BRINGING OPPORTUNITY ZONE INVESTMENT TO CENTRAL APPALACHIAN COMMUNITIES, CREATING NEW JOBS AND BUSINESSES FOR SUSTAINABLE GROWTH
Donna Gambrell, President
Appalachian Community Capital
Appalachian Community Capital
CDFI Members

- Appalachian Growth Capital
  Nelsonville, OH
- Appalachian Finance Fund
  Columbus, OH
- Kentucky Highlands Investment Corporation
  London, KY
- Mountain Association for Community Economic Development
  Berea, KY
- Southeast Kentucky Economic Development Corporation
  Somerset, KY
- Pathway Lending
  Nashville, TN
- Three Rivers Planning & Development District
  Pontotoc, MS
- Access to Capital for Entrepreneurs
  Cleveland, GA
- Sabre Finance
  Birmingham, AL
- LiftFund
  San Antonio, TX
- Alternatives Federal Credit Union
  Ithaca, NY
- Natural Capital Investment Fund
  Shepherdstown, WV
- Woodlands Community Lenders
  Elkins, WV
- Virginia Community Capital
  Christiansburg, VA
- People, Inc.
  Abingdon, VA
- Mountain BizWorks
  Asheville, NC
- Appalachian Development Corporation
  Greenville, SC
- CommunityWorks, Inc.
  Greenville, SC
- Piedmont Business Capital
  The Piedmont Triad, NC
- Carolina Small Business Development Fund
  Raleigh, NC
Opportunity Appalachia:
Opportunity Zones

ECONOMIC INNOVATION GROUP  /  Washington, DC

Erie Hit ‘Rock Bottom.’ The Former Factory Hub Thinks It Has a Way Out.

Wall Street Journal

October 7, 2019

Rachel Reilly
Director of Impact Strategy
Economic Innovation Group
A Tax Incentive for Investing in Communities and Businesses

Day-one:
Defer capital gains from taxable income if reinvested into an Opportunity Fund within 180 days. Last day of deferral is 12/31/2026.

Year-5 and Year-7:
Reduction of tax liability on deferred capital gain if invested in Opportunity Fund. 5-year benefit equivalent to 10% reduction; 7-year benefit equivalent to 15% reduction.

Year-10:
Appreciation of investment in Opportunity Fund is tax exempt.
The Potential for Generational Impact

- End of 7-year step-up window
- End of 5-year step-up window
- End of deferral window
- End of QOZ designations

**Period in which QOFs can make qualifying investments**

- Benefit is in effect
- Period in which funds can dispose of qualifying investments while preserving the 10+ year benefits

**Begin 10+ year disposal window**

**End of disposal window**
Early Indicators of Success

**EIG’s Opportunity Zones Activity Map**

The goal of this project is to shape the Opportunity Zones marketplace towards deep social impact and broad geographic reach by sharing information and best practices with the public.

Features: Opportunity Zone investments, state and local initiatives, and Opportunity Funds

https://eig.org/oz-activity-map
### Investment Examples

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<th>Examples</th>
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<td>Proximity – Grand Junction, CO</td>
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<td>Native American Ventures – Lummi Island, WA and Tse Bonito, NM</td>
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<td>Ox Fibre – Frederick, MD</td>
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<td><strong>Recreational/Tourism Economy</strong></td>
<td>Colorado Outdoors Pearl Fund – Montrose, CO</td>
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<td><strong>Broadband</strong></td>
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<td><strong>Agriculture</strong></td>
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<td>Heart Ridge Farms – Madera, CA</td>
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<td><strong>Engagement with Eds and Meds</strong></td>
<td>Stillman College – Tuscaloosa, AL</td>
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<td>MetroHealth – Cleveland, OH</td>
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Blending Grants, Debt, and Opportunity Zone Investment

Opportunity Zone Development Profile

Ox Fibre Apartments

Location: Frederick, MD
Congressional District: Maryland 4th
Opportunity Fund Manager: BOC Opportunity Fund, LLC
OCEF Business: 800 Church Street, LLC
Investment Date: Q3 2019
Projected Impact:
- Total Jobs Supported: 36
- Construction Jobs Supported: 16
- Total Wages Created: $5 million
- Local Renters Benefits: $445,200
- State and Local Tax Revenue: $200,000
- Federal Tax Credit: $4.4 million
- Opportunity Zone Equity: $40.000
- State and County debt: $14 million
- Redevelopment Fee: $675,000

Total Development Cost: Approximately $27 million

Capital Stack and Phasing

- Federal Housing Administration (FreddieMac) debt: $15.5 million
- Housing Credit Equity: $2.1 million
- Historic Tax Credit equity: $4.4 million
- Opportunity Zone Equity: $40.000
- State and County debt: $14 million
- Redevelopment Fee: $675,000

About the Investment

This project, one of many blending various forms of debt to fund projects, leverages the tax credits and other incentives available to practitioners in Opportunity Zones. The project exemplifies how the tax credits can be used to support the development of affordable housing in a community that is experiencing economic growth and gentrification.

Community Stats

- Median Family Income: $105,000
- Poverty Rate: 25%
- High School Graduation Rate: 86%
- Housing Vacancy: 3.2%

Opportunity Appalachia: Project Partners

Ray Daffner
Project Director
Opportunity Appalachia: Anticipated Outcomes

15 - 20 OZ communities in Central Appalachia receive technical assistance to:
• Structure investable transactions
• Create prospectus and pitch decks
• Outreach to OZ investors, both local and national

Investments to support economic restructuring and diversification:
  o Manufacturing
  o Health
  o Education
  o Tourism / recreation
  o Downtown Development
  o Food Systems
  o … and other community development strategies

Bring $7.5M of new Opportunity Fund capital to 15 targeted OZ communities.
Create 720 jobs.
Opportunity Appalachia: Target OZ Communities

- Appalachian Ohio
- Southwest Virginia
- West Virginia

Excludes ARC Competitive Counties
Opportunity Appalachia: Technical Assistance

$750,000 contractual TA support provided for investable projects
15 communities / transactions anticipated
$50,000 contractual support per project on average; $30,000 to $70,000 range

TA provided for: market assessment, developer identification, design, financial projections, capital structuring, prospectus development, outreach for capital raise, other activities …

TA providers can include:
• National – Coastal Enterprises/CCML, Main Street America, LISC, Enterprise Community Partners, CDFA, NDC, and others.
• State - LOCUS, VCDC, People Inc, WV Brownfields Center, and others.
• Local - accounting, legal, design, and others.
Opportunity Appalachia: Timeline

- **January** – State outreach meetings targeting developers, business owners, municipal leaders, economic development professionals, investors, ...
  - January 13, Bridgeport, WV
  - January 14, Marietta, OH
  - January 27, Abingdon, VA
  
  To Register [http://appalachiancommunitycapitalcdfi.org/oa-program/](http://appalachiancommunitycapitalcdfi.org/oa-program/)

- **January / February** – Opportunity Appalachia application process and community selection
  - Application for Participation: [http://appalachiancommunitycapitalcdfi.org/oa-program/](http://appalachiancommunitycapitalcdfi.org/oa-program/)

- **March thru December** – TA teams work with communities, develop prospectus etc

- **August thru December** – capital raise / outreach

- **Q4 2020 / Q1 2021** – OZ Investor Convening

- **Q1 2021** – Assessment of impact
Opportunity Appalachia: Application for Participation

Application available January 2020 on ACC web site:  
http://appalachiancommunitycapitalcdfi.org/oa-program/

Application process to be reviewed at State Outreach Meetings

Application to be submitted in February / March (date tbd)

Eligible to Apply
• For-profit Project Sponsor including:
  o Developer
  o Operating business
• Multi-county region
• County
• Municipality
• Economic and community development organization
• Non-profit organization
• Educational institution
Opportunity Appalachia: Lead State Partners

Ohio
Katy Farber, Vice President
Appalachian Partnership for Economic Growth (APEG)

Virginia
Becki O’Quinn, Director - Economic Development
UVA Wise

West Virginia
Andy Davis, Special Projects
WV Community Development HUB
Opportunity Appalachia:  
State Collaborators and Local Project Partners

Ohio:
APEG, Governor’s Office of Appalachia, Ohio Development Services Agency, JobsOhio, Ohio University Voinovich School of Leadership & Public Affairs, Buckeye Hills Regional Council, Ohio Valley Regional Development Commission (OVRDC), Ohio Mid-Eastern Governments Association (OMEGA) and Eastgate Regional Council of Governments.

Virginia:

West Virginia:
WV Community Development Hub, West Virginia Development Office, WV Municipal League, New River Gorge Development Authority, Advantage Valley, City of Huntington, City of Charleston, WV Forward, WV Brownfields Center, West Virginia University, U.S. Senators Manchin and Capito offices, Benedum Foundation.
Opportunity Appalachia: National Technical Assistance Partners

Coastal Enterprises
Charlie Spies
CEO, CEI Capital Management LLC

National Main Street Center
Matt Wagner
Vice President, Revitalization
Opportunity Appalachia
Questions? Please use text box.

http://appalachiancommunitycapitalcdfi.org/oa-program/
Opportunity Appalachia: For more information

Appalachian Community Capital
Opportunity Appalachia landing page:
http://appalachiancommunitycapitalcdfi.org/oa-program/

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