

The Opportunity Zone Program and Community Resources



What are Opportunity Zones?

- New federal program designated in the 2017 tax reform bill
- Incentive for investors to support distressed communities by through private equity investments in businesses and real estate ventures
- Incentive is deferral, reduction and potential elimination of certain federal capital gains taxes
- If properly executed, Opportunity Zones may help address a number of challenges in Colorado:
 - Promoting economic vitality in parts of the state that have not shared in the general prosperity over the past few years
 - Funding the development of workforce and affordable housing in areas with escalating prices and inventory shortages
 - Funding new infrastructure to support population and economic growth
 - Investing in startup businesses that have potential for rapid increases in scale and the ability to “export” outside the state of Colorado
 - Upgrading the capability of existing underutilized assets through capital improvement investments



How does it work?

Taxpayers can get
capital gains
tax deferral
(& more)



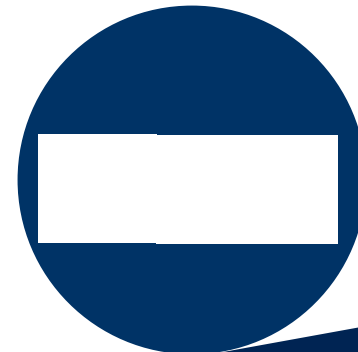
*for making timely
investments in*

Qualified
Opportunity
Funds



*which invest
in*

Qualified Opportunity
Zone Property
*(Primarily real estate or
businesses)*



What are the benefits?

1. **Deferral of capital gains tax** until sale or Dec 31, 2026
2. **Partial reduction of deferred gain**
 - Tax basis increases by 10% if investment is held for 5 years
 - Tax basis increases by additional 5% if investment is held for 7 years
3. **No capital gains tax on appreciation** if investment is held for 10 years

CO Opportunity Zone Program

The Mission: Position Colorado as a leading destination nationally for capital investment in Opportunity Zones, and use this investment to benefit distressed communities

Nomination

- *Designating 126 Opportunity Zones across the state*

Education

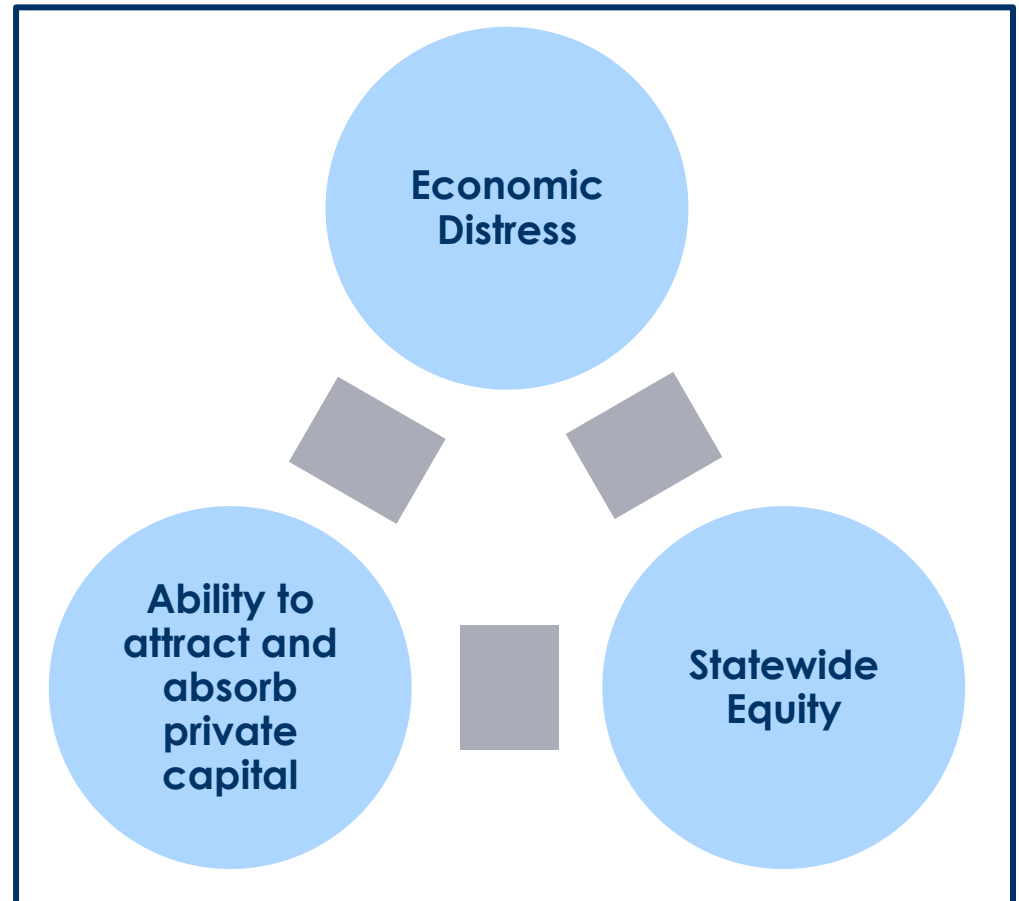
- *Spreading the word to investors, community leaders, developers and other stakeholders*

**Investment
Facilitation**

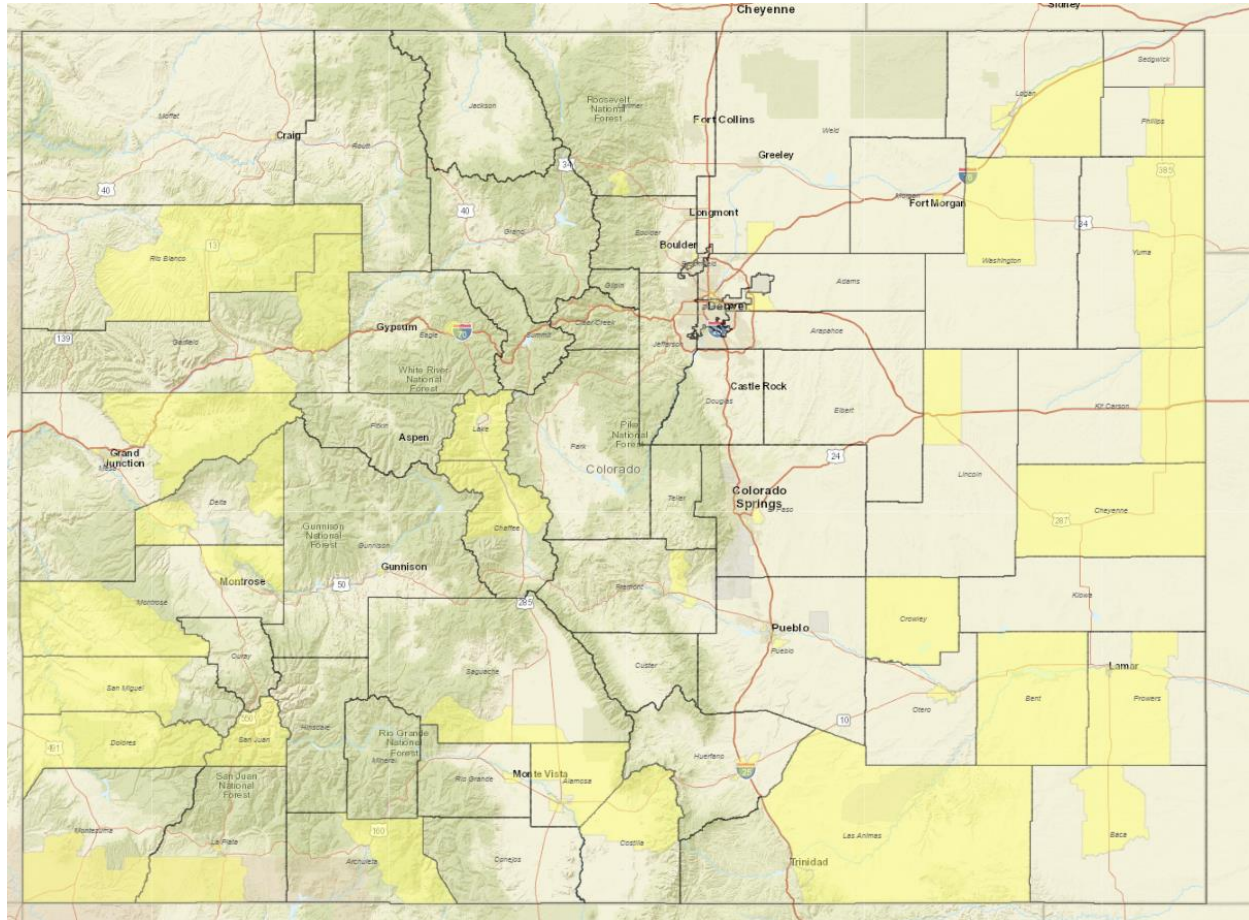
- *Helping capital and projects find each other*

Nomination

- Thorough, transparent, analytical process
- High degree of consultation and collaboration
- 126 census tracts designated
- Diverse portfolio attractive to a variety of investment types



Nomination



Interactive map: www.choosecolorado.com/oz

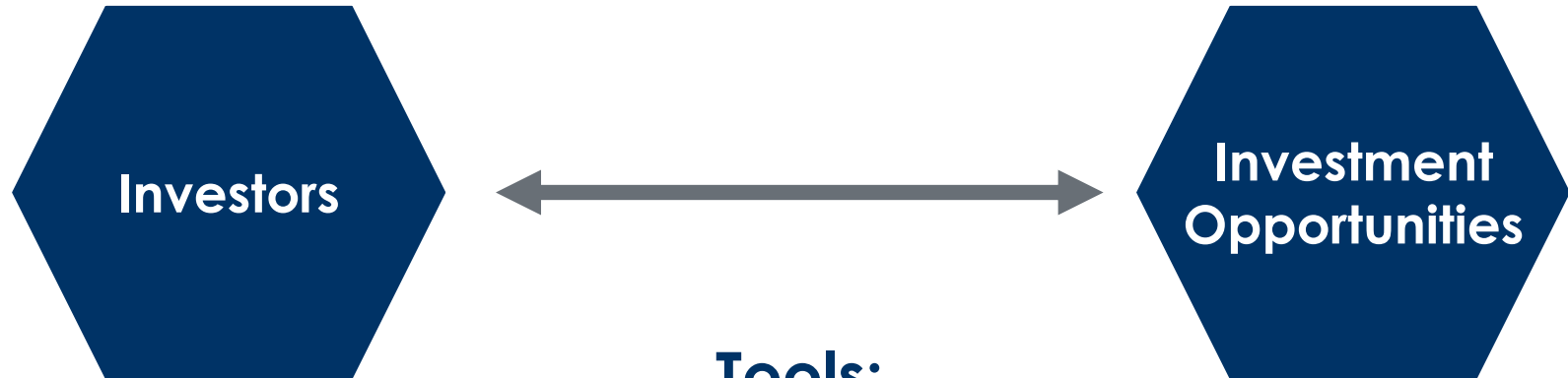


Education



- **Events**
 - Two large conferences (Denver, Aurora)
 - Smaller, targeted events (investor breakfast, developer breakfast)
 - Community events
- Trainings for community leaders to come
- Email update list
- Website with resources – choosecolorado.com/oz

Facilitating Investment



- **Community prospectus template**
- **Technical support grants**
- **Pro-bono consulting help**
- **OZ marketing website**
- **Online investment database**

What is a Prospectus?

- Investment memorandum designed to attract capital to a community
- Tells data-backed story of a community based on the interplay of three factors: sectors, communities, and institutions
- Identifies specific developable projects, and make a case for why those projects will see a return, including additional incentives that are applicable (Opportunity Zone, TIF, Enterprise Zone, NMTC, etc)
- *Not* a pure marketing document – highlights opportunities, risks, and mitigation strategies
- See choosecolorado.com/oz for South Bend example

Community Grants

**OPPORTUNITY ZONE
FUNDING AND TECHNICAL ASSISTANCE AVAILABLE**
DIVISION OF LOCAL GOVERNMENT



ELIGIBLE ENTITIES:

PURPOSE:
To support community efforts to be ready to and leverage funding as a result of Opportunity Zone designation.

CONTACTS:
Regional Managers
See DOLA Website for more information
<https://www.colorado.gov/dola/managers>

**OPPORTUNITY ZONE
FUNDING AND TECHNICAL ASSISTANCE AVAILABLE**
DIVISION OF HOUSING



ELIGIBLE ENTITIES:
Local governments, non-profits, housing agencies, and councils of government in Non-Entitlement areas of Colorado, in which local agencies hold CDBG Program Income resulting from DOH-funded loan programs.

PURPOSE	FUNDING OPPORTUNITIES	APPLICATION PROCESS
<p>To support communities with Opportunity Zone designations in their planning and capacity building efforts as they prepare to leverage funding for housing activities.</p>	<ul style="list-style-type: none"> • Re-purposing a portion of the community's CDBG Program Income for eligible planning activities that include a housing component, such as: <ul style="list-style-type: none"> • Planning and capacity building. • Other similar or related processes needed for local governments to complete preliminary Opportunity Zone decision making processes. 	<ul style="list-style-type: none"> • Interested communities must first contact the Office of Economic Development and International Trade (OEDIT) to discuss community goals and determine availability of and eligibility for Opportunity Zone housing planning funds. • Upon confirmation from OEDIT, contact the regional Housing Development Specialist to develop proposal and ensure CDBG eligibility of proposed activities.

CONTACTS:
Regional Housing Development Specialists
See DOLA Website for regional assignments
<https://www.colorado.gov/pacific/dola/housing-development-specialists>

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Active Communities Include:

- Grand Junction
- Telluride
- San Luis Valley
- Colorado Springs
- La Plata/Durango
- Walsenberg/Huerfano
- Englewood
- Sterling/NECO
- Craig
- *Others?*

**We have other
templates and
tools available!**



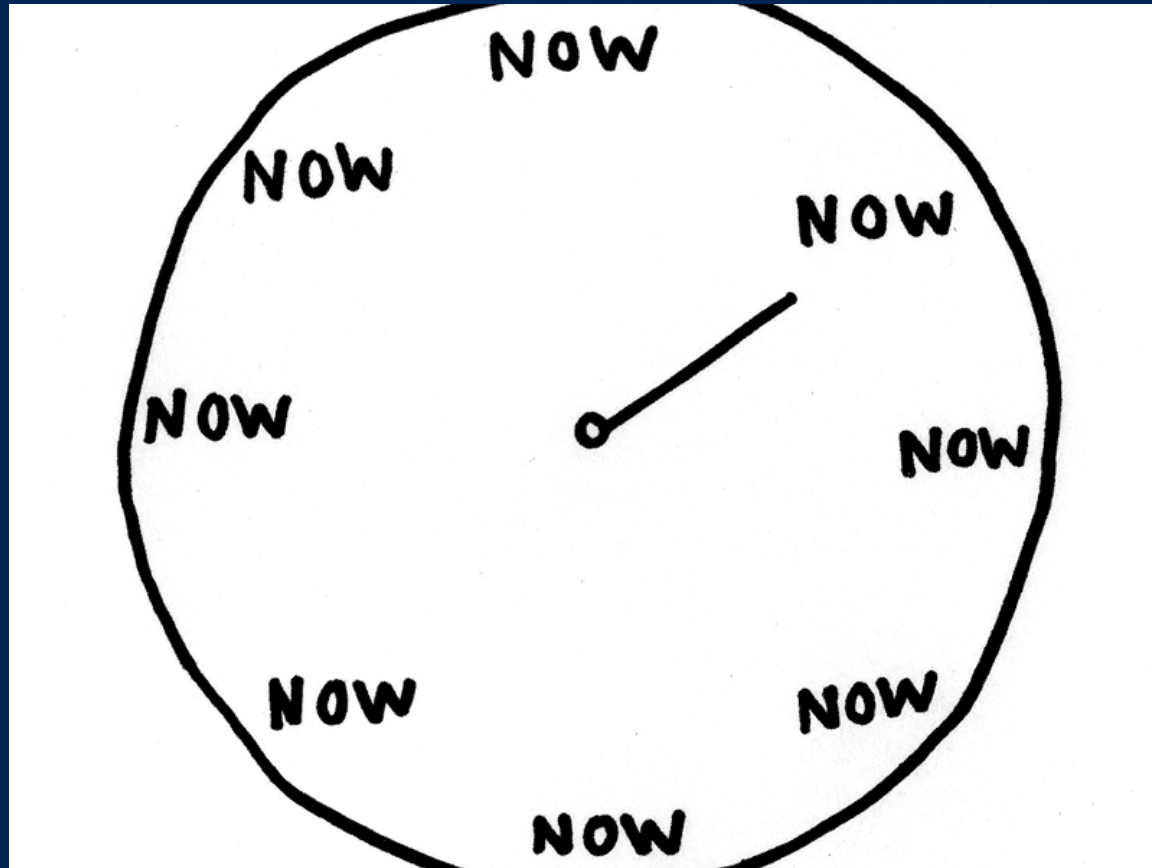
Five Messages to Communities





1. Be Proactive

2. Urgency is Key





3. Think like an Investor



4. Layer additional programs and incentives



5. Opportunity Zones are just one tool in the toolkit

