



# The Latest on Opportunity Zones

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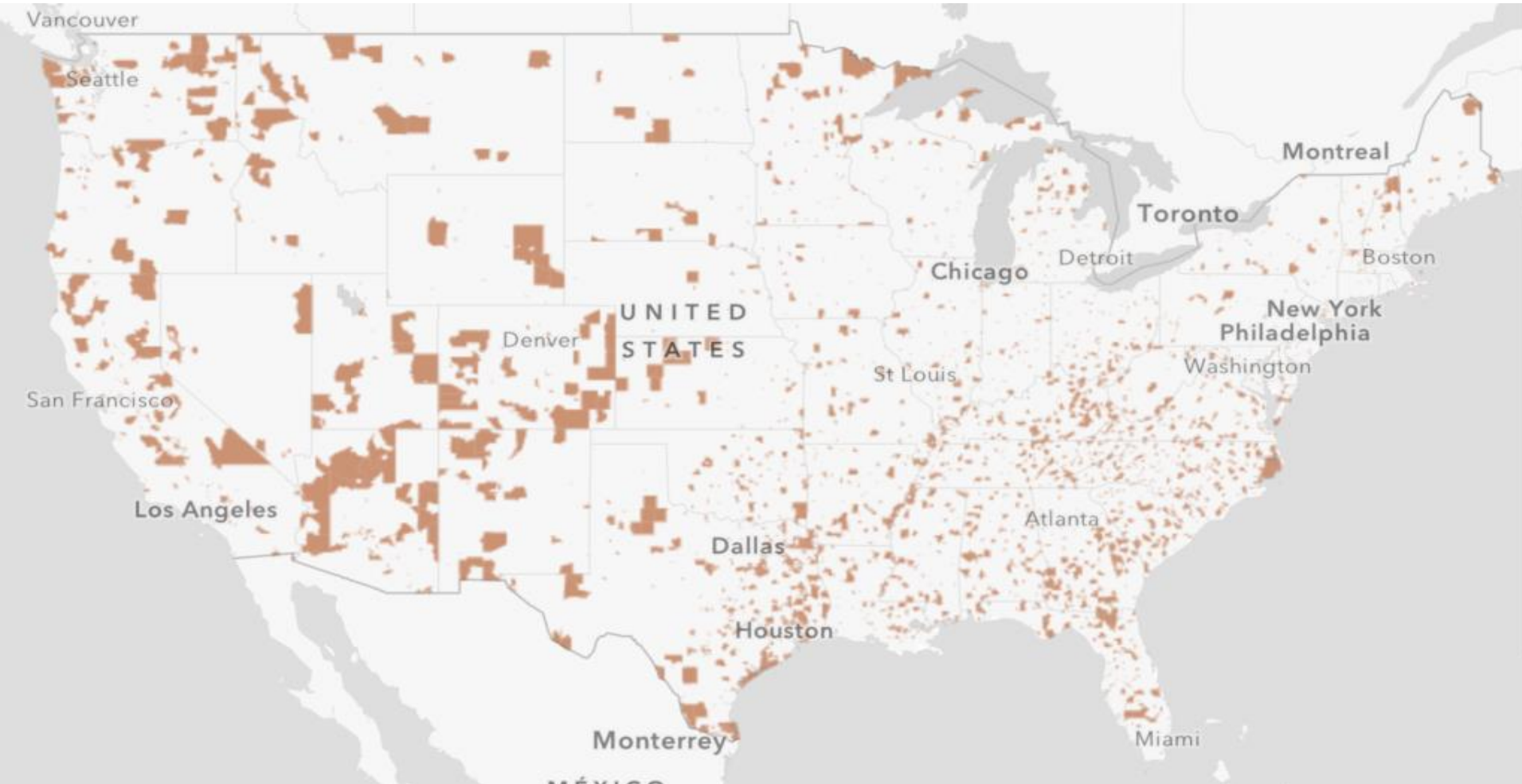
# Opportunity Zones

- 8,700 Opportunity Zones across the United States
- Nominated by Governors in early 2018. All Opportunity Zones designated by the U.S. Department of the Treasury as of June 2018.
- Opportunity Zones are low-income census tracts eligible for investment from Opportunity Funds.

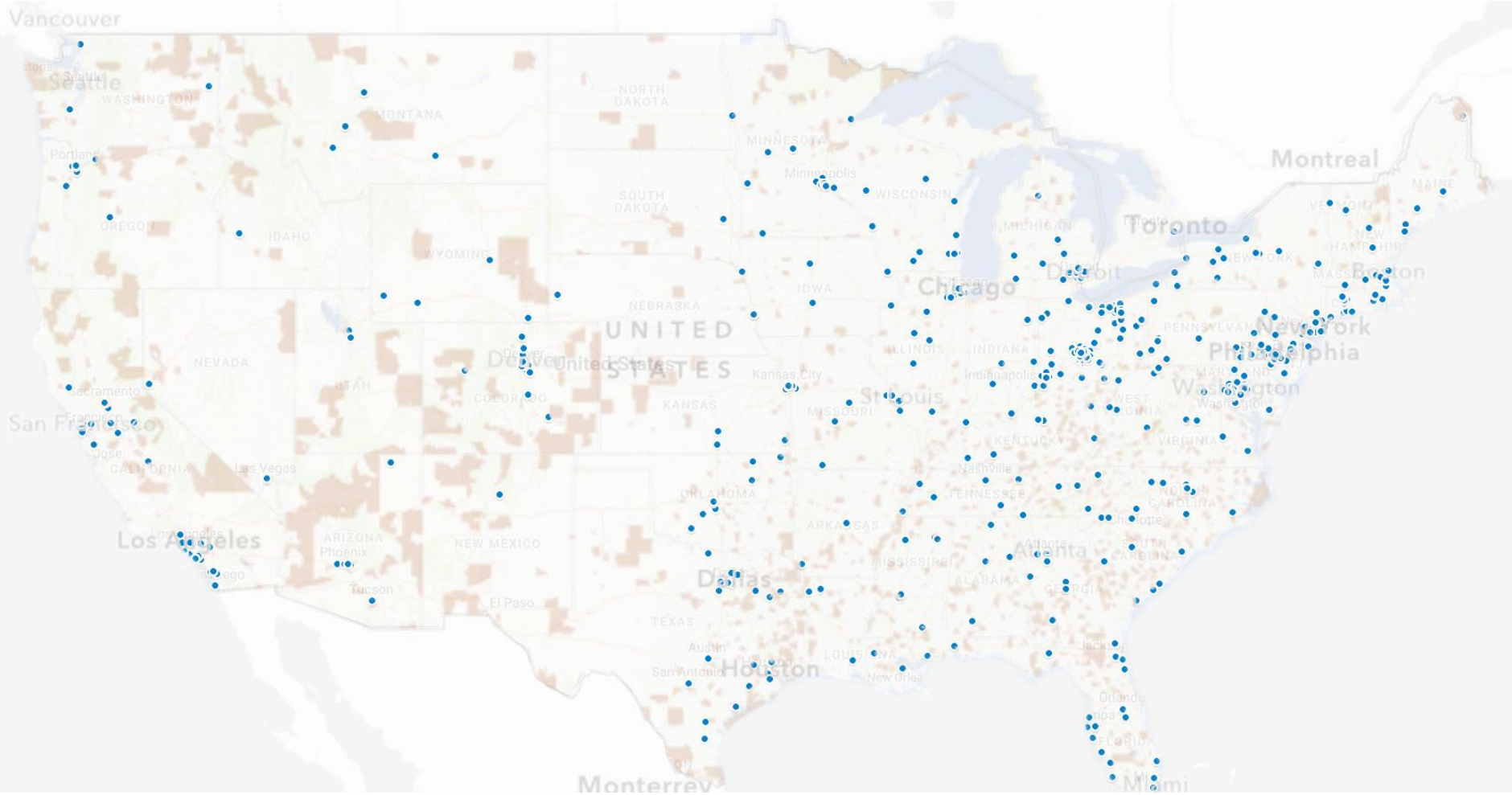
# Opportunity Zones

- Approximately 35 million people live in Opportunity Zones
- 56% of those residents are minorities
- 294 Zones are tribal lands
- 76% are in metropolitan areas

# Opportunity Zones



# CDFA Members + Opportunity Zones





# Opportunity Funds

**Opportunity Funds can help tap into the estimated \$6 trillion market for unrealized capital gains.**

What are the benefits of investing in Opportunity Funds?

- Defer taxes owed on federal capital gains taxes by moving them into an Opportunity Fund. If invested for 5 years, receive a 10% reduction in the tax. If invested for 7 years or more, receive a 15% reduction in the tax.
- Investors can defer the tax on their capital gains until the earlier of the date the Opportunity Fund investment was sold or December 31, 2026.
- For investments held at least 10 years, any earnings realized by an Opportunity Fund are not subject to federal capital gains taxes.

# Opportunity Funds

## **Opportunity Funds must make equity investments.**

- Investors can capitalize Opportunity Funds using gains realized within 180 days of a sale. No limit on size of funds, number of funds, or how many Opportunity Zones the fund invests in.
- Opportunity Funds must invest at least 90% of their assets in qualified investments located in Opportunity Zones.
- Opportunity Funds can make equity investments in qualified businesses or real estate projects.
- Opportunity Fund investors are seeking responsible exit solutions in order to realize the tax-free earnings after the 10 year period.

# State & Local Engagement with OZ

## **Understand not every Opportunity Zone will receive investment without local leadership.**

- Develop a strategy to identify potential investments and make those opportunities known to investors.
- Early research shows Opportunity Fund capital will meet about 5-30% of capital needed for a project. Identify local programs available for debt financing or other incentives now and make those resources known.
- Identify projects and local economic development strategies and clearly communicate how investors can engage.

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