



Asset Funders Network

presents today's webinar:

OPPORTUNITY ZONES

MATTER TO YOUR FOUNDATION: FIND OUT WHY AND HOW YOU CAN TAKE ACTION

**PUBLIC PRIVATE
STRATEGIES**



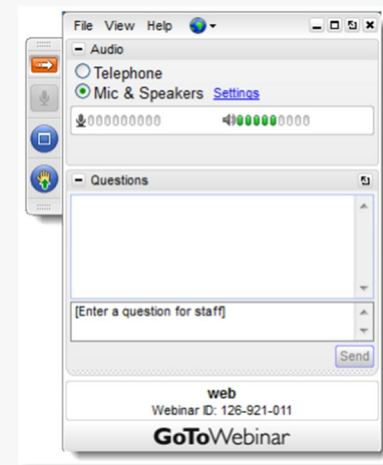
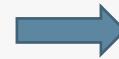
The
**ROCKEFELLER
FOUNDATION**



WEBINAR CONTROL PANEL

PARTICIPATE

During the presentation –
Type your question in the
QUESTIONS BOX
to be addressed during
discussion breaks or
during Q/A



Working Together to Achieve Economic Security for All

As the only membership organization for grantmakers focused on advancing economic security, the Asset Funders Network connects philanthropic leaders to drive greater impact where it's needed most.

INFORM | **CONNECT** | **INFLUENCE** | **BUILD**

Our Goals for this talk today:

- Offer AFN Members and stakeholders a Strategy Spotlight on Opportunity Zones
- Gain insight into how funder and investors are using a network of providers to **increase the integrated capacity of programs** to address financial well being
- Explore how philanthropy can engage to shape outcomes and impact



AGENDA & INTRODUCTIONS

➤ **WELCOME**

**TARYN
MACFARLANE**
ASSET FUNDERS
NETWORK



➤ **ENSURING IMPACT FROM
OPPORTUNITY ZONES:
ROLES FOR
PHILANTHROPY**

TAMMY HALEVY
PUBLIC PRIVATE
STRATEGIES



➤ **ROCKEFELLER FOUNDATION'S
US JOBS & ECONOMIC
OPPORTUNITY INITIATIVE**

OTIS ROLLEY
THE ROCKEFELLER
FOUNDATION



Ensuring Impact from Opportunity Zones: Roles for Philanthropy

Ensuring Impact from Opportunity Zones: Roles for Philanthropy

- What are Opportunity Zones (and how does the incentive work)?
- What are we seeing in the market?
- How can philanthropy engage to shape outcomes and impact?

Opportunity Zones Overview



Economic development tool intended to spur economic growth and job creation in distressed communities



Three incentives for investors to put private capital to work across asset classes in economically distressed communities...

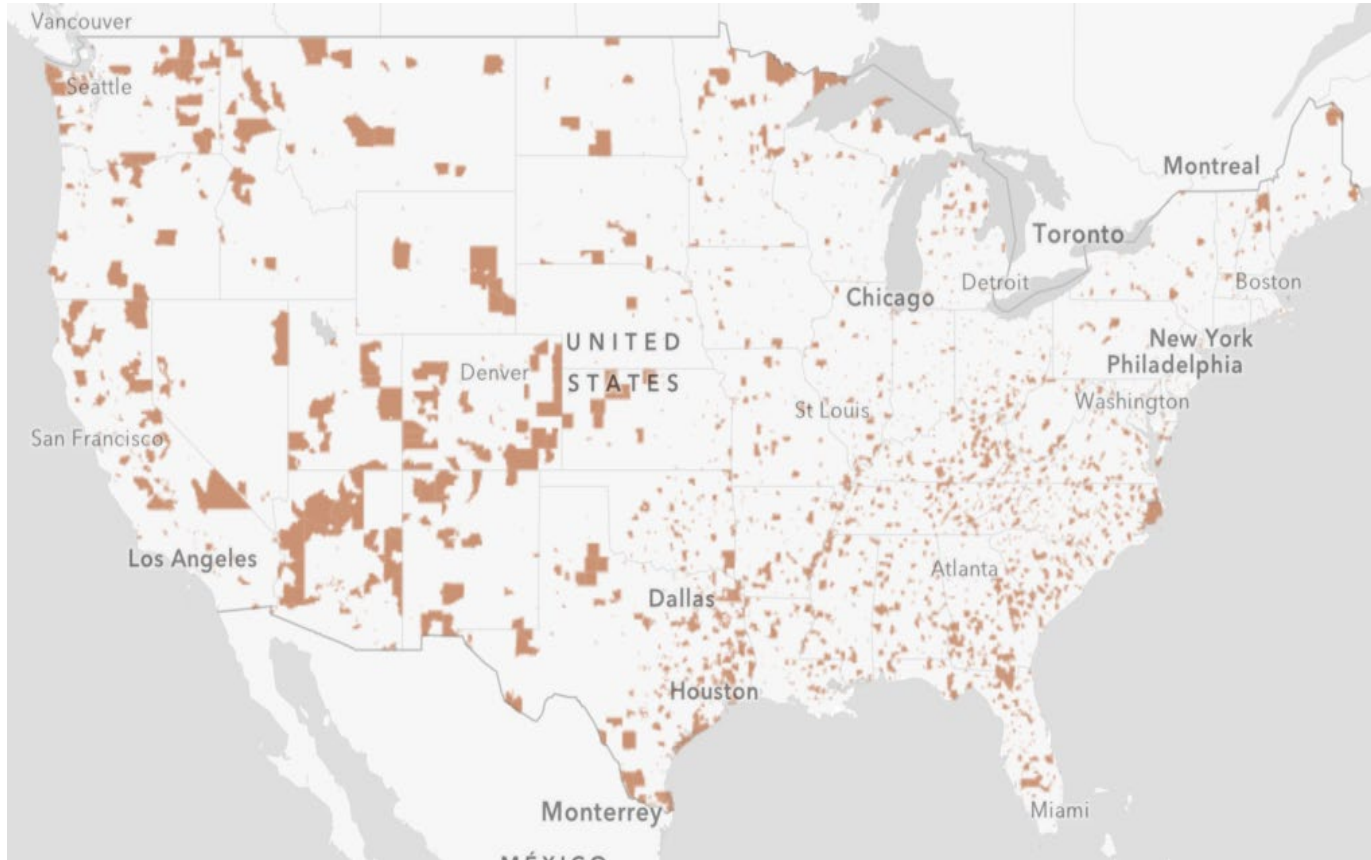
- Temporary tax deferral
- Step-up in basis of up to 15%
- Permanent exclusion of taxable income of capital gains



...and to hold those investments for long-term

- Value of incentive maximized when investment held for at least ten years

Where are Opportunity Zones?



■ Opportunity Zones

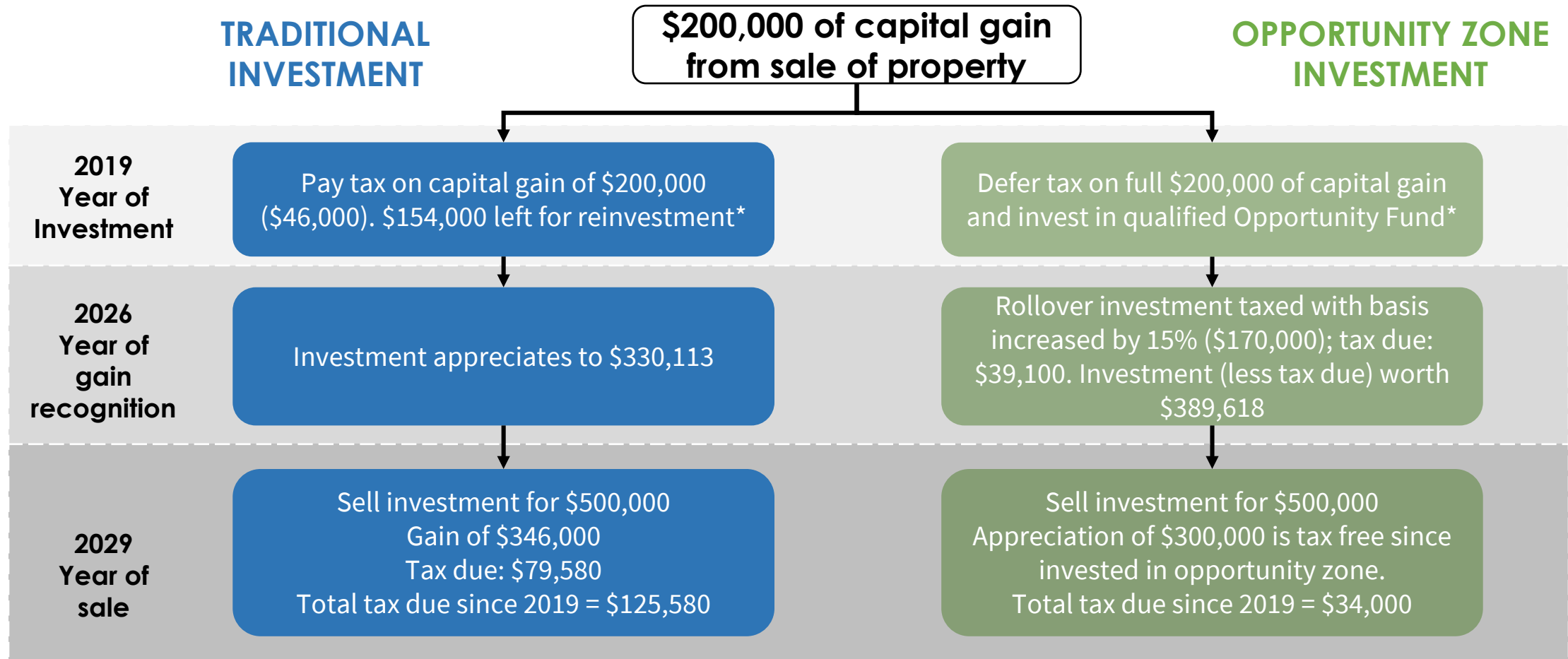
Source: Economic Innovation Group

- 8,700 designated census tracts in all 50 states, DC + territories (12% of all US census tracts)
- On average, poverty rate of 29% (~2X national average)
- Median family income in median designated Opportunity Zone is \$42,400 (vs national average of \$67,900)
- 56% of Opportunity Zone residents are People of Color

How are Opportunity Zones Different?

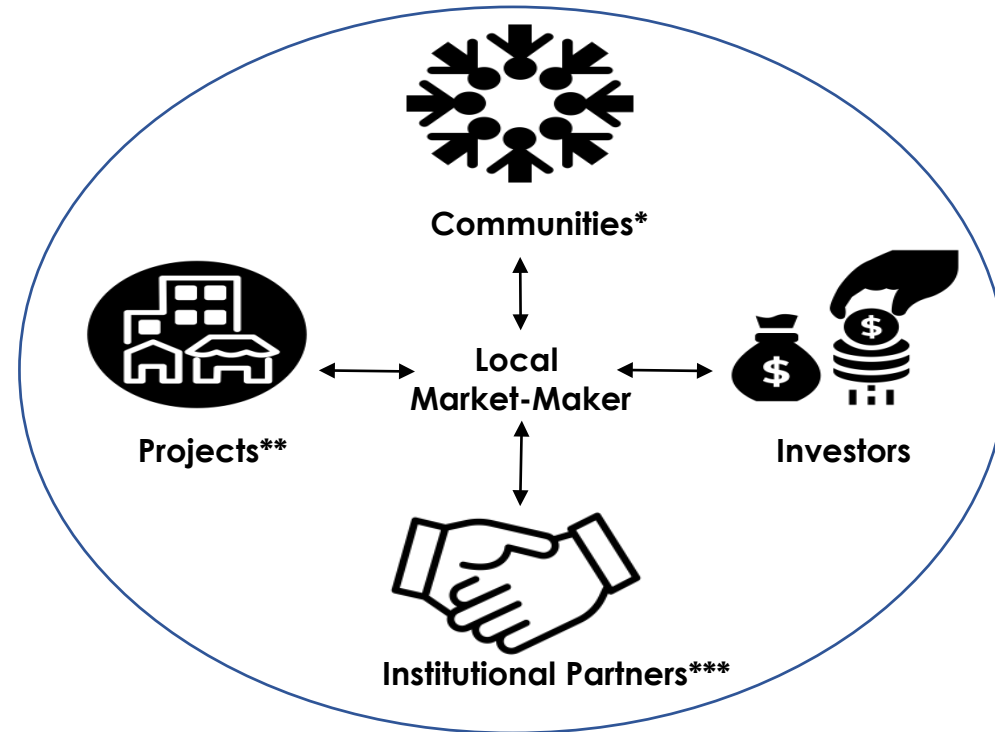
	<u>Opportunity Zone Incentive</u>	<u>“Traditional” Programs*</u>
Funds Available	<ul style="list-style-type: none">• No cap	<ul style="list-style-type: none">• Finite pool of appropriated funds (~\$3.5B allocated per year)
Eligibility	<ul style="list-style-type: none">• Any investor (individual or institutional) with realized capital gains	<ul style="list-style-type: none">• Competitive process to allocate
Management	<ul style="list-style-type: none">• IRS oversight	<ul style="list-style-type: none">• Administered by federal government (e.g. NMTC) or state housing authorities (e.g. LIHTC)
Compliance & Reporting	<ul style="list-style-type: none">• TBD – Request for information issued by Treasury/IRS in April 2019	<ul style="list-style-type: none">• Transaction level data collection• 50+ page program compliance FAQs

What's the Opportunity for an Investor?



*Assumes 10 percent annual rate of return and 23 percent capital gains rate

Success Requires Many Stakeholders



Data Tracking & Impact Improvement

*e.g. Cities, Counties, Economic Developers, Chambers, Main Street Groups, CDCs/Neighborhood Associations

**e.g. Developers, Landowners, Companies, Entrepreneurs, Incubators

***e.g. Banks, Utilities, Corporates with local HQs, CDFIs, Foundations, Universities, Hospitals, Accountants, Lawyers

What's Happening?

Federal Rule-Making

- Opportunity Zones enacted in December 2017 as part of Tax Cuts and Jobs Act 2017
- Treasury certified designations in June 2018
- Treasury released the first tranche of guidance and a revenue ruling on October 19, 2018.
- Treasury released the second tranche of guidance in April 2019 along with a “Request for Information” (RFI) on reporting
- Treasury currently evaluating RFI responses – open questions on timing and content. Rhetoric to date provides some cause for optimism

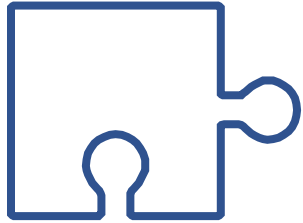
Market Activity

- Landscape **emerging and evolving; momentum increasing** as rules become clearer
- **Funds forming and transactions have closed**
 - First wave **primarily single asset real estate**
 - Target fund sizes range from **\$1M - \$3B** with a **median target fund size of \$110M***
 - **~40%** are **multi-state** or regional funds*
 - **26%** **national** geographic scope*
 - **11%** focused on a **single city***

What Are We Seeing in Communities?

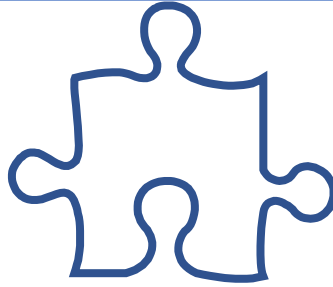
- Opportunity Zone activity emerging in **places well-beyond the usual suspects**
- **Coordination function** in places invaluable; can take different forms
- Frequently missing: Deal development capabilities to move community aspirations into **investable opportunities** & diligence to evaluate priority projects
- Projects often need **additional incentives/investment**
- **Appetite for impact** among many project sponsors and investors

6 Ways Philanthropy Can Play



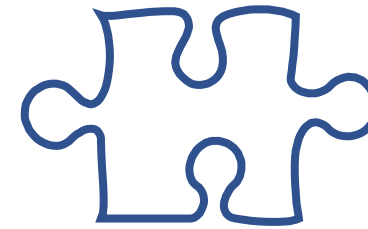
Shape Rules of the Game

Influence Opportunity Zone follow-on legislation and IRS guidelines



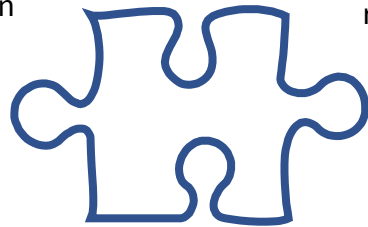
Create Investable Opportunities

Stuff the investment pipeline to reflect Foundation priorities



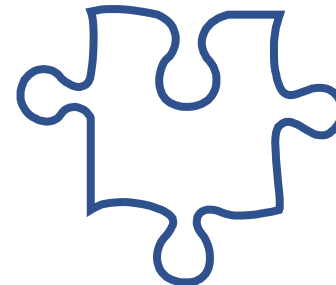
Level the Playing Field

Ensure communities are poised to draw investor interest and have (an outsized) seat at the table



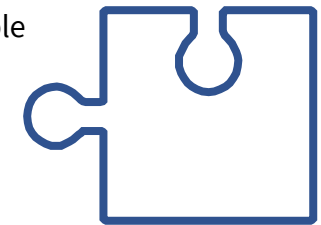
Build Wealth for Residents

Minimize displacement risks to current residents including small business owners by better meeting current needs and creating mechanisms for wealth creation



Incentivize Investor Behavior

Create environment where community benefits, common impact reporting, and related activities become “no-brainers” for investors



Accelerate Progress via Coordination & Info Sharing

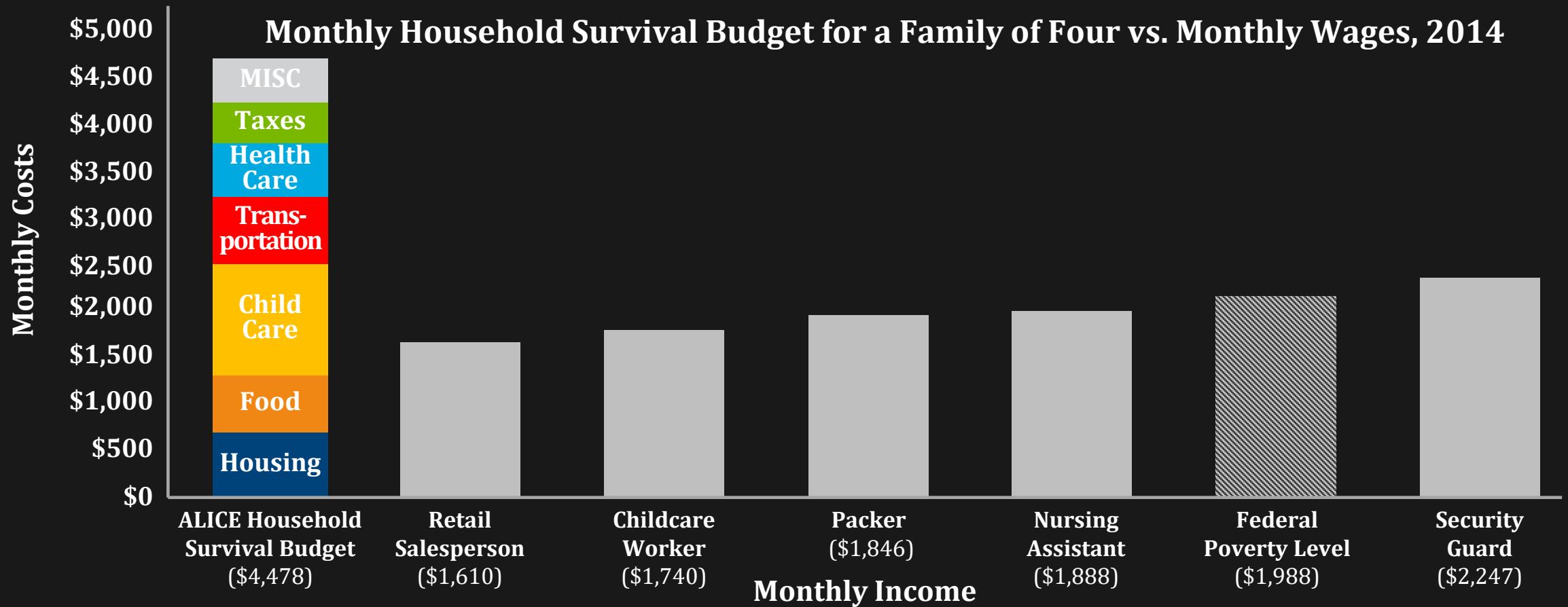
Seed “open source” solutions, cross-pollinate stakeholder groups, promote coordination among leading actors



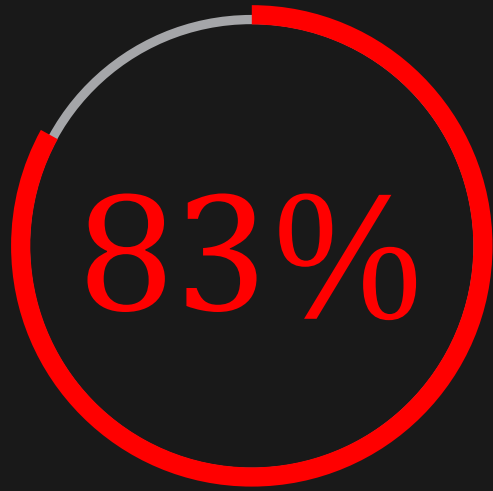
Ensuring Impact from Opportunity Zones

Rockefeller Foundation's US Jobs & Economic Opportunity Initiative

For 39 million households in the U.S., representing 90 million people, work is not enough to make ends meet



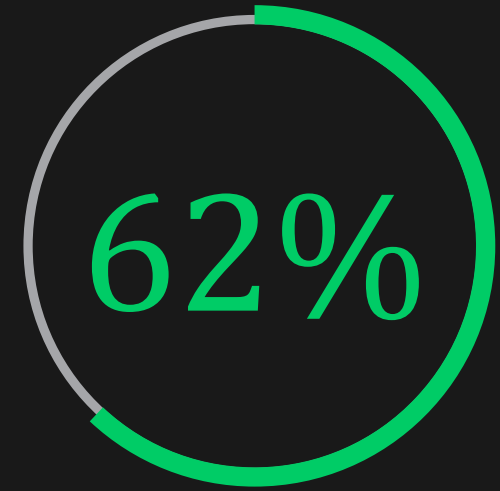
Of these 90 million:



**Live in
Cities**



**Are
Between
the Ages of
25 and 54**

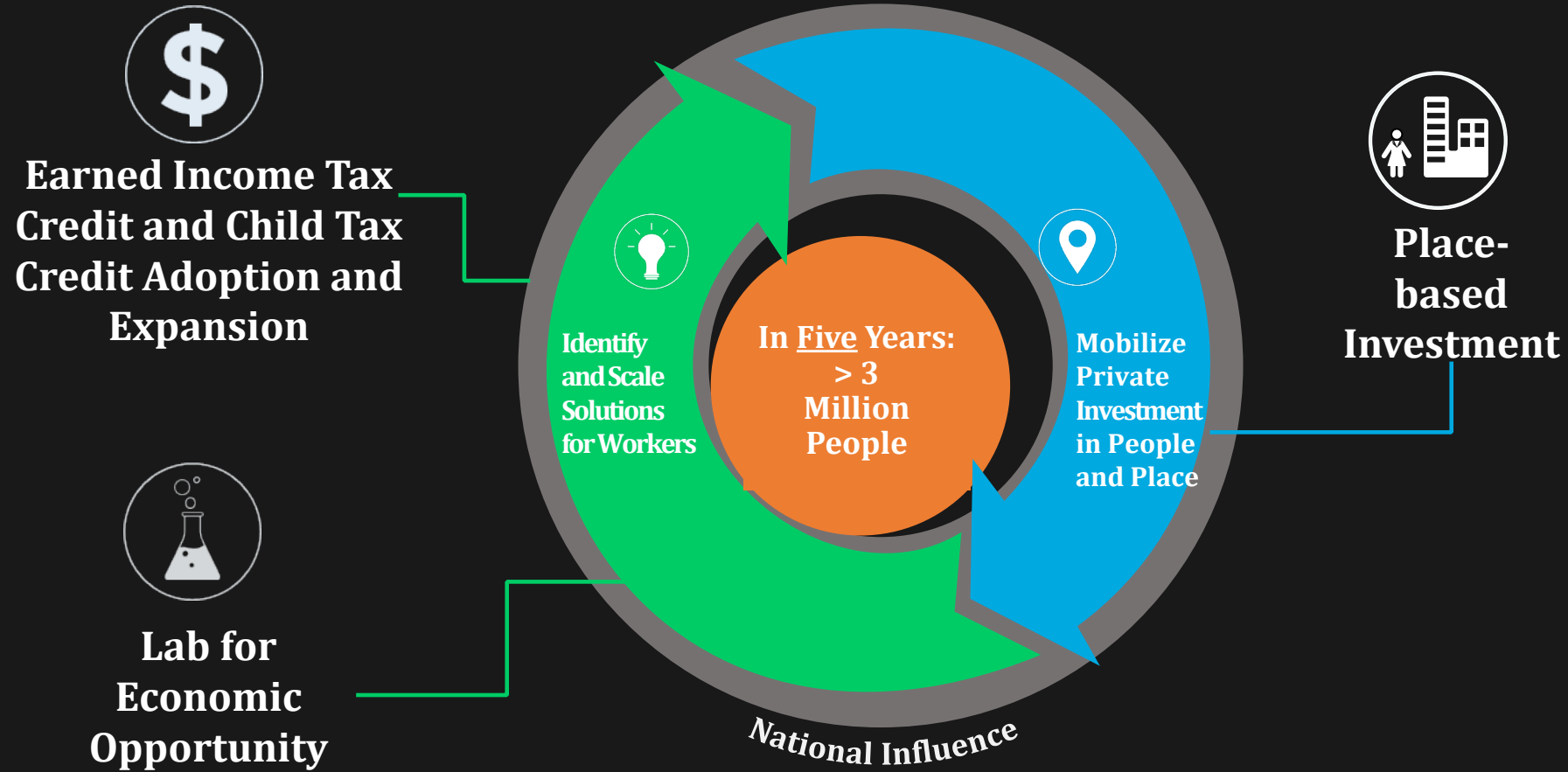


**Are Black,
Latino, Asian,
or Native
American**



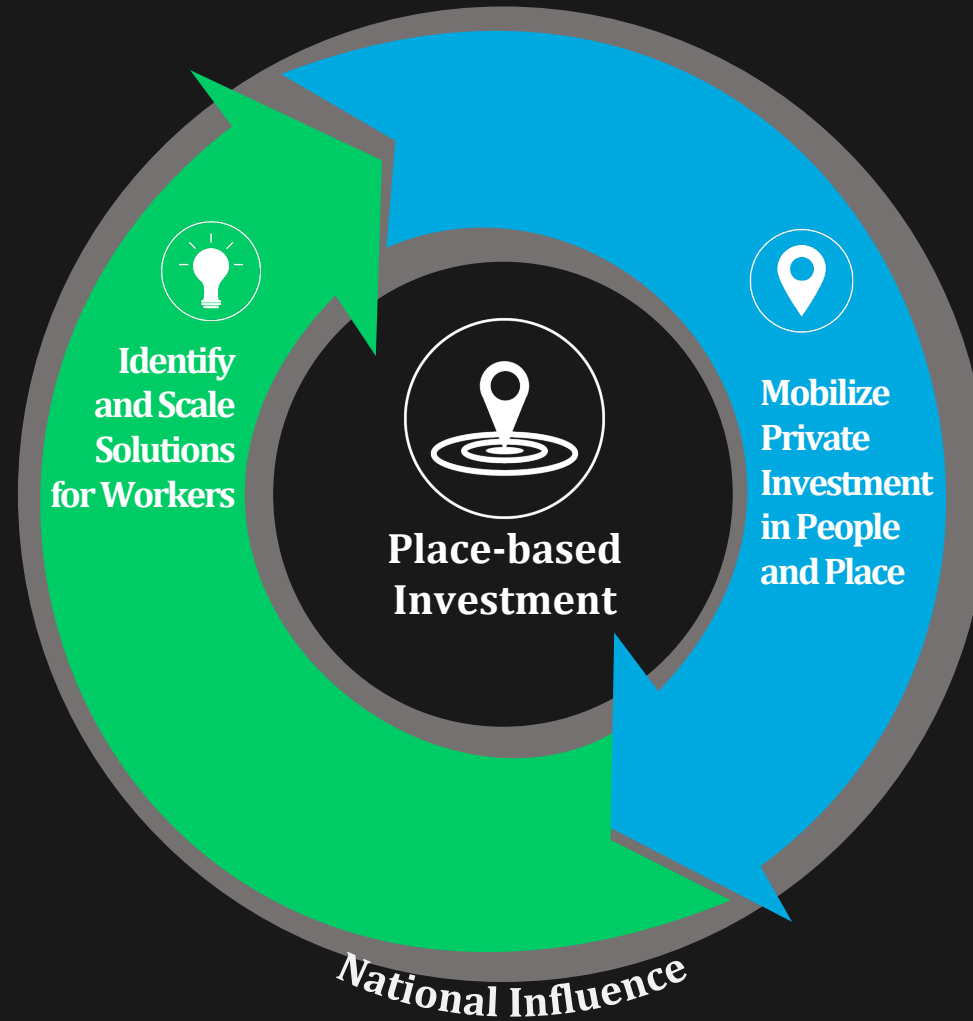
Our vision: Every person who works should be able to meet the basic needs of their families and have a path to a better future.

Our new strategy will identify and scale solutions and mobilize private investment in place





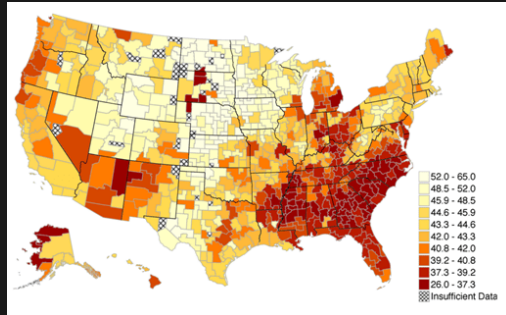
Mobilize private investment



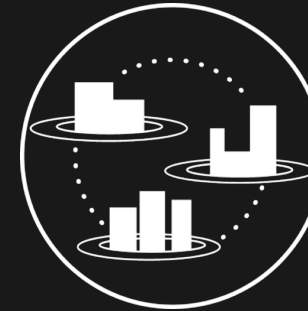


Why we think it is essential to work in place

Economic opportunity is local



Work happens in place



Policy momentum is in states and cities

“Where Washington fails to work for the betterment of our people and our communities, the states have become the testing ground for innovative and social solutions” – Gov. Phil Murphy (D-NJ)

Rockefeller has experience to build on



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100

RESILIENT

CITIES



Seattle

Boulder

Berkeley

Oakland

San Francisco

Los Angeles

Honolulu

Chicago

Pittsburgh

St. Louis
Minneapolis

Tulsa

Houston

Dallas

El Paso

Norfolk

Boston

Washington DC

New York City

Louisville

Nashville

Atlanta

New Orleans

Greater Miami
and the Beaches

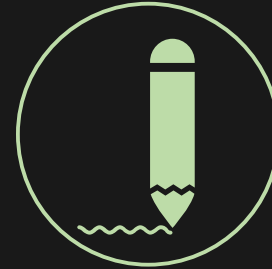
San Juan



We will help 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





Opportunity Zone Grant Making

Community Capacity Building Program



National Opportunity Zone Academy



Opportunity Zone Network Exchange



Influence Investor Impact & Transparency



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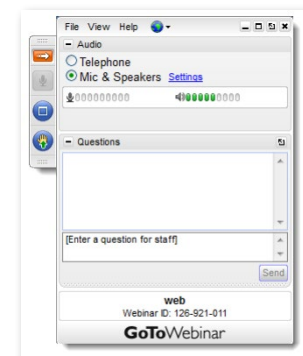
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CONTROL PANEL

QUESTIONS

Click the **QUESTIONS** box to share a question for the presenters.



Opportunity Zones are a fast moving area.

If you have examples of how you are connecting with Opportunity Zones, or are bringing an asset building perspective to this arena, we want to hear from you!

You can keep in touch by emailing:

Taryn MacFarlane, AFN Program Officer
taryn@assetfunders.org



Thank you for attending today's
Asset Funders Network
presentation

PLEASE FILL OUT OUR SURVEY

The survey will pop up on your screen momentarily
and will also be sent to you via email

**WE VALUE YOUR TIME,
AND YOUR RESPONSES WILL INFORM
OUR FUTURE PLANNING**

THE WEBINAR HAS CONCLUDED
