GOAL: Connect local community economic development leadership with the Opportunity Zone (OZ) core principles.

GUIDING PRINCIPLE: Successful OZ impact investments will require community level guidance and support.
Commerce Team
Community, Industry, Business

COMMUNITY – Tash Wisemiller
Community Development, Planning, Main Street Program

INDUSTRY – Mary Craigle
Research Data, Industry Development Program

BUSINESS – Sean Becker
Business Assistance Bureau, Financing and Technical Assistance
SUCCESSFUL OPPORTUNITY ZONE DEVELOPMENT IS LOCAL COMMUNITY DRIVEN
Consider the Impact

- Public
- Private
Reimagine instead of recreate

• Continue the high caliber work you do.
• Layer funding
• Coordinate
Position for Growth & Investment

• Proactive
  – Planning documents
  – Prospecti
  – Educate and Engage
• Prepare
  – Do your research
  – Leverage funding
  – Highlight local projects and partners
• Prioritize
  – Key development; local goals local needs
• Potential
  – Managed local need and vision
  – Common purpose
Communities need to do the OZ Work

- Request for Information
- Term Sheets
- Engaging Philanthropy
- Community Engagement
- Asset Mapping – what are the values
- Incentives and Barriers – Pave and Direct the Entitlement Path
Montana’s Opportunity Zones

25 out of 106 Federally Eligible Census tracts (limited to 25)
Total estimated population of chosen tracks = 94,401  
(Source: U.S. Census Bureau ACS 2013-2017)
OZ Incentive in Nine Numbers

• 19 - 26 - 47 (Milestone Years)

• 180 – 6 – 31 (Time)

• 90 – 70 - 50 (Investment Allocation)
QOZB/QOZBP Examples
Investment Projects
Four Basic Types

1. Mid-teen IRR that will attract lazy money
2. Impact investing – give up one thing to do mission impact
3. Paired Projects – condos and clinic or grocery
QOZs were designed to work in tandem with state and local tax incentives

Developers need to consider state and local tax credits beyond QOZ incentives.

Numerous programs offer developers tax abatements, deferrals and incentives in the same economically distressed areas as QOZs.

These extra incentives will make opportunity zone projects more attractive to investors and may bring new capital deeper into the areas that need it most.
The Assets:

- **Innovation Corridor**
  - 4 miles that integrate cutting edge companies among existing research and business hubs between the Texas Medical Center and downtown Houston.
  - Rail-transit oriented for ease of access.
  - Investment from Rice University, City of Houston, and other collaborative partners.

- **The Ion & Midtown Innovation District**
  - The Ion is a $100 million, 270,000 sq. ft. facility that will serve as a multi-institutional technology collaboration hub for startups and universities to innovate alongside Houston’s top companies. The building will open in Q4 2020.
  - The Ion is located within a 16 acre master planned district that will consist of various retail, multi-family, office, hotel, and greenspace amenities.

The Opportunities: Invest in qualifying start-ups and business expansions in a growing tech industry and partner with a major university to expand the innovation ecosystem in the City of Houston.
Great Northern District
A modern center for business and family entertainment

The Great Northern District caters to the modern professional who lives and works Downtown. With upper-level housing, coffee shops, fitness centers, family entertainment, and a lively nightlife, the young professional or retiree’s desire for an urban lifestyle is satisfied with a wide variety of amenities.

Last Chance Gulch Retail Core
A traditional downtown shopping street with appeal for both tourists and local residents alike

The Last Chance Gulch Retail Core invites Helena and its surrounding communities into the Downtown for a unique experience with historic architecture, local shops and restaurants, and an active street life. The retail core celebrates the traditional main street character and charm with wide sidewalks, engaging storefronts, and the distinctive walking mall.

Fire Tower District
A hub of entertainment, recreation, history, arts and culture

By embracing its eclectic mix of businesses and architectural styles, the Fire Tower District’s casual atmosphere welcomes locals and visitors to hang out in a brewery, meet up with friends before hitting the trails, or pick up dinner from a local vendor at the public market. Condos and townhouses that appeal to the millennial or baby boomer bring energy and demand for restaurants, outdoor gathering places, and cultural vibrancy.

Implementation Actions

The third step established and prioritized the Implementation Actions. The illustrative plan identifies land uses and specific projects that are steps to realizing the vision for Downtown.

- Invite visitors to explore downtown with new gateways, banners, and wayfinding signs
- Revise the downtown development code to facilitate good urban design and stimulate development
- Add housing around Women’s and Hill Park to add activity around existing green space
- Promote redevelopment of underperforming properties
- Promote business incubators and start-ups to support and sustain downtown
- Develop a bikeway to connect downtown from north to south
- Manage parking to add convenience and encourage desired land uses
- Create a public market that brings unique options for food into downtown
- Add housing to increase residential capacity and vitality
- Connect to Carroll College to bring students downtown
- Announce downtown with a new gateway and banners connecting to the retail core
- Improve street appeal with new sidewalks, trees, and street lighting
- Make transportation improvements that improve circulation and convenience for retail shoppers
- Encourage ground floor retail uses with upper level residential and office
- Reimagine Cruse Avenue by adding diagonal parking and elevating city-owned property for redevelopment
- Prioritize aesthetics and maintenance to create a high-quality shopping district
- Improve connections to trails and open space
Downtown Framework

Fundamental to the Plan is that Downtown must not only sustain existing businesses, but capture demand for development that is currently occurring elsewhere. Downtown Helena is well-poised for success. Current market trends favor Downtown growth, but the Plan must be proactive to capture these opportunities.

The Downtown Framework, a conceptual representation of the vision for Downtown, links the modern Great Northern Town Center and the Historic Downtown with a strong retail backbone along Last Chance Gulch. The two “districts” are given distinct identities, but remain strongly connected by the retail core. Each district is anchored by employment and entertainment uses that support the retail core, which provides a strong walking connection along a traditional retail shopping street.

The areas that surround the retail core provide a foundation to support and sustain the other districts by providing opportunities for workforce housing, business incubators and start-ups, and parking. Each area plays an important role and function in the success of the entire Downtown, and is necessary to strengthen Downtown’s potential.

The following pages provide descriptions and imagery of the vision for each district. Each district already embodies many of the descriptive characteristics and should look to strengthen and build upon its identity through the addition of its underdeveloped characteristics.
New Energy Complex in Oregon
Obsidian Solar Center

Project Summary - The Obsidian Solar Center will consist of up to 7,000 acres and provide a nominal generating capacity of up to 600 MW ac (up to 1,000 MW dc), and an average generating capacity of up to 300 MW ac (up to 500 MW dc).

The facility will be organized like an industrial park: it will contain separate individual facilities all located within the fence around the industrial park. The Obsidian Solar Center will likely combine two types of technology: pv solar power generation technology, and battery storage technology. How the generation and storage technologies are combined and built will depend on the needs and preferences of the project/power buyer(s).
A few hours away from the Navy Yard in what used to be coal country is the Jessup Small Business Center (link). It sits on a scenic mountain ridge just east of the city of Scranton, Pennsylvania. This 132 acre mixed use park is not only a designated an Opportunity Zone but also is a Keystone Opportunity Zone and a Keystone Innovation Zone, meaning businesses located there receive special Federal, State and City tax advantages.

The park is positioned in the center of the Boston-Washington Corridor and has class A-office as well as industrial rentable space readily available at 1/5th the cost of the Navy Yard. The park also has several dozen building sites available ranging from 7 to 45 acres each.

The park is located at the crossroads of five major highways and provides ready access to the business centers of New York City, Philadelphia, Boston Washington D.C. and the Canadian markets, is within a 50 mile radius of a potential workforce of 586,000 residents, and is home to 14 colleges and universities.
Places to Look at Other Projects
Colorado OZ Projects

https://www.colorado-invest.com/search-opportunity-zone-investments/

OPPORTUNITY ZONE MAP

Areas highlighted in yellow are designated Opportunity Zones.
Places to Look at Other Projects
Ohio OZ Projects

https://opportunityzones.ohio.gov/wps/portal/gov/ooz/resources/find-opportunities-for-investors
Key OZ Dates, Timelines and Regulations
Key Dates for Investors and Qualified OZ Funds (QOF)

January 1, 2019: Taxpayer sells asset generating $100 of capital gain.

June 30, 2019 (within 180 days of sale of asset): Taxpayer invests entire $100 capital gain in QOF.
- QOF invests the $100 in QOZ property.
- Taxpayer deemed to have $0 basis in its investment in the QOF.

June 30, 2024: Taxpayer’s basis in the deferred capital gain investment in QOF increases from $0 to $10 (10%).

June 30, 2026: Taxpayer’s basis in the deferred capital gain investment in QOF increases from $10 to $15 (15%).

December 31, 2026: $85 of the deferred $100 capital gain is taxed.

June 30, 2029: Taxpayer sells investment in the QOF for $200. Basis in taxpayer’s investment in the QOF is deemed to be fair market value and thus, no tax is due on the appreciation in the QOF investment.

Additional Regs Expected  
Fall 2019

• Congress ready to drop legislation for **OZ Reporting** that includes the provisions that were in the **Investing in Opportunity Act**

• Possibility that the December 31, 2019 deadline for investing to get max tax benefit may be extended

• Congress is looking at allowing OZ incentives in census tracts that are impacted by a natural disaster
RESOURCES AT FEDERAL AND STATE LEVELS
State Resources and Help Community, Business, Industry

- Website Resources [opportunityzones.mt.gov](opportunityzones.mt.gov)
- Assist in identifying and directing to expertise – especially locally
- Help integrating existing grant programs into financing stack
- Using OZ incentive in other support state provides
QUESTIONS AND CONVERSATION