campus, making it the first health care system to anchor an EcoDistrict in the U.S. The revitalization of MetroHealth's campus has sparked broader investment interest in Tremont and along the Scranton Corridor. Having community-based developers like SCA steward revitalization efforts—just as they have with their other Tremont developments, The Fairmont Creamery and Wagner Awning Building, can help to foster inclusive growth amidst broader reinvestment.

The Cleveland City Planning Commission notes that, while major new housing developments are contributing to the rebirth of the Tremont neighborhood, the increased investment brings with it the challenge of ensuring residents will continue to have affordable places to live. The Tappan is a new building and therefore is adding new homes to the community. Leveraging the Opportunity Zones tax incentive allowed SCA to provide lower rents. Sixty percent of the homes will be workforce apartments, ensuring there are affordable places to live in a neighborhood poised for increased investment.

Projected Impact*

Full-Time Equivalent Jobs Supported (excludes construction)	43
Construction Jobs Supported	64
New Jobs Created due to Retail	17
Local Fee Revenue due to Construction	\$513,000
State and Local Tax Revenue due to Ongoing Operations	\$617,500 annually

*The National Association of Home Builders' National Impact of Home Building model was used to project the economic impact of this investment. These estimates are calculated on a nationwide basis and actual local impact may vary.

Community Stats	Census Tract 1041	Cleveland MSA
Median Family Income:	\$26,607	\$69,998
Poverty Rate:	43%	37%
Adults Not Working:	45%	26%
Minority Population:	68%	30%
Bachelor's Degree or Higher:	18%	30%
Housing Vacancy:	19%	11%

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 NCSHA info@ncsha.org ncsha.org

The information presented was gathered through interviews with project stakeholders (e.g., the project sponsor, fund manager, housing finance agency, etc.). Statistics from the American Community Survey are included, and additional publicly available data from the U.S. Department of Housing and Urban Development, the U.S. Department of Agriculture, the U.S. Department of Education, and the Centers for Disease Control may be included as well.

Opportunity Zone Investment Profile



Proximity

Location: **Montrose, CO**
 Congressional District: **CO-03**
 Opportunity Fund Name: **CORI Innovation Fund**
 Opportunity Fund Manager: **Center on Rural Innovation**
 Investment Date: **Q1 2020**

Project Details: **Mission-aligned investment in operating business aims to connect and enable startup ecosystems in rural, suburban, and metropolitan communities**

High-Growth Small Business Secures Opportunity Zone Investments for Expansion

Proximity Space, Inc. (Proximity) was launched in 2015 to create efficiencies in the expanding and fragmented market of shared workspaces and has scaled to become the nation's largest network of coworking brands. By providing products, services, resources, and training tailored to meet the needs of space owners, community managers, and coworkers within their vast network, Proximity is fostering the growth of small businesses and entrepreneurs throughout the nation.

Proximity's growth exemplifies how coworking space can serve as a hub for attracting and supporting entrepreneurs and small businesses. The success of startups is not limited to urban areas. Proximity's founders chose to locate the company in Montrose, CO—a town of 19,100 residents—taking into account factors like the cost of living, access to high-speed internet, and affordable downtown workspace. Since launching, Proximity has grown to a staff of 28, contributed to the revitalization of downtown Montrose, and was named one of the top coworking spaces by Forbes and Inc. Magazine. In 2019, Proximity opened a round of funding to fuel its continued expansion.

In Q1 2020, Proximity secured an Opportunity Zone investment from the Center on Rural Innovation (CORI) Innovation Fund. CORI is a nonprofit action tank that is sparking the revival of small towns across America by helping them build digital economy ecosystems. CORI recognized Proximity's potential for continued business growth and their mutual interest in building networks to support entrepreneurs and small businesses.

Projected Impact

New Jobs Created at Proximity:	18
Indirect Jobs Created:	90
New Proximity Network Locations:	1,500
Percentage of Expansion into New Markets:	65%

See "The Impact of Opportunity Zone Financing" for More Details

Community Stats	Census Tract 9663	MSA: Montrose, CO
Median Family Income:	\$45,994	\$59,385
Poverty Rate:	27%	17%
Adults Not Working:	28%	25%
Minority Population:	33%	24%
Bachelor's Degree or Higher:	18%	24%
Housing Vacancy:	7%	6%



"CORI's support of Proximity proves that mission-aligned investing through Opportunity Zones can be a vital piece of a high-growth company's capital stack. CORI is pushing Proximity forward faster in our vision to be the connecting backbone between people and places for the distributed workforce of today and tomorrow."

— Josh Freed, Co-Founder and CEO, Proximity



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Opportunity Zones Leaders as Agents of Recovery

“Over the last two years, Opportunity Zones have allowed us to build a network of stakeholders that care deeply about helping distressed places. We hope this site will provide a gateway linking our network to those businesses and communities in economic distress, no matter where they are in Alabama.”

- Alex Flachsbart, Founder and CEO, Opportunity Alabama



EIG brings together leading entrepreneurs, investors, economists, and policymakers from across the political spectrum to address America's economic challenges.

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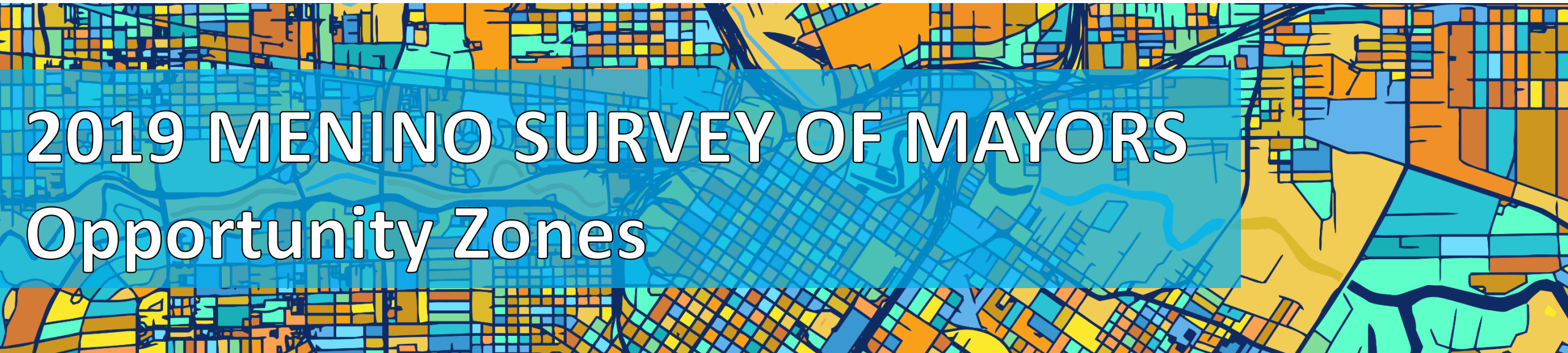
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**ECONOMIC
INNOVATION
GROUP**





2019 MENINO SURVEY OF MAYORS

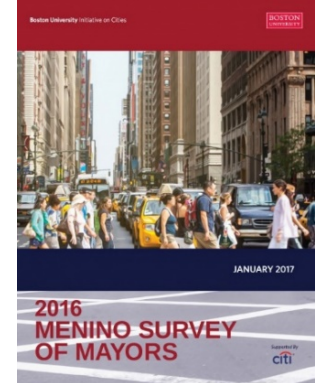
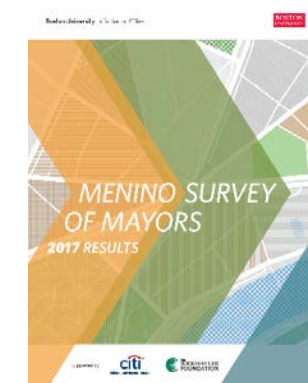
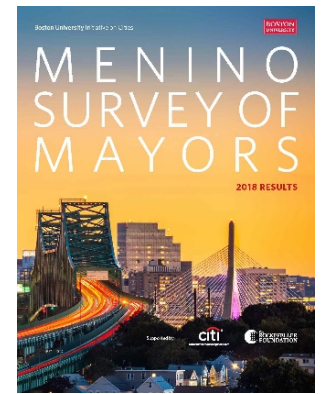
Opportunity Zones



Professor David Glick
June 10, 2020

Menino Survey of Mayors

- Only nationally representative, scientifically rigorous survey of American mayors designed to gain insight into:
 - Priorities and challenges
 - Leadership opportunities and constraints
 - Policy views on current issues
- Initiated in 2014 at Boston University under the direction of the late Mayor of Boston, Tom Menino
- Continues with the support of Citi Community Development and The Rockefeller Foundation
- Principal investigators: Katherine Levine Einstein, David Glick, and Maxwell Palmer



Outline

- Survey Overview and Methodology
- Selection
- Expectations
- Implementation

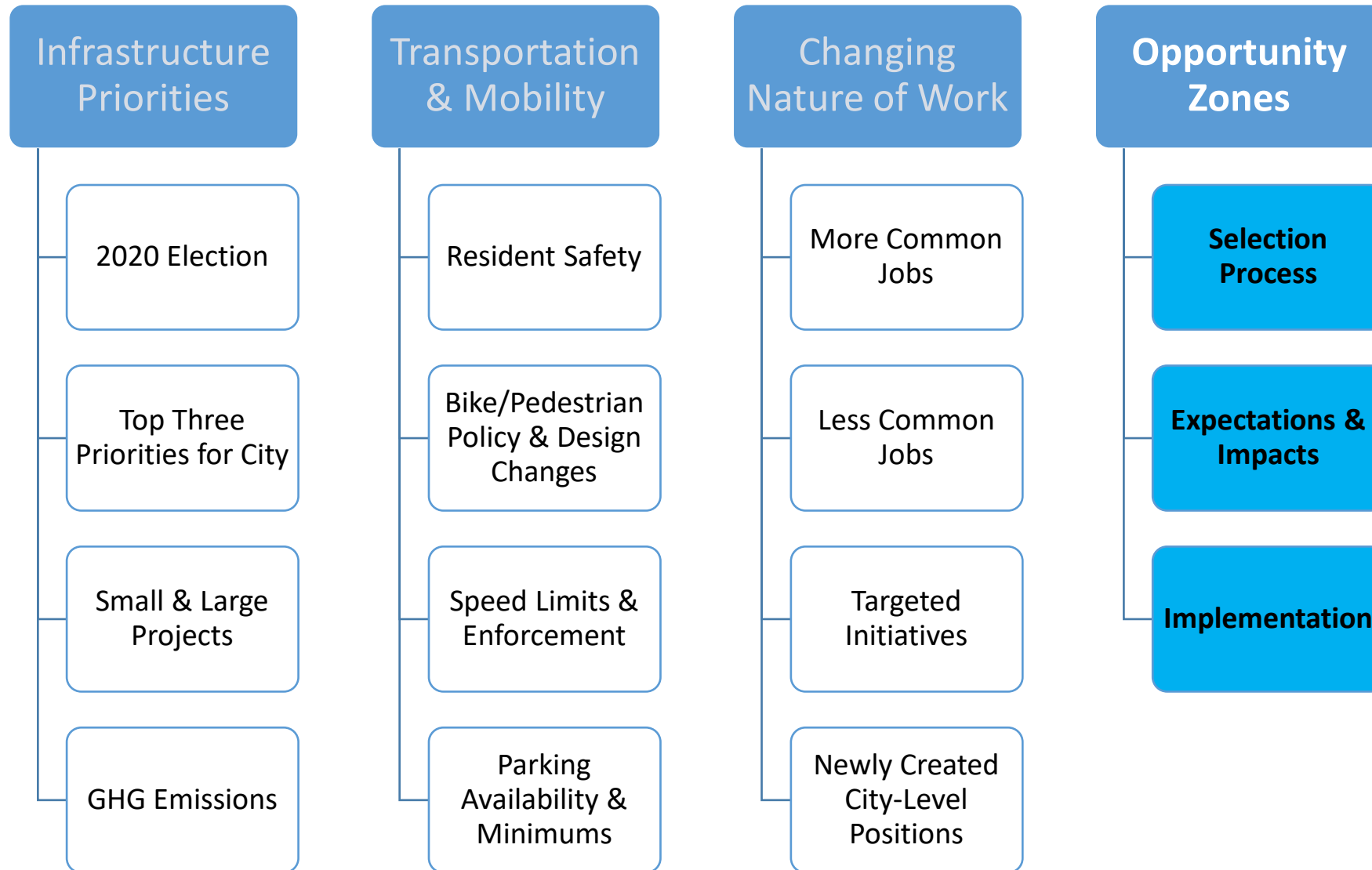
2019 Menino Survey

- Interviews with 119 mayors of cities > 75,000 residents.
 - Vast majority of interviews conducted in person or by phone.
 - Nationally representative sample.
- **Participants & Opportunity Zones**
 - 3/4 had eligible tracts
 - 2/3 have at least one designated
 - Average of 6 OZs
 - Data collected nearly one year ago



**Results Report and
Key Findings available at:**
surveyofmayors.com

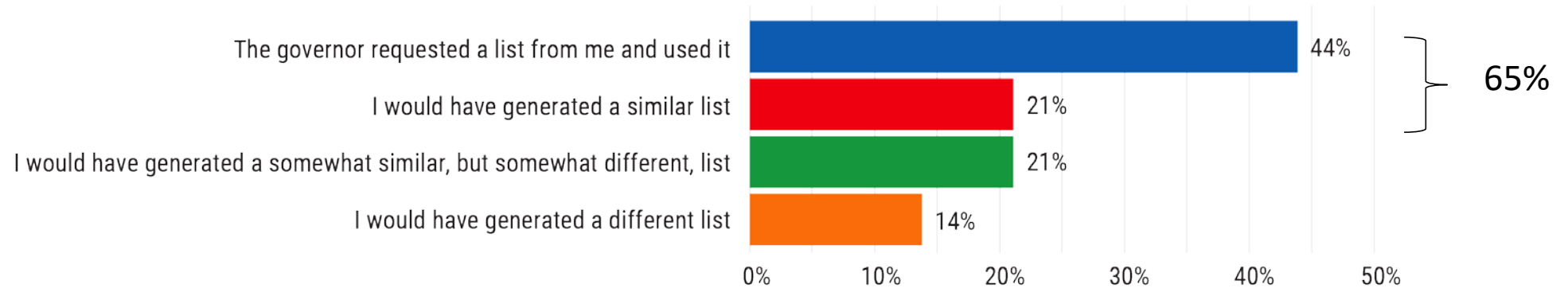
2019 Menino Survey Topics



Outline

- Survey Overview and Methodology
- Selection
- Expectations
- Implementation

Satisfaction With Selections?

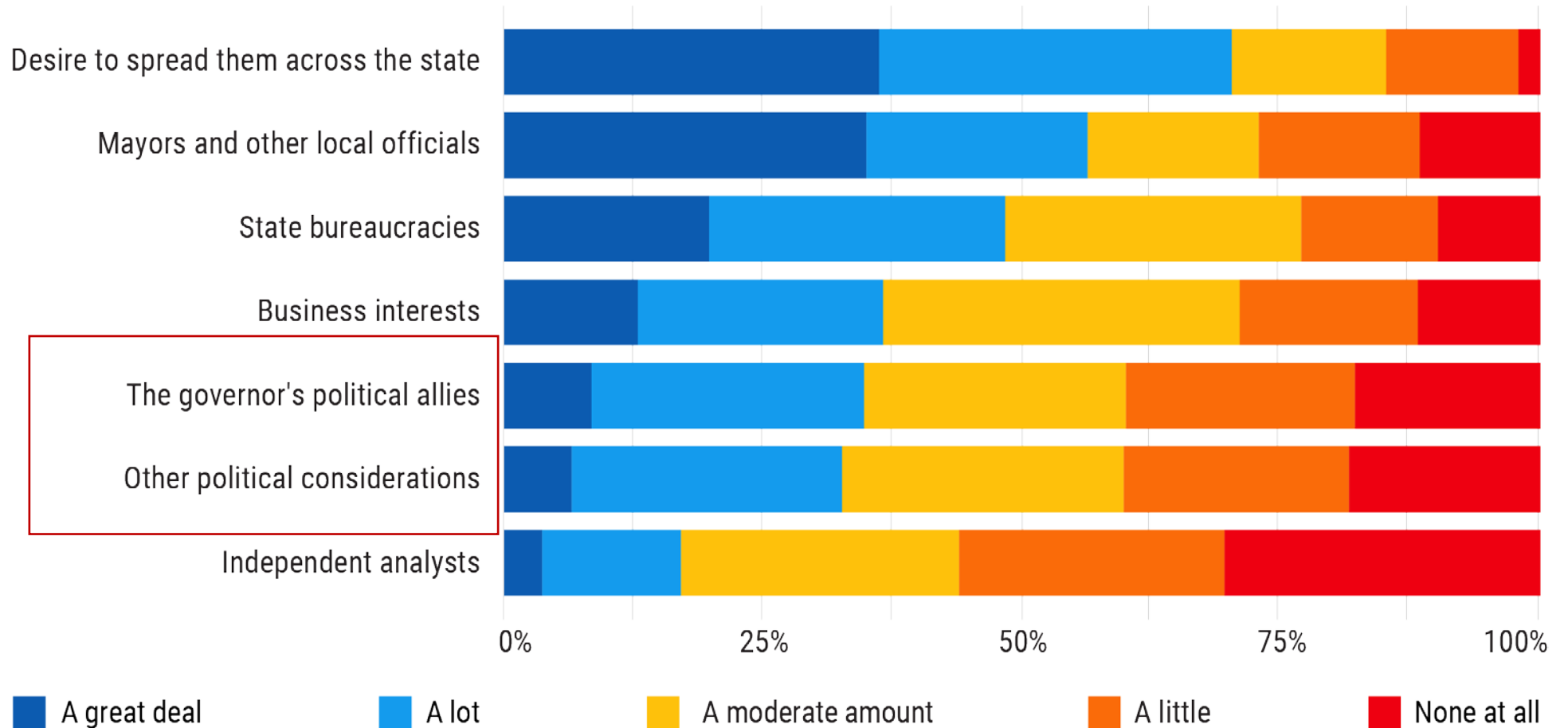


To what extent do the opportunity zones your governor designated in your city match those you would have selected if given the choice?

- 33% “extremely happy” with designations — 40% “somewhat happy”
- “areas in need of reinvestment and poised for reinvestment”
- “lowest hanging fruit for developers”
- “would not interest developers” not “well thought out”

Influences on Designations

Mayors believe their input and a geographic diversity goal influenced designations



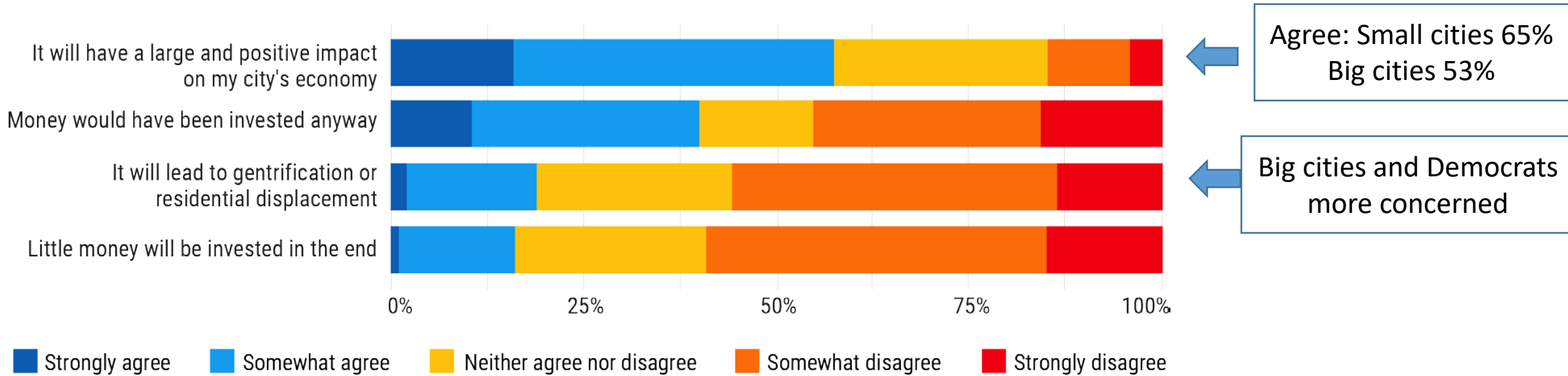
How much influence do you think each of the following had on your governor's opportunity zone designations?

Outline

- Survey Overview and Methodology
- Selection
- Expectations
- Implementation

Optimism About Economic Activity

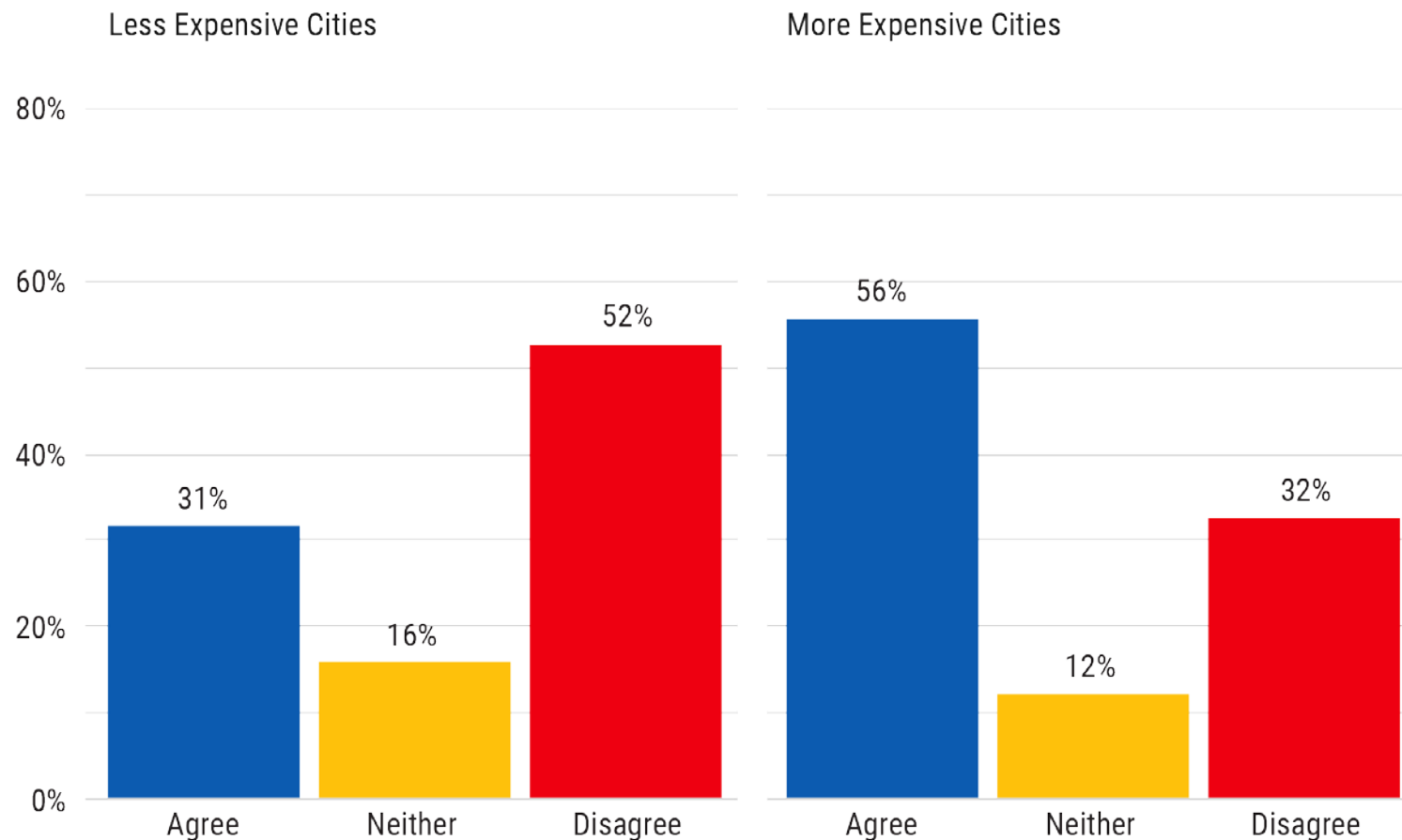
Many mayors are sanguine about positive impacts and relatively unconcerned about downsides.



Thinking about the designated Opportunity Zones program in relation to your city, how much do you agree or disagree with each of the following?

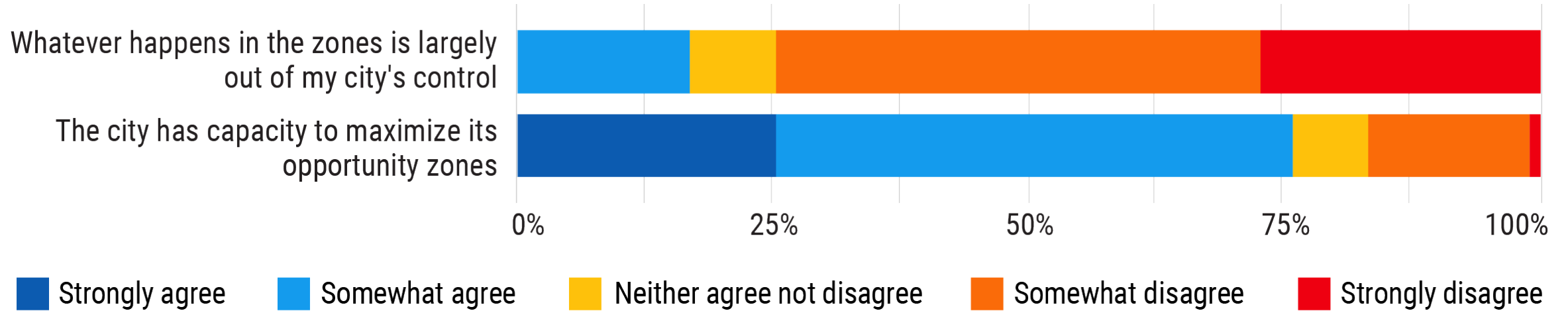
Biggest Split: “Money Would Have Been Invested Anyway”

Overall mayors split (43% disagree vs 38% agree). Big gap by housing values.



Optimism About Agency and Capacity

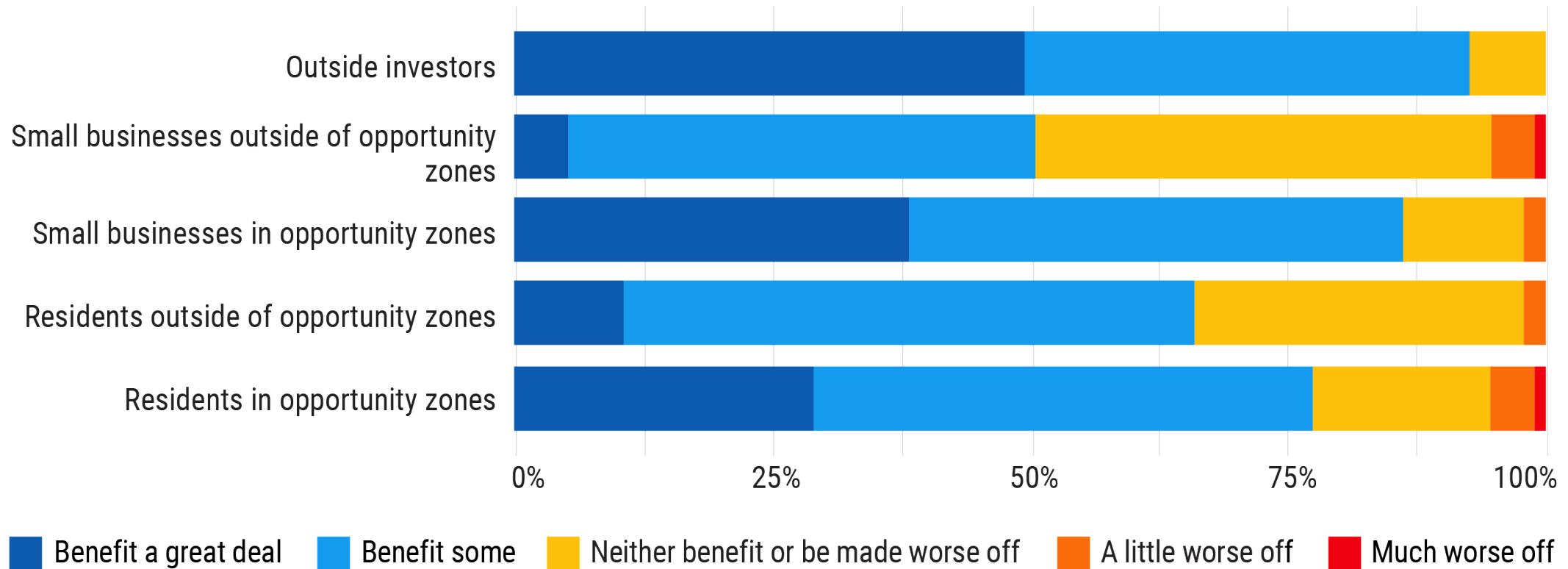
Mayors believe their cities can and will shape the program.



Thinking about the designated Opportunity Zones program in relation to your city, how much do you agree or disagree with each of the following?

Who Benefits?

Mayors believe that many will benefit, but outside investors will benefit the most.



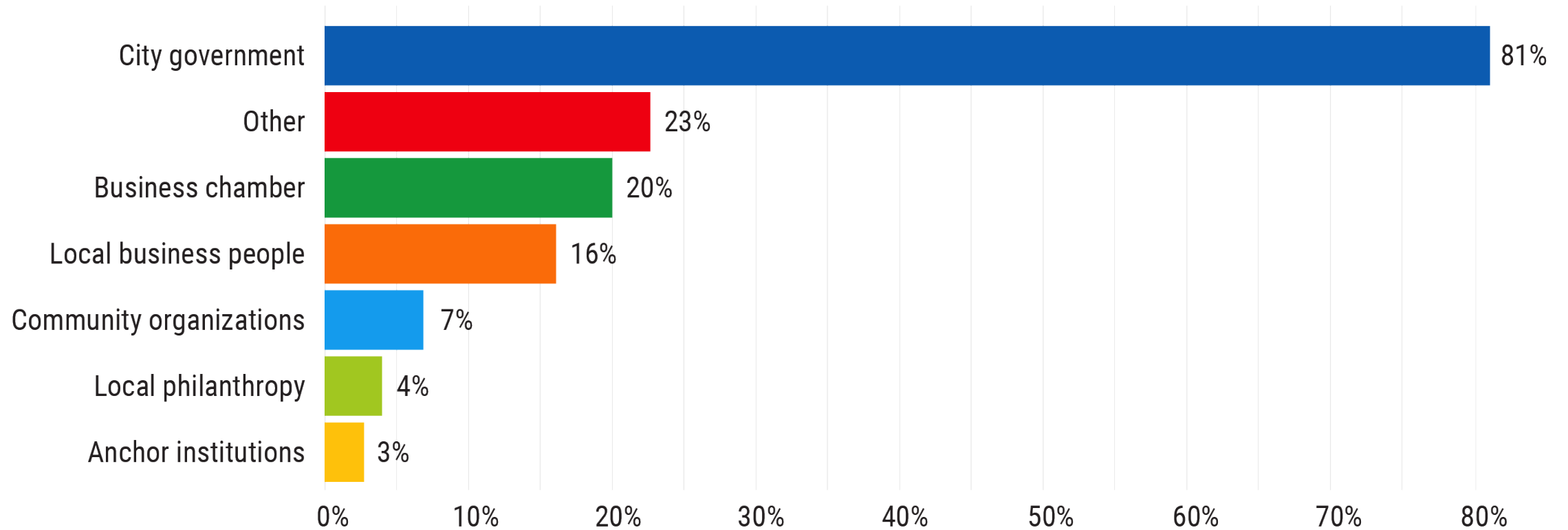
How much do you think each of the following will benefit or be made worse off from the opportunity zones program in your city?

Outline

- Survey Overview and Methodology
- Selection
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Taking the Lead

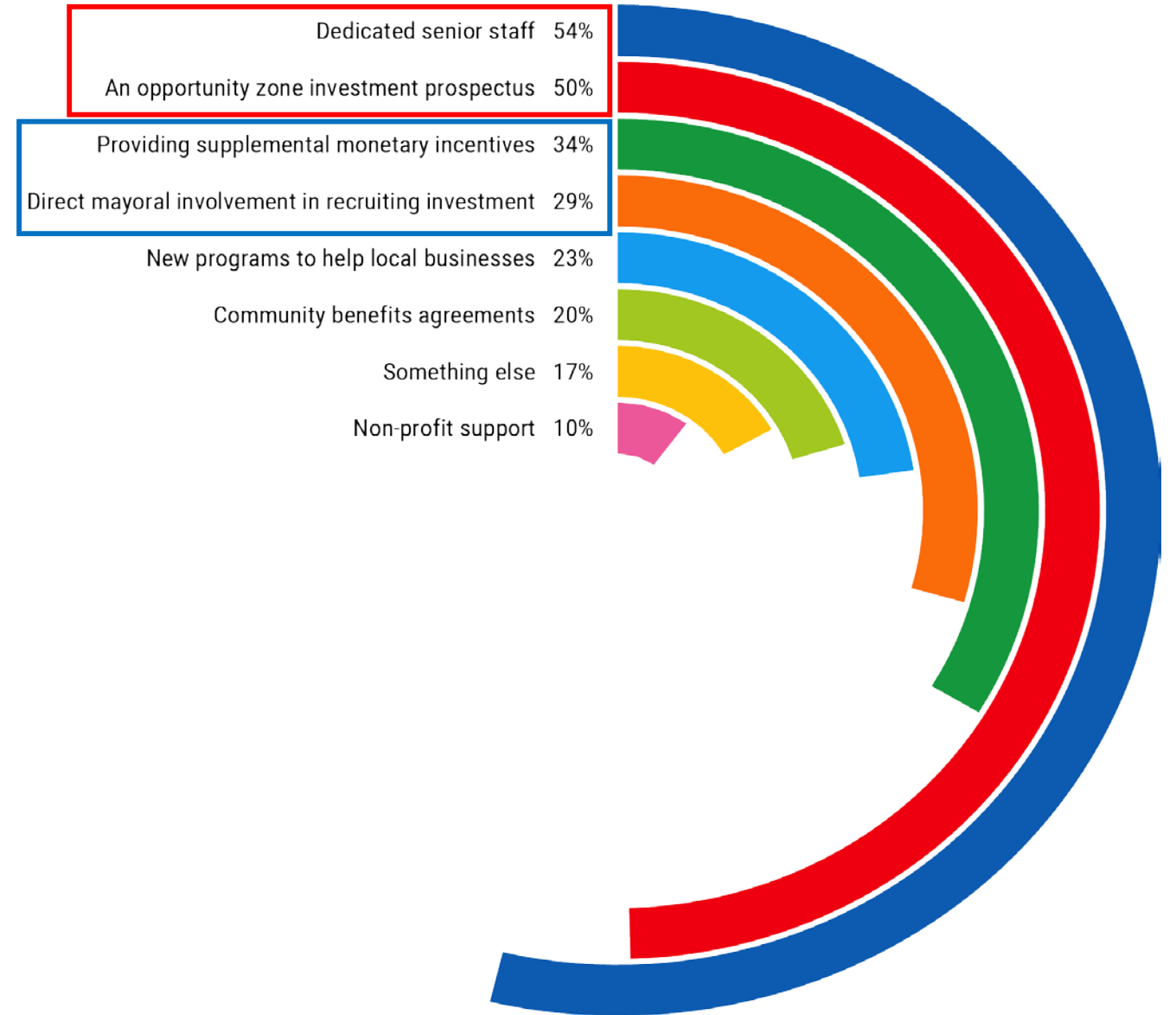
Mayors overwhelmingly believe that their governments are leading local efforts around opportunity zones.



*Who, if anybody, has taken the lead in terms of organizing community around opportunity zones?
(Mayors were able to select more than one answer.)*

Keys to Success

- **Dedicated senior staff and investment prospectus** stand out as perceived keys to success
- 55% of mayors said economic development department personnel in charge of OZ efforts
 - 8% said community development
- 43% of mayors see their own role as promoting and advocating to investors
 - 10% matchmaking
 - 9% keeping focus on community benefits



Which of the following are, or will be, the most important contributors to your city's ability to make the most of its opportunity zones? (Mayors were asked to select their top three.)

Early Leaders?

- Two thirds of mayors could not name a particular city as an early leader around Opportunity Zones
- However, of the one third that named a leader, Louisville stands out
 - Louisville – 31%
 - Los Angeles, Birmingham, Columbia – 8%

Conclusion

- Overall optimism, but with pockets of skepticism
- Smaller and less wealthy cities especially optimistic
- Perception from doing the interviews: extensive variation in how much mayors had engaged with this program

Thank you!

Please reach out if you have questions or would like to partner on additional analyses of these data.



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Equity & Economic Opportunity (EEO)
Placed-based Investments & Grants



The
ROCKEFELLER
FOUNDATION

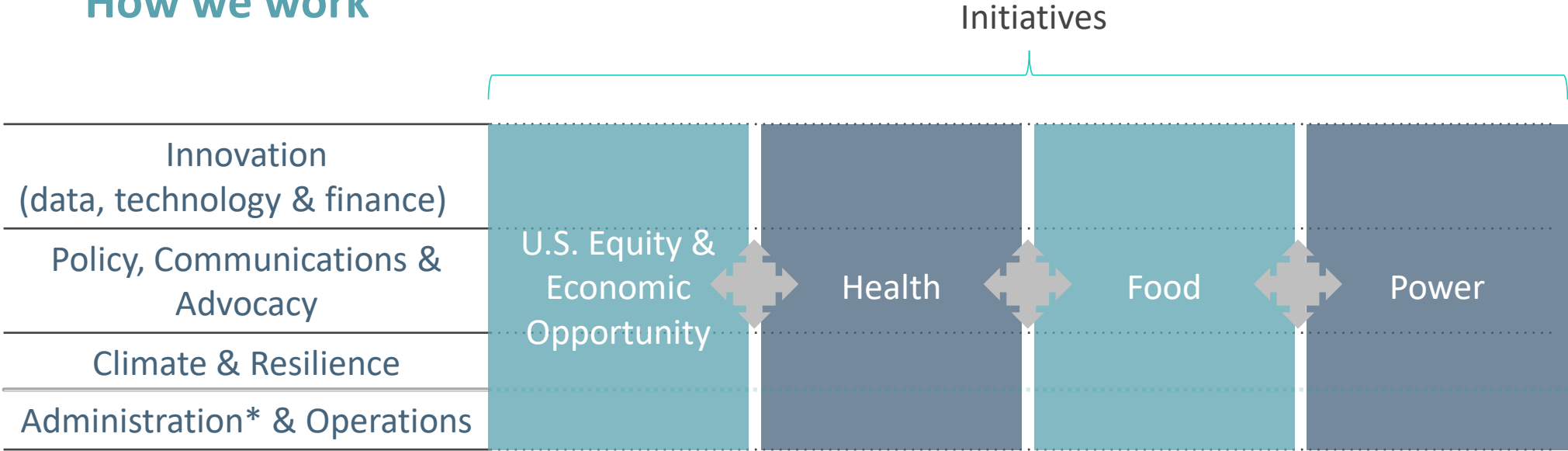
The Rockefeller Foundation



Mission

To promote the wellbeing of humanity throughout the world.

How we work



*Administration: Legal, Finance, and Grants Management

Introduction

We drew on the Foundation's assets and experience to develop the US Jobs and Economic Opportunity strategy



Nonpartisan, cross-sector brand and credibility



US Place-based experience



Convening power



Track record in impact investing



Vision:

Every person who works should be able to meet the basic needs of their families and have a path to a better future.

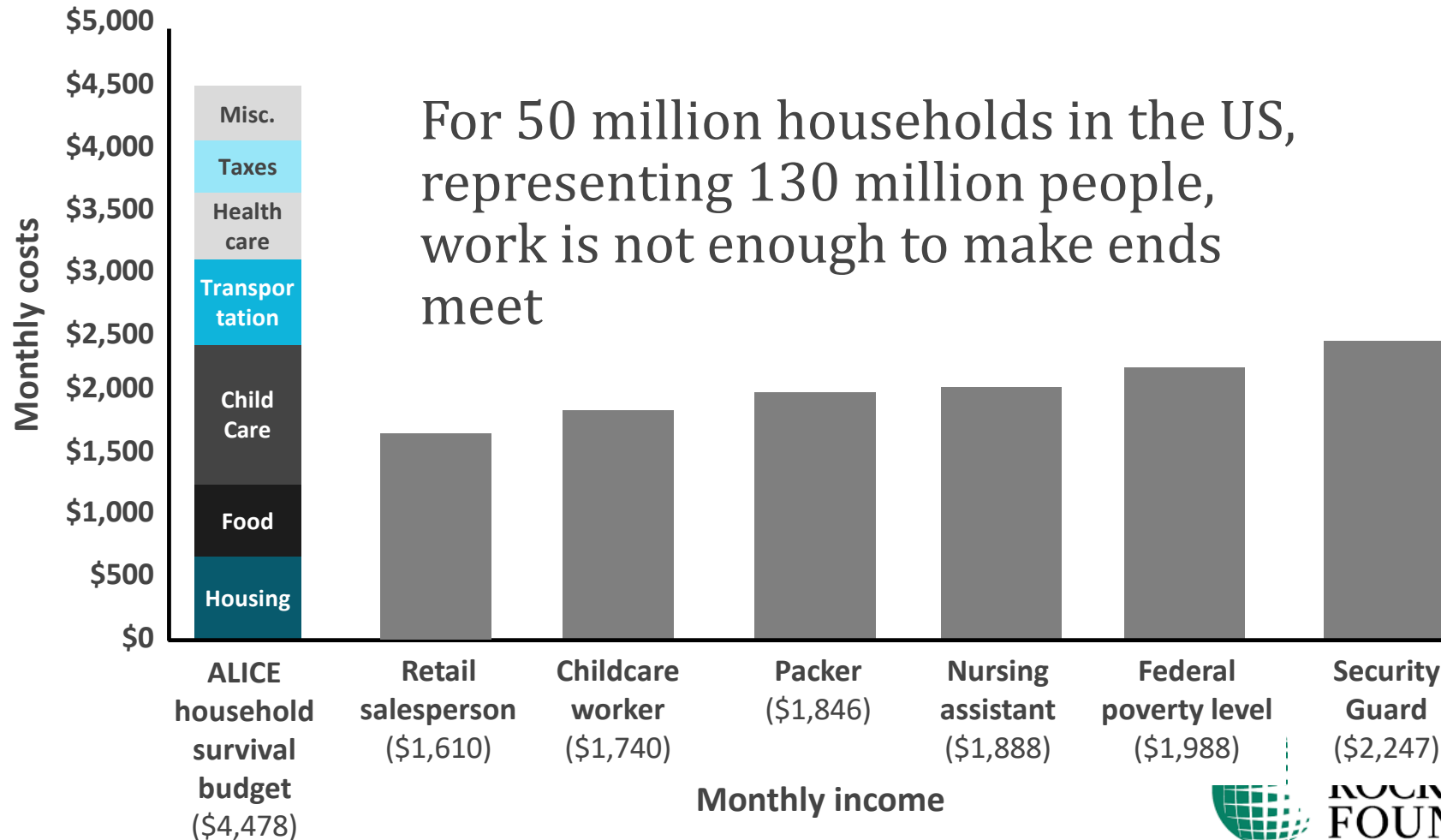
US Equity & Economic Opportunity Initiative



The
**ROCKEFELLER
FOUNDATION**

ALICE: Our target demographic

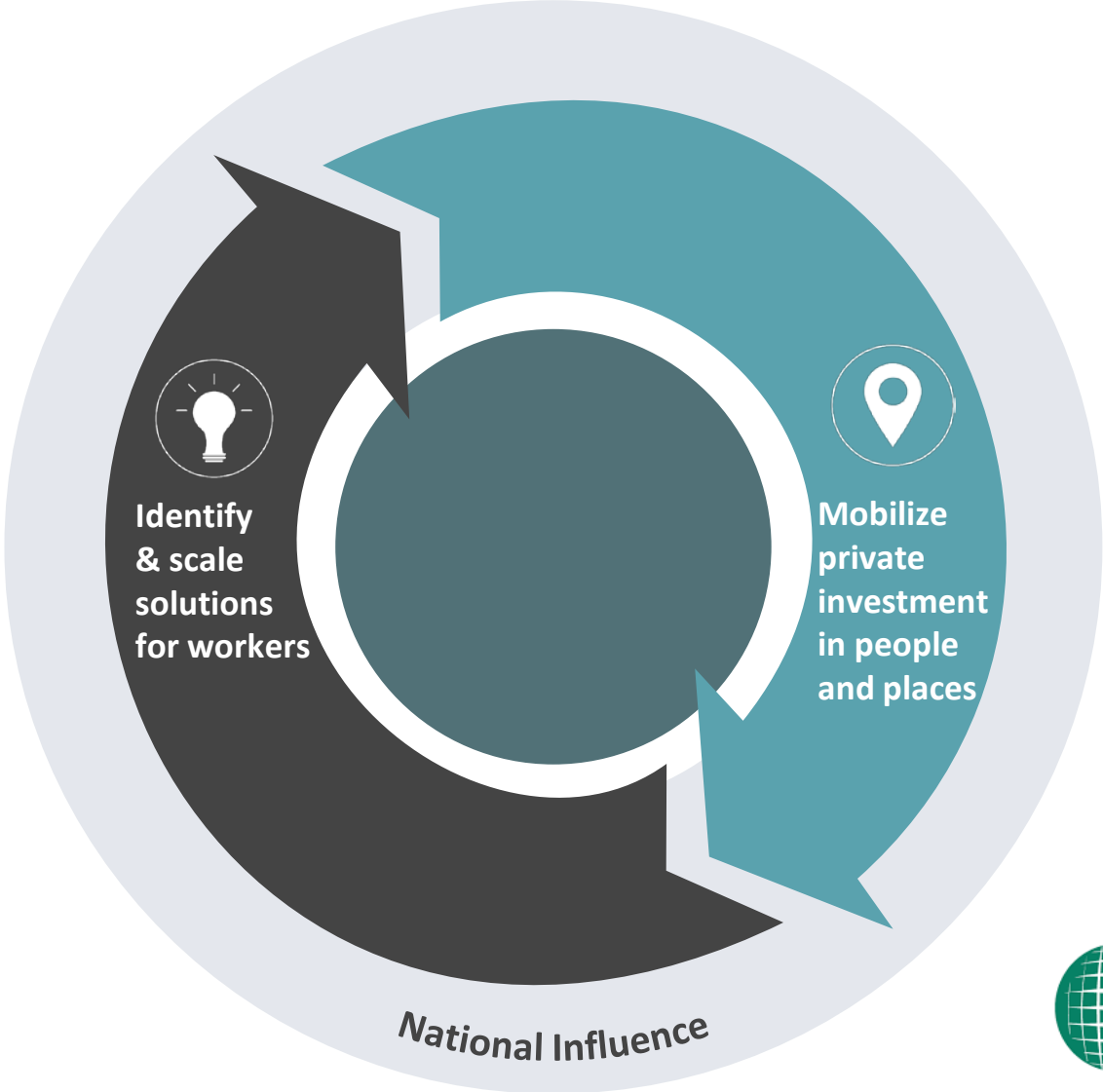
Monthly household survival budget for a family of four vs. Monthly wages, 2014



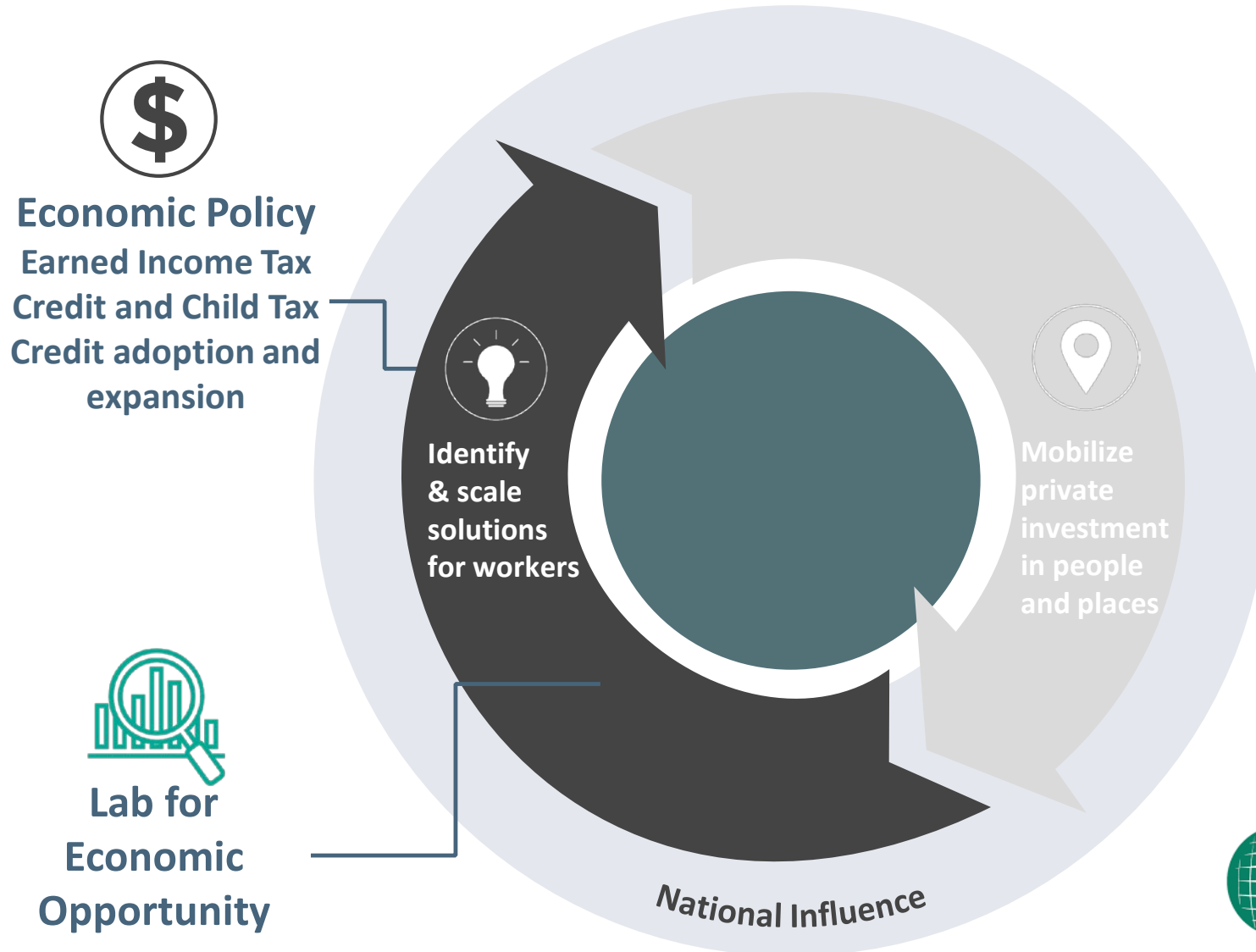
Guiding principles

1. **Work with employers and investors** to ensure private sector buy-in
2. Select approaches that draw in **bipartisan support**
3. **Partner** with actors across sectors, including co-funders
4. Recognize and seize **windows of opportunity**
5. Select approaches that are **recession-ready**
6. Be flexible and **test and learn** along the way

Our strategy has two approaches



Approach 1: Identify and scale solutions



Mobilize investment in people and places

Place-based Investments

The Rockefeller Foundation will use Place-based Investments to support the economic stability and mobility of millions of low-wage workers in America.

Opportunity Zones



Economic Opportunity





Approximately \$6 million invested to build municipal capacity and attract investors to drive investment in Opportunity Zones



Build municipal capacity to take advantage of Opportunity Zones



Work with investors and intermediaries to shape transactions, mobilize investment, and advance impact



Increase investment by \$1 billion and support 8,000 jobs in 5 years



PLACE-BASED INNOVATION

National Opportunity Zone Academy

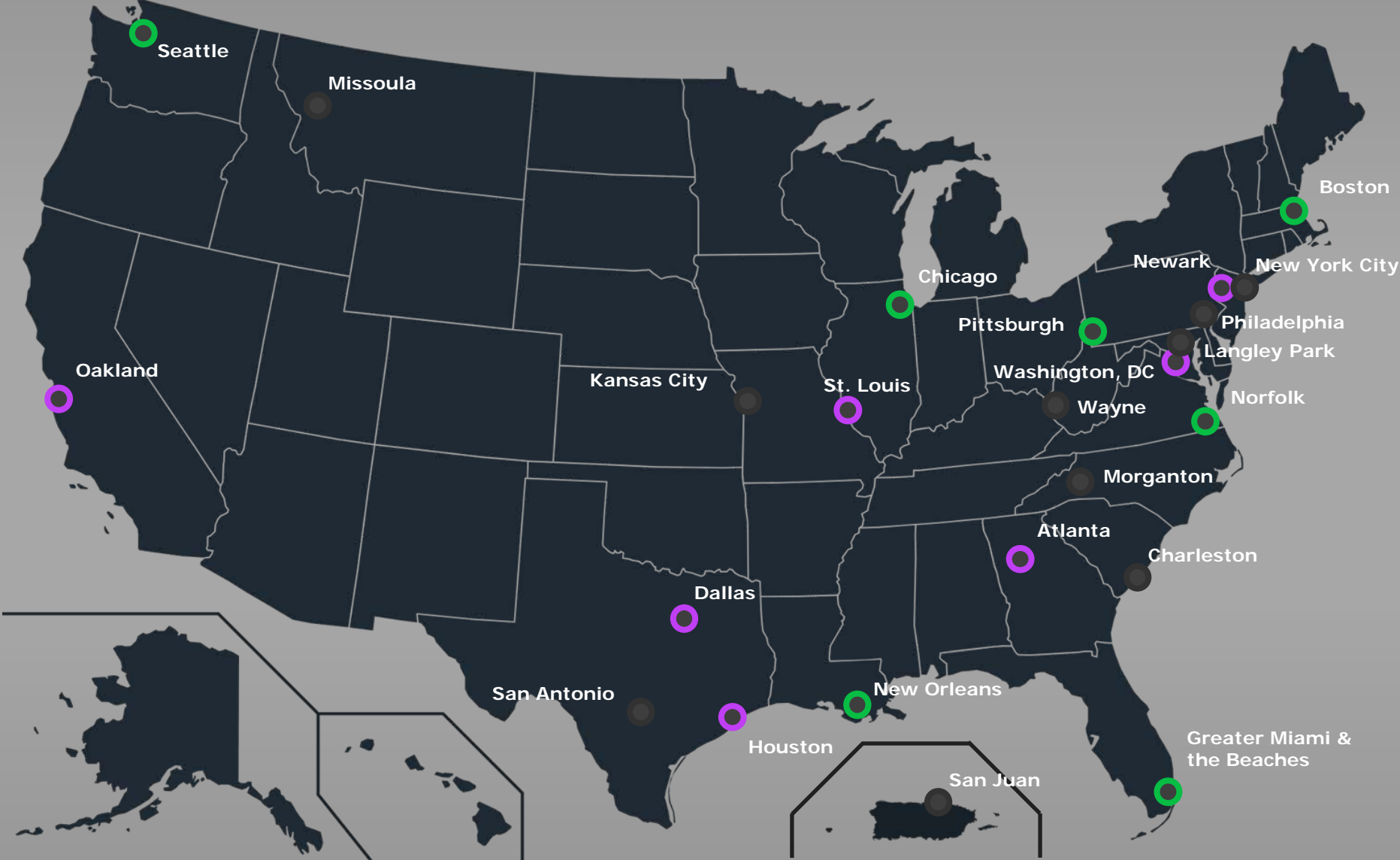
- Boston
- Chicago
- Greater Miami & The Beaches
- New Orleans
- Norfolk
- Pittsburgh
- Seattle

Communities Thrive Challenge grantee

- Charleston
- Philadelphia
- Kansas City
- Langley Park
- Missoula
- Morgan Town
- New York City
- San Antonio
- San Juan
- Wayne

Community Capacity Building Initiative

- Atlanta
- Dallas
- DC
- Newark
- Oakland
- St. Louis



Framework to Map Foundation's Activity

Category



Community Capacity

- Informing stakeholders
- Creating awareness & understanding
- Assessing community priorities
- Collecting feedback
- Community organizing
- Convening stakeholders
- Local-market making/ecosystem building
- Partnering with anchor institutions
- Capacity building for local nonprofits



Policy & Regulatory + Government Capacity

- Policy influence
- Municipal capacity building
- State-level capacity support



Responsible Investments

- Advancing investment ready projects
- Engaging investors
- Direct investment - funds
- Direct investment - projects
- Financial engineering
- Capacity building for emerging fund managers



Impact

- Communications
- Data collection, analysis and reporting
- Promoting standards and practices
- Evaluation
- Data-driven tools
- Data infrastructure

Our activities resulted in an aggregated deal pipeline of \$4.5 Billion

Atlanta, GA	\$1,217,284,063
Washington DC	\$908,175,474
Newark, NJ	\$501,079,100
Oakland, CA	\$756,200,000
St. Louis, MO	\$1,142,750,000
TOTAL	\$4,525,488,637

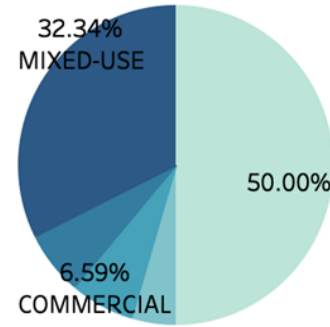
ENTITY NAME + DEVELOPMENT AMOUNT

West End Mall	300,000,000
Fort Mac Redevelopment ..	250,000,000
WestWood 21	99,914,063
Summerhill Redevelopme..	76,630,000
Old 4th Ward Commercial ..	75,000,000
Briarwood Development	68,000,000
Lockdown Manhattan	50,000,000
Peachtree Station Transiti..	35,000,000
Access Optical Network (..	28,000,000
English Avenue School	28,000,000
Fort Mac Redevelopment	28,000,000
Hartland Station Apartme..	28,000,000
Grind Venture	25,000,000
Grove Park Gardens	23,000,000
Insulsteel Building Scienc..	16,000,000
Aerotropolis	14,000,000
Vine City Plaza	12,240,000
Star Walker Industry	10,500,000
Live Oaks Spirit Distillery	10,000,000
Ryse Creative Village	8,200,000
Carter Heights	6,000,000
Grove Park Theater	6,000,000
Grove Park Main Street	5,000,000
Volantio	5,000,000
Old 4th Ward Distillery	4,400,000
3781 MLK Dr.	2,400,000
Knowcap Atlanta Entrepr..	2,000,000
FCS Retail	1,000,000

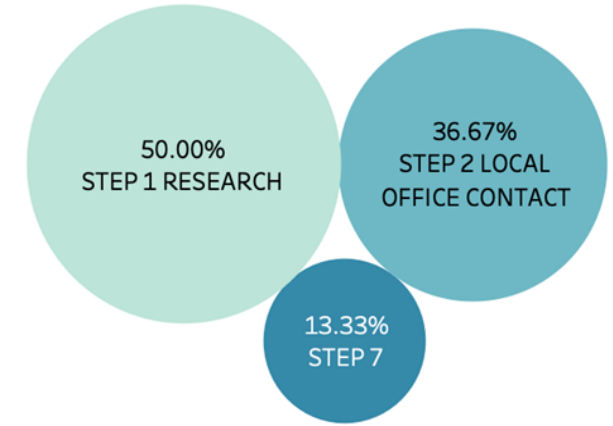
PRODUCT TYPE + DEVELOPMENT AMOUNT

Product Type	
COMMERCIAL	160,514,063
HOUSING	158,030,000
MIXED-USE	787,240,000

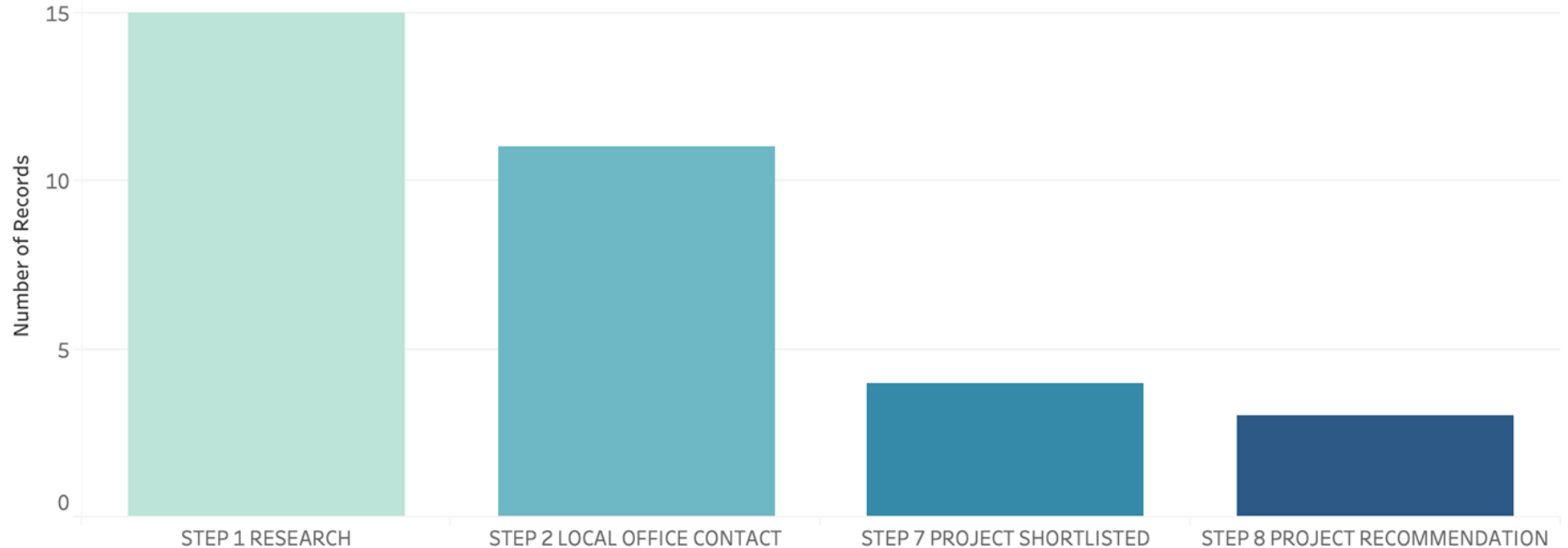
PRODUCT TYPE + MARKET CAPTURE



PROJECT PIPELINE STATUS



PROJECT PIPELINE STATUS



OAKLAND

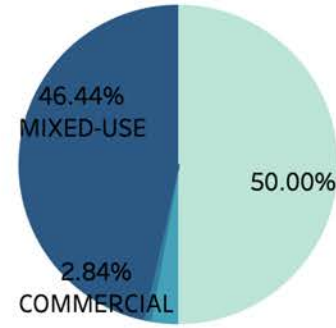
ENTITY NAME + DEVELOPMENT AMOUNT

Mandela Station	500,000,000
EBALDC	200,000,000
Native American Health C..	18,000,000
Park	15,000,000
Aquil TBD	11,200,000
Marker's Row	11,000,000
General Store	5,000,000
Ground Soul	5,000,000
ShadeTree	5,000,000
The Oakland Liberation In..	4,000,000
A2A2 Collaborative	
Acta Non Verba	
Guild at the Mill	
Juntos Fruitvale	
Turner	

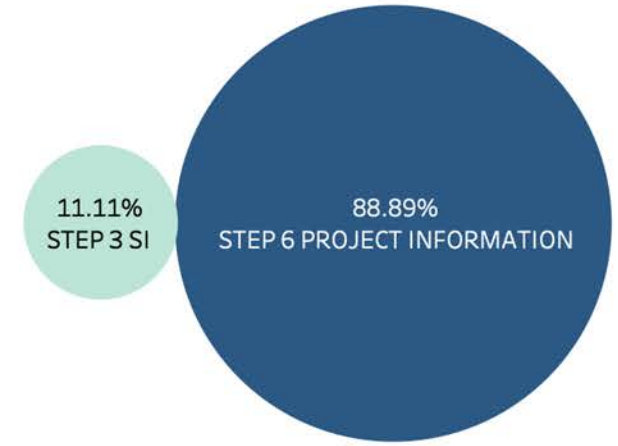
PRODUCT TYPE + DEVELOPMENT AMOUNT

Product Type	
COMMERCIAL	44,000,000
HOUSING	11,200,000
MIXED-USE	719,000,000

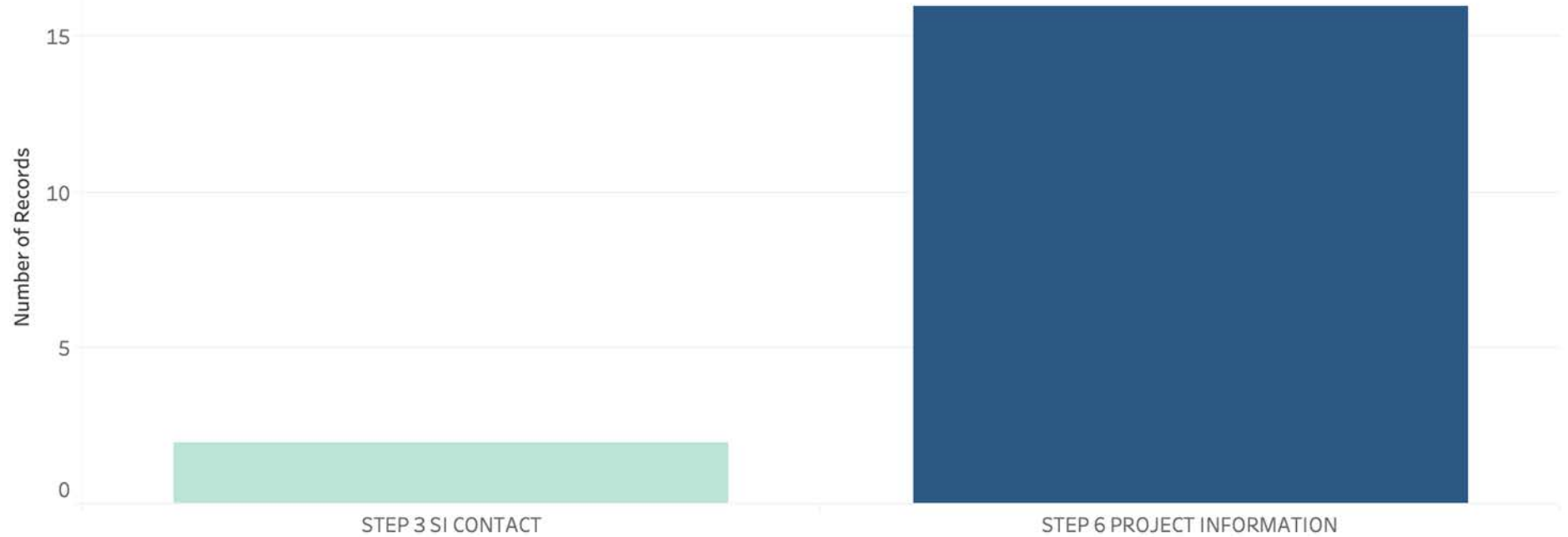
PRODUCT TYPE + MARKET CAPTURE



PROJECT PIPELINE STATUS



PROJECT PIPELINE STATUS



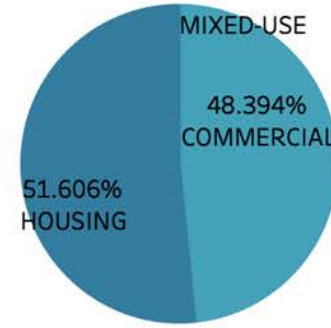
ENTITY NAME +
DEVELOPMENT
AMOUNT

Walter Reed, Town Cente..	400,000,000
Kenilworth Court Redevel..	317,000,000
Benning Gragg Cardona A..	81,675,474
St. E's Gragg Cardona Ass..	70,000,000
Lidl at Skyland	15,000,000
MLK Gateway #2	15,000,000
Strand Theater	6,500,000
Anacostia Arts Center	3,000,000
2255 MLK LIHTC housing	
Check it Enterprises	
Clean Decisions	
College Track	
Congress Heights Metro p..	
Deanwood Good Success	
District Bridges - BPAP	
Flikshop	
Flywheel Development - S..	
Hillcrest Affordable Assis..	
Invest Sou Sou	
Kenilworth Court Grocery..	
LIHTC Pool	
Lloyd Smith MHCDO HQ R..	
St. E's Gragg Cardona For..	
Vox Transportation	
Walter Reed, 14N Assiste..	
Walter Reed, 200K SF of O..	
Walter Reed, Arts and Cul..	

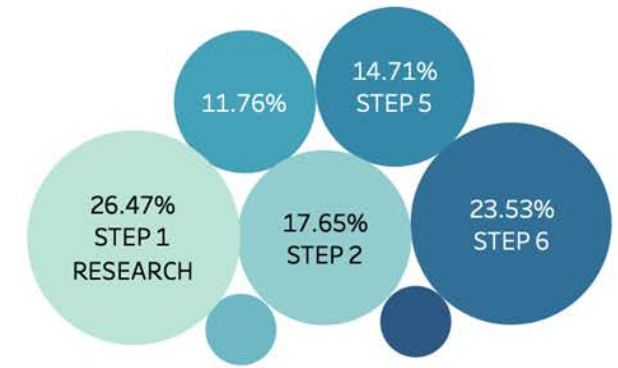
PRODUCT TYPE +
DEVELOPMENT
AMOUNT

Product Type	
COMMERCIAL	439,500,000
HOUSING	468,675,474

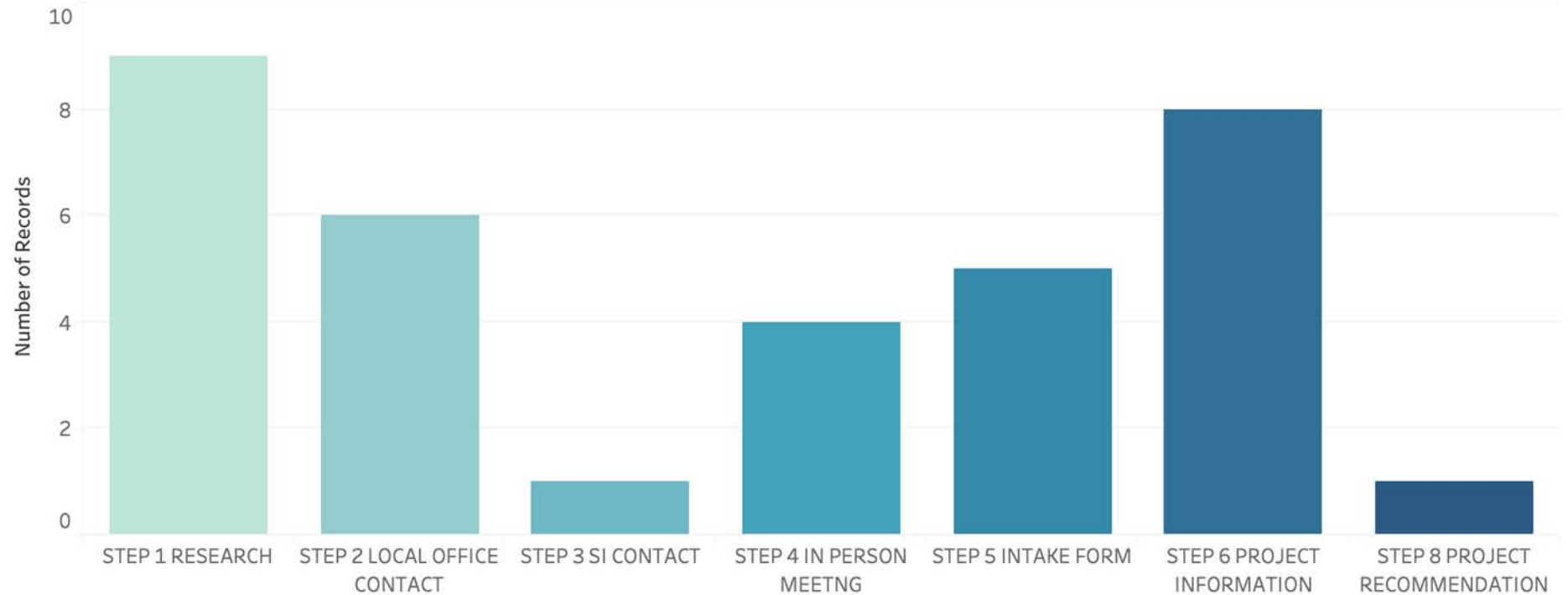
PRODUCT TYPE
+ MARKET
CAPTURE



PROJECT PIPELINE STATUS



PROJECT PIPELINE STATUS



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LOUIS

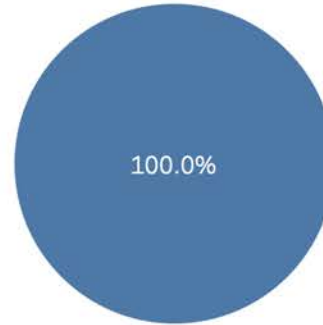
ENTITY NAME +
DEVELOPMENT
AMOUNT

SSM Health St. Louis Univ..	550,000,000
Ballpark Village	261,000,000
America Convention Comp..	175,000,000
Jefferson Connection	70,000,000
Near North Side Choice N..	70,000,000
Central States Thermo King	12,000,000
Gene Slay Girls & Boys Club	3,000,000
NGA	1,750,000

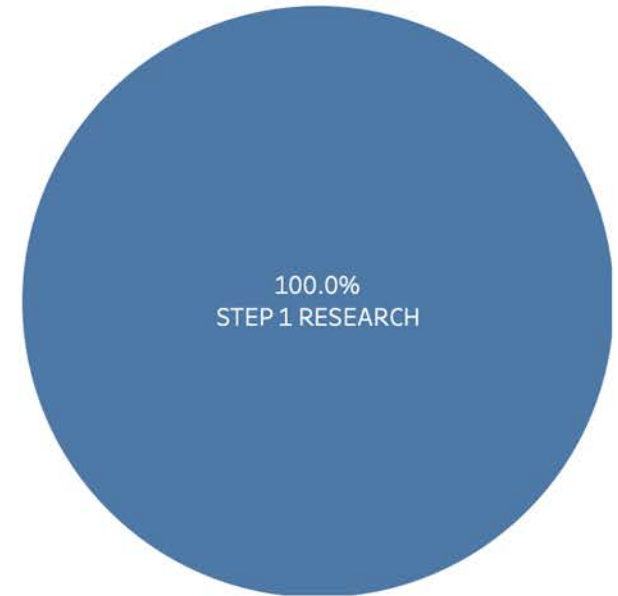
PRODUCT TYPE +
DEVELOPMENT
AMOUNT

Product Type	
COMMERCIAL	741,750,000
MIXED-USE	401,000,000

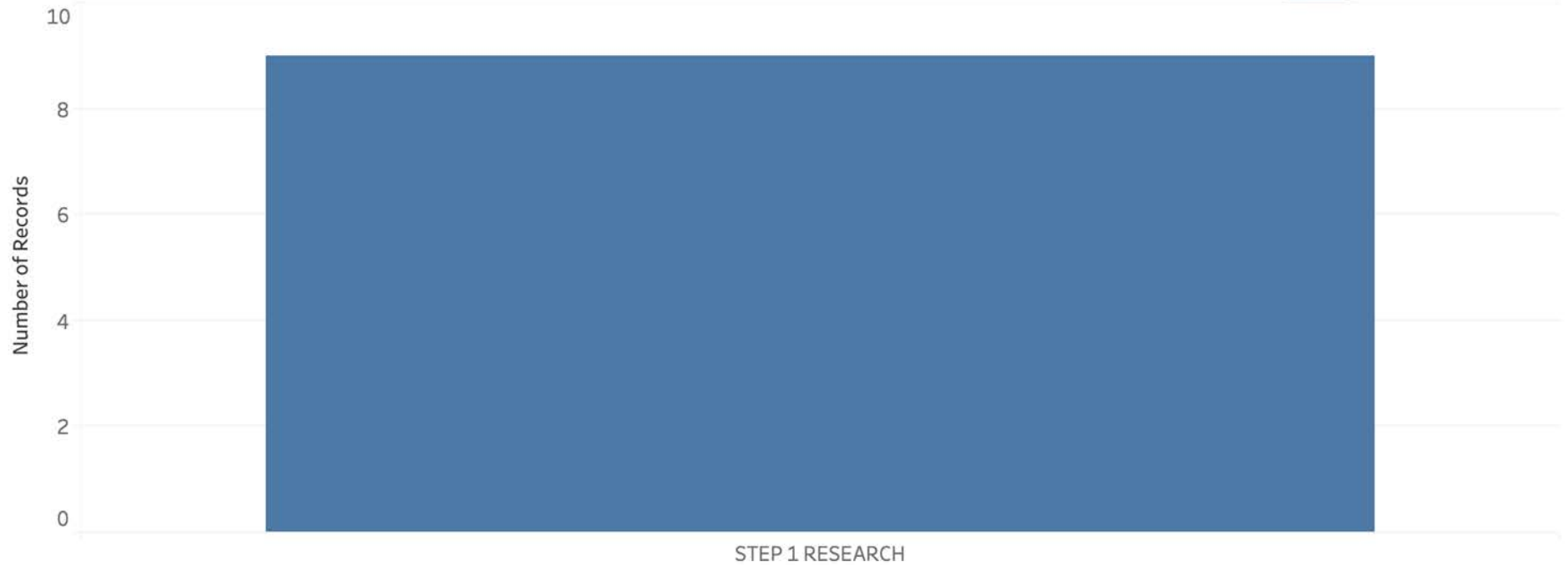
PRODUCT TYPE
+ MARKET
CAPTURE



PROJECT PIPELINE STATUS



PROJECT PIPELINE STATUS



NEWARK

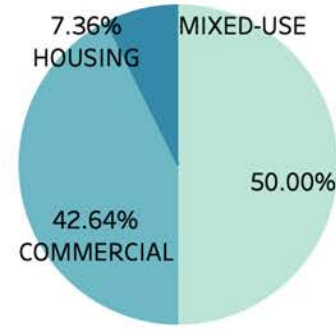
ENTITY NAME + DEVELOPMENT AMOUNT

Newark Film Festival	238,771,682
NEDC Land Bank	50,000,000
NJ Performance Arts Cent..	50,000,000
ALS Newark	1,079,100
RBH TBD - Artist live work sale of NHA property	
Seymore at Clinton	

PRODUCT TYPE + DEVELOPMENT AMOUNT

Product Type	
COMMERCIAL	289,850,782
HOUSING	50,000,000

PRODUCT TYPE + MARKET CAPTURE



PROJECT PIPELINE STATUS



PROJECT PIPELINE STATUS



PERSPECTIVE ON OPPORTUNITY ZONE INVESTMENTS AND COVID-19

- The virus is hitting the distressed neighborhoods where OZ investors are active disproportionately hard.
- Real estate has slowed down but is still continuing, though specific distressed areas are hit harder. Construction and real estate projects underway are largely continuing as planned, with slow-downs due to government permitting, necessary meetings, etc. New projects, especially with more complicated capital that blends government and philanthropic dollars, are paused/suspended.
- **Operating businesses are disproportionately hard hit. Small and growing businesses have thin margins, low liquidity, and small cash reserves, finding it difficult to recover.**

IMPLICATIONS FOR ONGOING WORK

- 30% of OZ investors have gains for 2019 that they need to invest.
- 70% of investors have put new investments on pause. Projects that have strong community buy-in and financial fundamentals that have lost equity partners that had planned to exist pre-COVID remain strong opportunities for capital to be catalytic.
- Real estate investments in this current environment are likely to favor an enhanced focus on certain product types (**truly affordable multifamily in 2nd/3rd tier cities, small floorplate office; distribution/logistics**) and de-emphasize others (luxury apartments and high-end office in tier 1 cities) that align with OZ impact objectives
- Businesses that will do well in the remote economy make the most sense for investment.

PATH FORWARD

Pivot the Rockefeller Initiative to Small Business Focus

- The impact the to the economic market of COVID-19 is unlike anything seen since The Great Depression and requires a reassessment of market priorities with resilience and market need taken into consideration.
- National reports, as well as the early data from our work with Shift Ventures, shows there is a strong need to get capital to minority small business.
- There are market concerns about Opportunity Zones(OZ) from the perspective of capital available, ability to proceed, and OZ deadline.

Hasan Kazmi

Director & Head of Partnerships
Citi Ventures Studio

Q&A

- Submit a question using the Q&A feature at the bottom of your Zoom window.
- Please upvote questions submitted by other attendees that you would like our panelists to answer.
- We will do our best to answer as many questions as possible.