

# Opportunity Zones Community Workshop

WELCOME!

Free WiFi: Barre Connection

**THE  
GOVERNANCE  
PROJECT**



# Community Best Practices

*how to successfully leverage opportunity zones  
for inclusive development*

**THE  
GOVERNANCE  
PROJECT**



# Model Approach to Opportunity Zones

● Today's Focus

- 1 Orient Community around vision for the Zones - develop prospectus
- 2 Identify Zone-Specific Community Needs
- 3 Identify Community Resources that Can Be Leveraged
- 4 Prioritize Projects from the Intersection of Needs and Resources
- 5 Advance Priority Projects through Pro Forma Development & RFP Process

# Opportunity Zones Community Workshop Agenda

9:30 - 9:35: **Welcome** | Michael Schirling, Secretary, ACCD

9:35 - 9:45: **Framing the Day** | Ted Brady, ACCD & Colin Higgins, TGP

9:45 - 10:45: **Panel: Opportunity Zones 201: Interpreting New Regulations and Q&A**  
Dunkiel Saunders, Gallagher Flynn & Company, and Downs Rachlin Martin PLLC

10:45 - 11:15: **Identifying Needs, Assets, and Stakeholders** | Colin Higgins

11:15 - 11:30: **Break**

11:30 - 12:15: **Identifying Good Projects in Opportunity Zones** | Colin Higgins

12:15 - 1:15: **Data: How to Find and Use It**  
John Adams, Vermont Center for Geographic Information  
*Lunch courtesy of Dunkiel Saunders, Gallagher Flynn & Company, and Downs Rachlin Martin PLLC*

1:15 - 1:45: **Building a Local Development Story** | Colin Higgins

1:45 - 2:00: **Break**

2:00 - 2:30: **Opportunity Funds at Work in Vermont's Downtowns**  
Skye Morse & Katie Buckley, M&S Development LLC

2:30 - 3:30: **Bringing It All Together** | Nick Grimley, ACCD & Colin Higgins

3:30 - 3:45: **Closing and Homework for Next Time** | Colin Higgins

**THE  
GOVERNANCE  
PROJECT**



Thinking of Opportunity  
Zone projects as  
translating between  
investors and municipal  
leaders

# Framing the Day

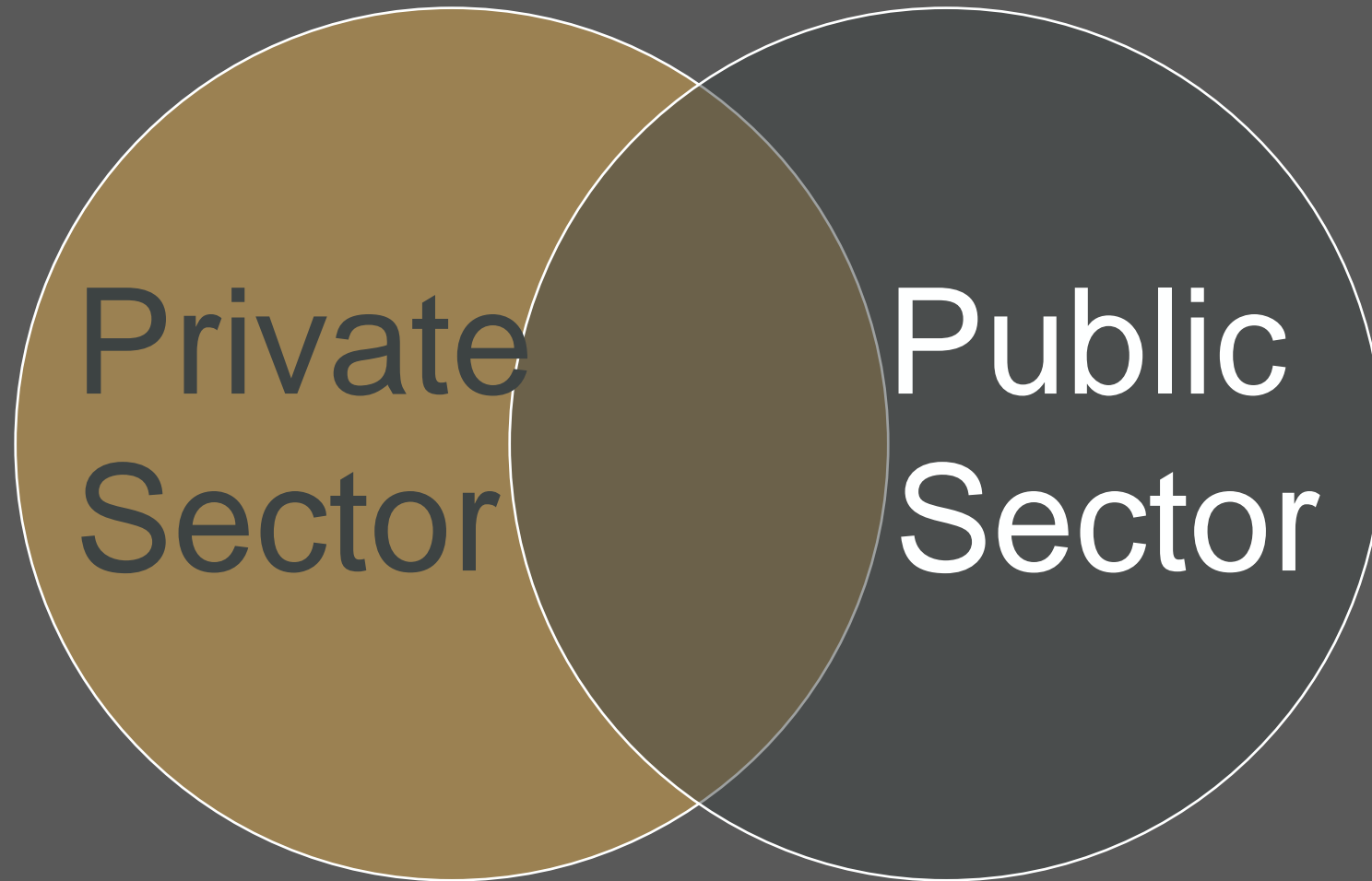
# Status Quo Local Development



Private  
Sector

Public  
Sector

# Opportunity Zone Potential for Local Development



# What's Required to Achieve This Potential?



**Changing** the story of development: investors & community coming together to build something that is locally beneficial



**Advancing** the right projects, which can unite investors, the community, and the local government



**Creating** a more even playing field between municipal government, developers, and investors.



**Understanding and developing** creative financing mechanisms for community projects.



# How (Most) Investors think about an OZ Investment



Excellent tax incentives to invest, but still seeking risk-adjusted long term market-rate returns (12% - 15%)



Will attract long-term investments within portfolios, patient capital



Focus project-by-project, since current rules make multi-asset funds difficult



For investors approaching new places, it's not always clear how to find viable projects



Business investment recently became more clear

# Example: From Engagement to Anchor Development in Erie



Anchor institution engaged



Land donated by key local stakeholders



City agrees to help with financing



Surrounding commercial development plan

Needs + Assets =  
Opportunity

# Identifying Needs, Assets, and Stakeholders

Needs +  
Assets =  
Opportunity

DEMAND DRIVES  
THE MARKET



LOCAL  
ASSETS ATTRACT  
INVESTORS



PROJECTS  
BRING INVESTORS  
& DEMAND TOGETHER

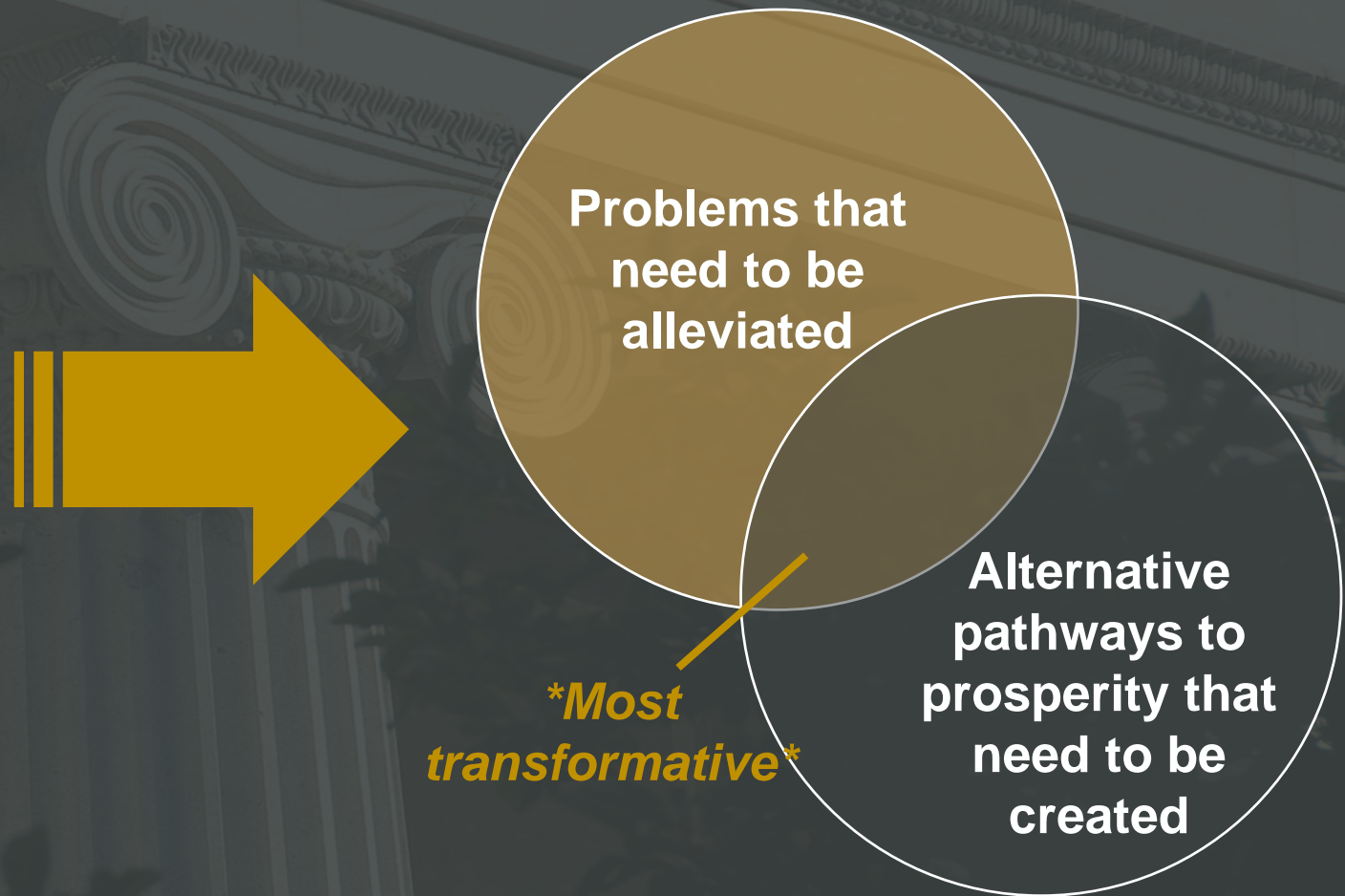


WE CAN  
ACCELERATE PROJECTS



# Identifying Needs

- 1. Targeted data is necessary to gauge needs:** Local officials should engage universities and state offices to retrieve such data.
- 2. Convene stakeholders to establish zone priorities:** Community leaders should bring local parties together to get on the same page about what they want for the zone. This process should make clear that *now* is the time to act and should focus on projects with demonstrated community buy-in.
- 3. Focus on lowering downside risk:** Community leaders should guide stakeholders to projects that carry low displacement risks while addressing needs. This often is vacant or brownfield land.



# Example: South Bend, Indiana



## Problems that need to be alleviated:

- Need to combat population loss
- Need to redevelop swaths of vacant and abandoned land

## Alternative pathways to prosperity:

- Need to develop post-industrial growth narrative
- Need to develop cradle to career strategy

\*Need for an entrepreneurial ecosystem\*



What are the 2-3 needs  
for achieving  
community vision that  
Opportunity Fund  
capital could help  
address?

## *Activity:* Identifying Needs

# View from the Town Hall: Local Resource Categories

- ❖ **Anchor Institutions:** Higher education, hospitals, churches, natural resources, existing industry, etc.
- ❖ **Government- Controlled Assets:** City-owned land, buildings, or tax districts
- ❖ **Key Partnerships:** Non-profit/community groups, chambers of commerce, local champions, etc.
- ❖ **Human Capital:** Demographic trends, workforce strengths, etc.
- ❖ **Regulatory Resources:** Zoning codes, planning approval processes, additional incentives, etc.
- ❖ **Sources of Capital:** Investors, philanthropy, family offices, government funds, etc.
- ❖ **Success Stories:** Positive examples of transformative growth



# In particular, Anchor Institutions are Resource-Multipliers



Colleges & universities, hospitals, churches, large employers are vital community institutions



Anchors can use QOZ for needed expansions



Can develop land and use returns for mission driven purposes



Can elevate role as local and regional anchor

What are strongest  
aspects of community  
that will help attract  
investors?

## *Activity:* Identifying Assets

1

Where do **needs and assets meet** to create potential for projects?

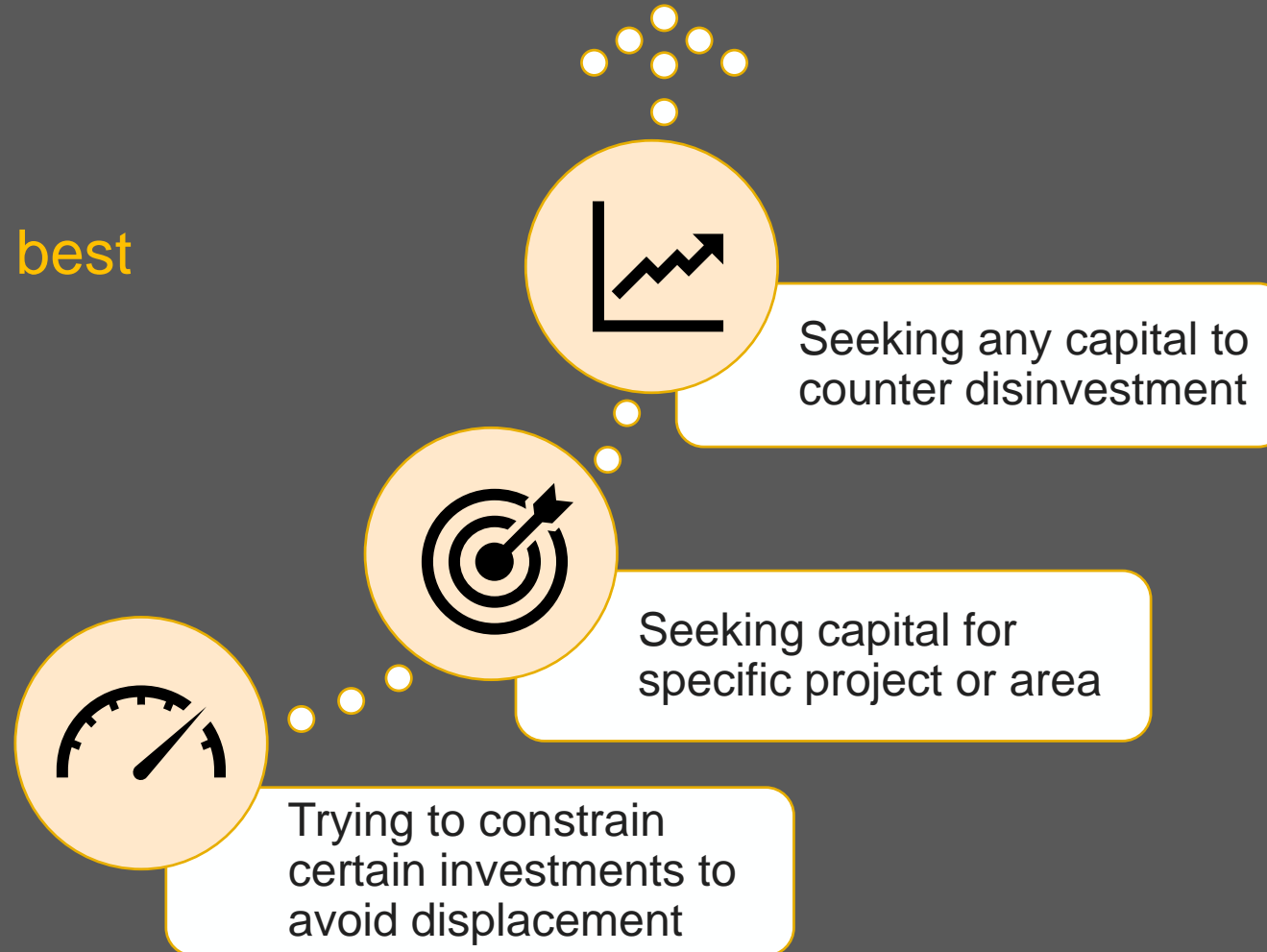
***BREAK***

*Needs + Resources +  
Strategy*

# *Identifying Good Projects in Opportunity Zones*

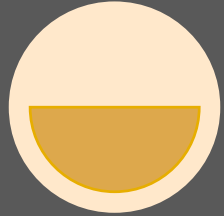
# 1. Identify your general OZ strategy

Which strategy best describes your community?



# 2. Triangulate projects from criteria

Where does project fit within intersection of goals, resources, and needs?



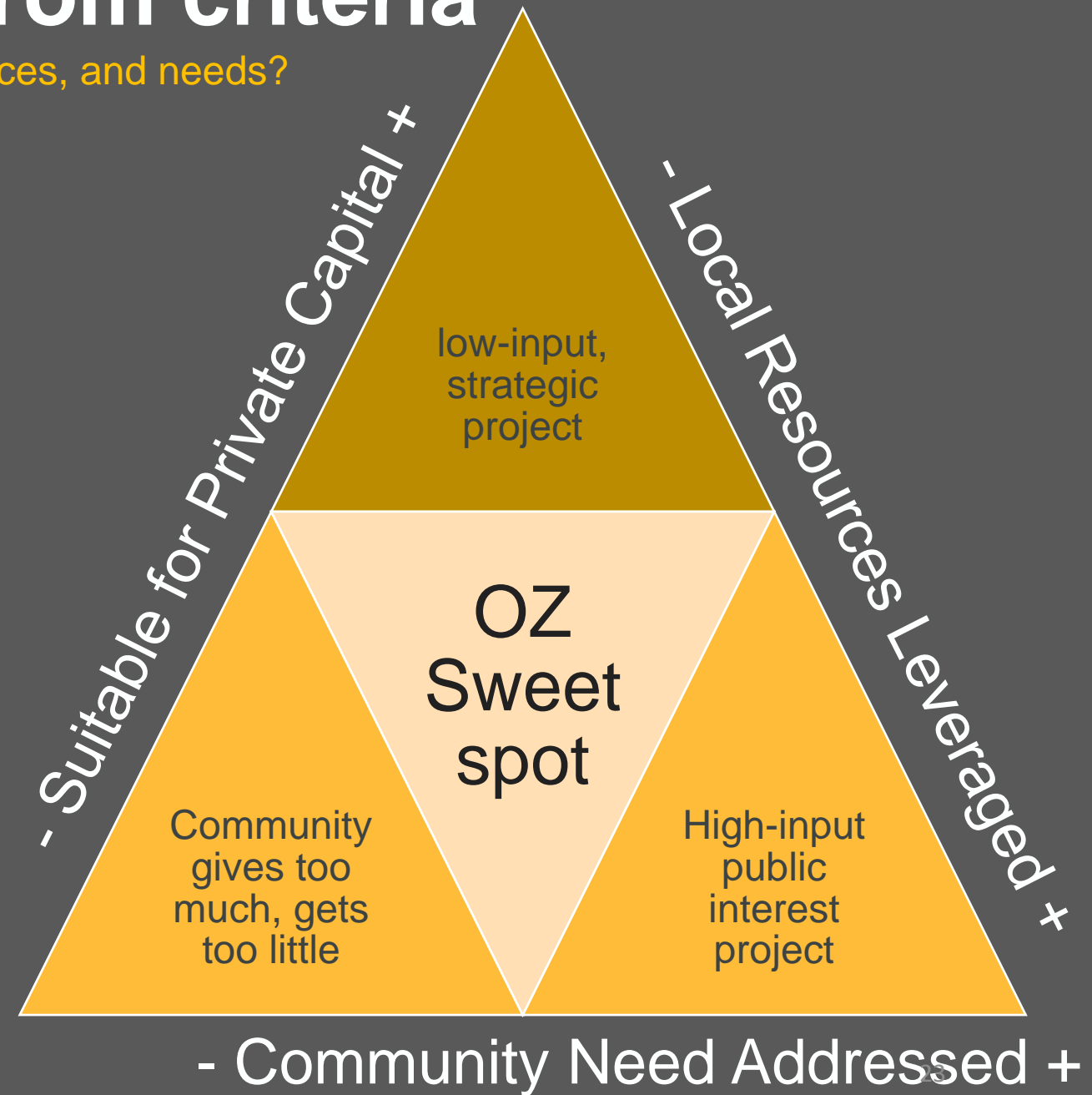
Local resources leveraged: how much are you willing to put on the table, and for what outcomes?



Community needs addressed: how deeply or broadly does this project address prioritized community needs?



Suitable for private capital: where does this project fit within investors' risk preferences? What does the return look like?



# 3. Apply Scorecard to Project

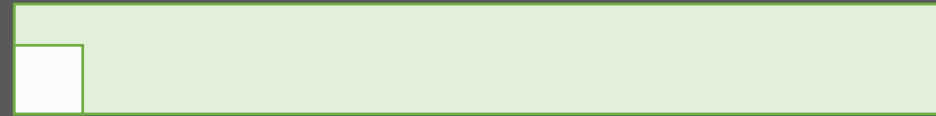
Example scorecard with key factors

## Economic fundamentals



- Does the city control the key resources? (e.g., land, building, incubator)
- Is there strong community desire?
- Is it likely to appreciate over 10 years?
- Is there a clear exit from investment?
- Who is the project a strategic investment for?

## Need-resource overlap



- Where in the planning process is this project? (conceptual vs. permitted)
- Has a project champion been identified?
- How does the investment story fit within the mission orientation of investors?
- How do these investments fit within the municipality's broader development strategy?
- Which community members benefit from the project? And which will pay the most?



# 5 Common Pitfalls

1. The brewery-coworking space-café industrial complex
2. “This project will make us the next Silicon Valley!”
3. “The neighborhood doesn’t realize it wants this yet...”
4. “There are so many interesting projects happening here, any good investor will find them.”
5. “This project addresses 7 different missions at once.”



Notes from the field:  
real estate is the first to  
move

# *Business vs. Real Estate Strategies*

# Bottom line:

*The best projects meet some **understood, specific, local need** and keep all stakeholders (community, local government, developers, investors) active and engaged.*

# Example 1: University Anchored Zone in Delaware



## University Targeted in Designation

Governor strategically selects the university tract to leverage impact



## Old Chrysler Plant on Campus

Abandoned in 2008, part of U-Del STAR campus development plan



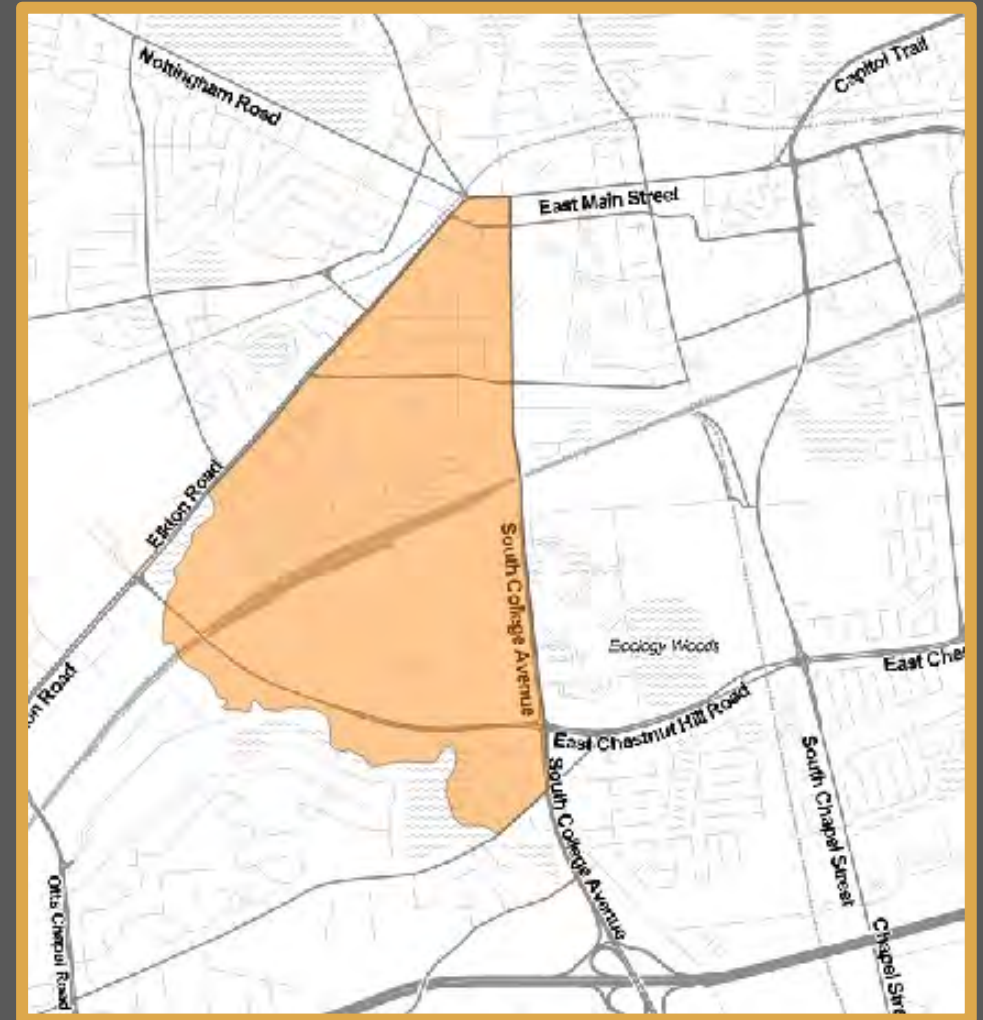
## Brought Stakeholders together

Held statewide Opportunity Zone forum on campus in December



## Focus on Mixed-Use Development

University hopes to leverage the zone to assist in community presence and create jobs



# Example 2: Affordable Housing in Louisville



## Prioritize Project from Prospectus

Selected affordable housing as the most workable from those identified in prospectus



## Model Capital Stack

Worked with TGP to develop a model for the 10 year returns and capital needs



## Find Suitable Public Property

To help project pencil, identified properties that the city could provide below-rate to make project pencil.



# Example 3: Birmingham's American Life Building



## Iconic Local Landmark

The American Life Building's vacancy was a sign of the city's decline



## PNC funds & nonprofit partner

The city engages PNC Bank with a nonprofit to provide mission-oriented development



## Dedicated workforce Housing

The building is funded to be redeveloped as housing at workforce rates with a portion dedicated to formerly incarcerated individuals.



What are the 3-5 most  
important projects?

*Activity: Prioritizing  
Opportunity Zone Projects*

*Data: where to find it  
and how to make it  
meaningful*

# *Lunch Presentation*



*Hearts & Minds & The  
financials*

*Building a local  
development story*

# Three Elements of a Compelling Project Narrative



**What is innovative?**

This part of the story shows how and why the project special, new, and creative. It explains what the project is and why it's a good, and unique, fit for this particular place.

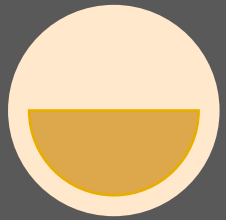
**What is traditional?**

This part of the story lets the people know the project is not too "out there." It shows the project as the next logical extension of either an asset class, a place's history, or a development trajectory.

**What is next?**

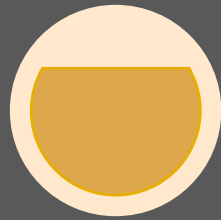
This part sets the story in motion. It shows anyone reading why this project matters and what they can do to support it.

# Different ways to theme a project's narrative



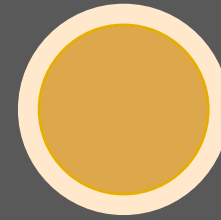
## Geographical Focus

- ❖ Innovation hub
- ❖ Downtown Business District
- ❖ Logistics Hub



## Historical Focus

- ❖ “The home of the energy transition”
- ❖ The Conant Thread District
- ❖ “The future of manufacturing”



## Combination Focus

- ❖ “Bourbonism”
- ❖ Civil Rights District

### Logistics Hub

Stockton's **central location** has made it an ideal location for manufacturing and distributing goods – serviced by the [Port of Stockton](#); [Burlington Northern Santa Fe Railway](#); [Union Pacific Railroad](#); [Stockton Metropolitan Airport](#) and major highways; including Interstate 5, Highway 99 and Highway 4.



### BOURBONISM

A new and rapidly growing year-round tourism draw



- The Assets**
- Louisville is the official start of the Kentucky Bourbon Trail
  - 1.4 million visitors a year
  - Nine distilled spirits attractions in a growing Bourbon District

- The Opportunity**
- Invest in the “Napa Valley of Bourbon,” with distilleries, attractions, and adjacent hospital



## 2 Takeaways:

- 1. The scope of the story should match the scope of the project.*
- 2. A good story will not make a financially bad project work, but a bad story can sink a financially good project.*

Build & deliver a 30-second elevator pitch for a priority project.

# *Activity:* Developing your story

***BREAK***

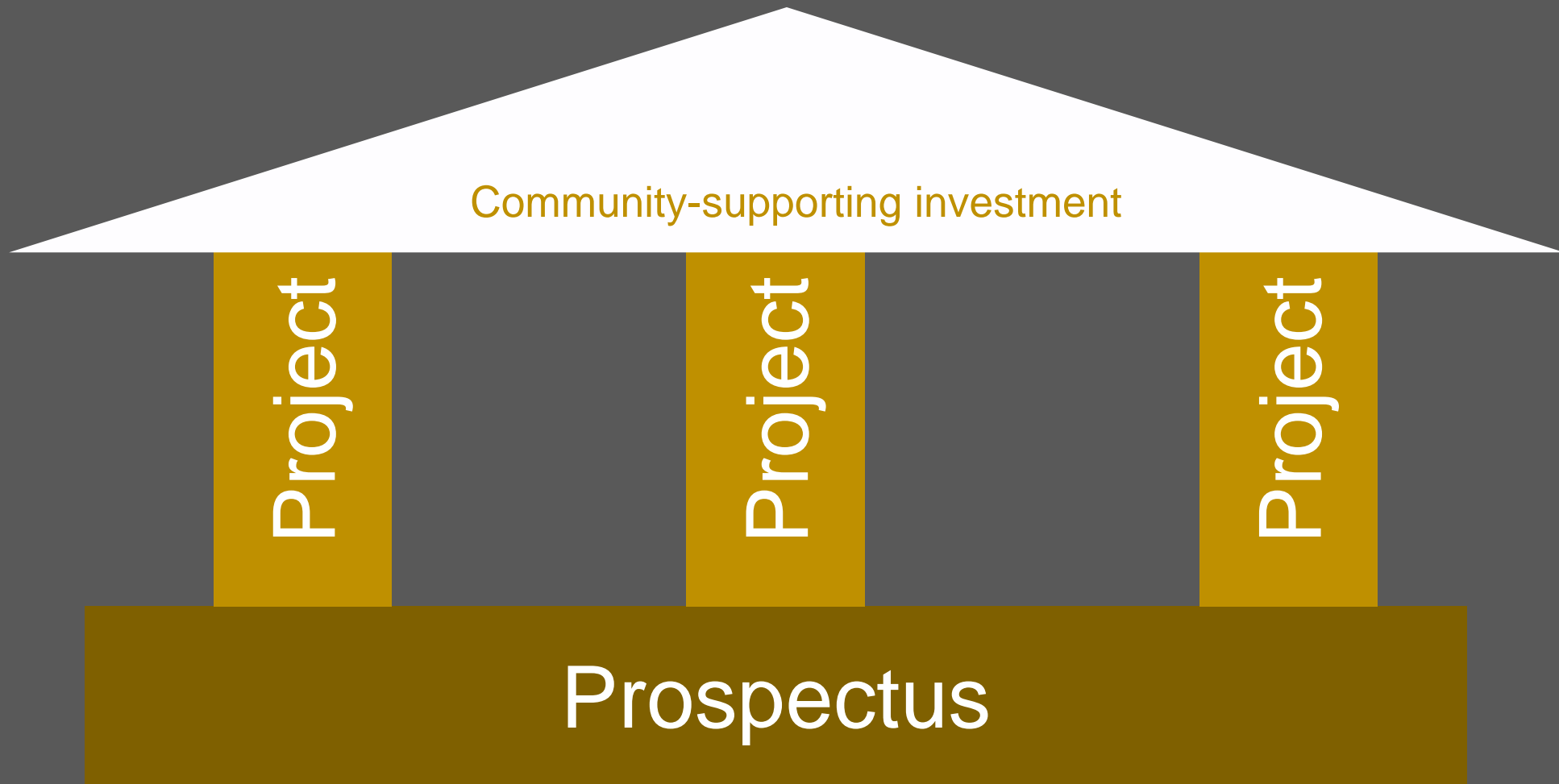
Skye Morse &  
Katie Stuart-Buckley

# *Example:* Putnam Block

Developing an action  
plan

*Bringing it all together*





We built the foundation today...but there's still work to be done

# Important Resources

## Data Sources

- Opportunity360 - <https://www.enterprisecommunity.org/opportunity360>
- Center for Geographic Information - <https://vcgi.vermont.gov/>
- Census Bureau Site - <https://www.census.gov/>
- Bureau of Economic Analysis - <https://www.bea.gov/>

## Grants

- Municipal Planning Grant - <https://accd.vermont.gov/community-development/funding-incentives/municipal-planning-grant>
- State Designation programs - <https://accd.vermont.gov/community-development/designation-programs>
- VCDP grants - <https://accd.vermont.gov/community-development/funding-incentives/vcdp>
- EDA Grants
- HUD Grants

## Policy Frameworks

- OZ Impact Framework - <https://ozframework.org/>
- Equitable Economic Development - <http://www.policylink.org/sites/default/files/>

## Fact Sheets

- Opportunity Zone Fact Sheet - <https://eig.org/wp-content/uploads/2018/07/Opportunity-Zones-Fact-Sheet-7.6.18-Update.pdf>
- IRS FAQs - <https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>



Opportunity Zones can be a **hook** to begin conversations with critical stakeholders

Consider having an OZ Convening if you haven't already



# Prospectus Action Plan



Action	Due Date
<input type="checkbox"/> Finalize community story	
<input type="checkbox"/> Compile data to support story	
<input type="checkbox"/> Lay out information in clear, compelling way (can be document or website)	
<input type="checkbox"/> Identify priority projects	
<input type="checkbox"/> Share with community for feedback	
<input type="checkbox"/> Complete draft prospectus	Sept 4th

# Project Action Plan – for 1-3 Priority Projects

Who Do I Need to Get Involved?			When am I Going To Contact Them?
Project Leaders	Developers / Entrepreneurs		
	Community leaders		
Policy Makers	City/County Officials		
	State policymakers		
Potential Investors	Local investors		
	Local family offices		
	State and national philanthropies		
Service Providers	Accountants		
	Lawyers		
	Consultants/researchers		

*“I’m going to need a developer...who are the first three people I can call?”*

What are you going to  
do to advance priority  
projects?

# *Activity:* Developing your Action Plan

A photograph of a city street at dusk, viewed from a low angle looking down the road. The sky is a pale, hazy blue. In the background, several skyscrapers are visible, including one with a 'STINSON' sign. On the right, a prominent brick building features a large, illuminated sign for 'WESTERN AUTO' that is shaped like a circular arrow. The street is lined with trees and buildings, and a few cars are visible in the distance. The word 'Closing' is overlaid in large, white, sans-serif font in the center of the image.

# Closing

Draft Prospectus

Identify 3-5 Priority  
OZ Projects

Identify 1-2 projects to  
workshop on Sept 4<sup>th</sup>  
& invite project lead(s)

*Homework for next time*



# THANK YOU

## Questions and Comments Welcome

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