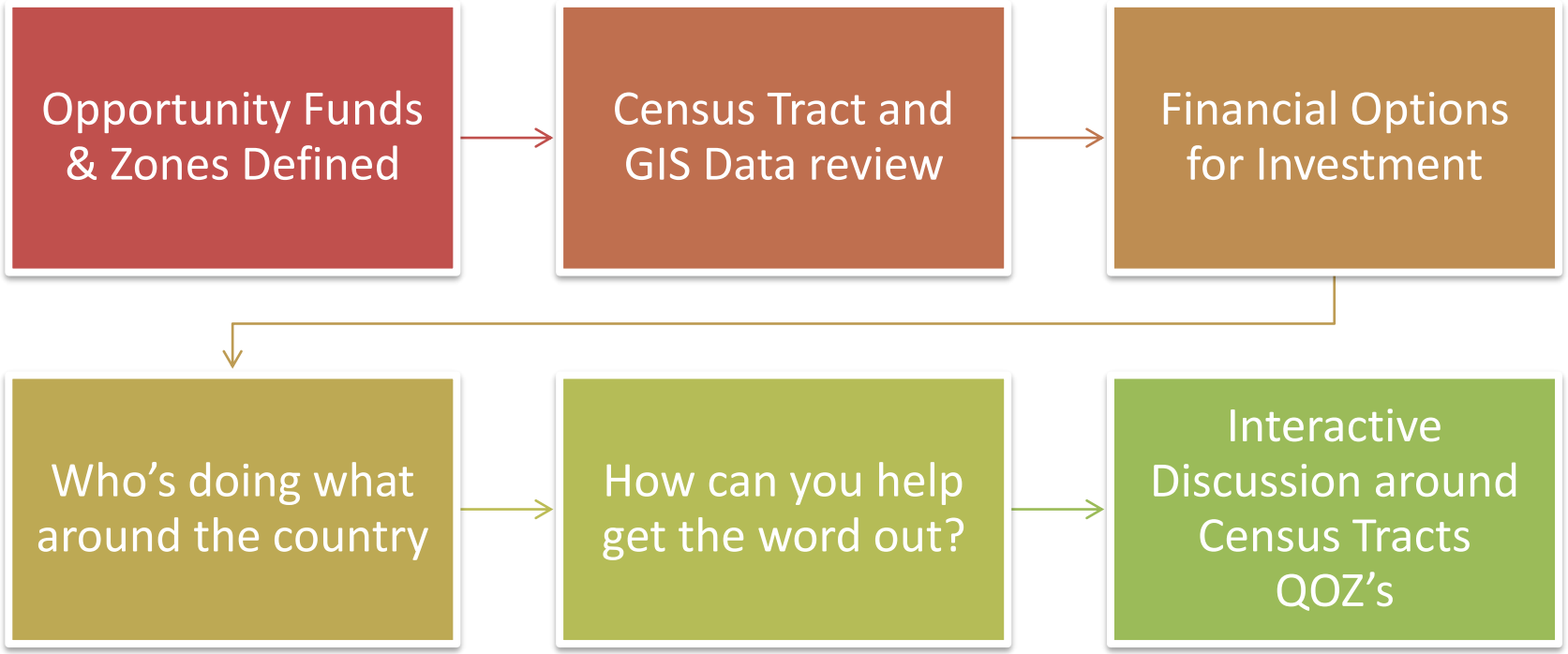
US Treasury-Designated Opportunity Zones: Santa Fe

Business Community Discussion

Source: Arts & Creativity Center/ Siler Road

Opportunity Zone Info website: http://bit.ly/OpZonesSF



Qualified Opportunity Zones: Agenda Overview

US Treasury-Designated Qualified Opportunity Zones Defined

- **Federal Tax Incentive included in 2017 Tax Cuts & Jobs Act**
- **Used to spur investment in underserved and Low income communities (LIC's) nationwide**
- **LIC's converted into Qualified Opportunity Zones (QOZ's) that each state's governors were able to designate**
- **Santa Fe was eligible for seven; five were designated**
- **Qualified Opportunity Funds (QOF's) are used to invest in QOZ developments**

Opportunity Zone Info website: http://bit.ly/OpZonesSF

US Treasury-Designated Qualified Opportunity Zones Defined

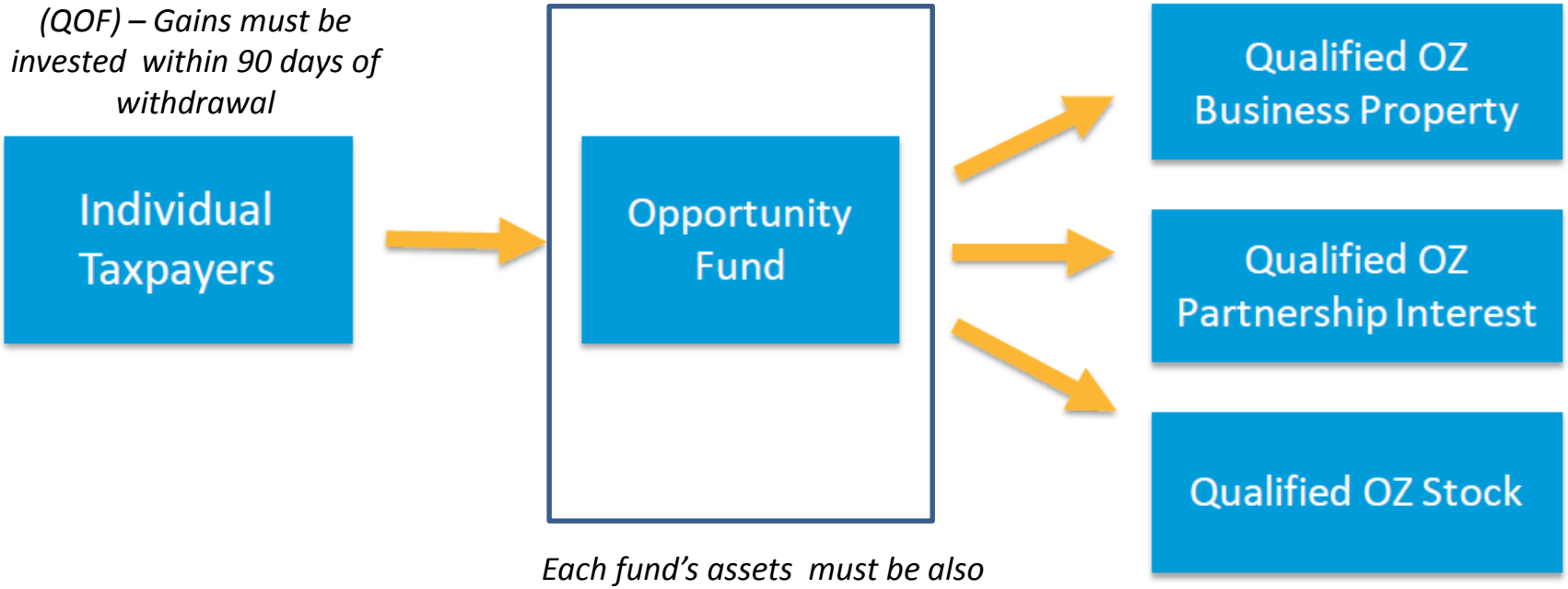
- **Qualified Opportunity Funds (QOF)**
  - Individual and/or Corporate unrealized capital gains (any amount) invested in various Funds
  - Funds must be invested for development in designated, distressed Census Tracts (Qualified Opportunity Zones - QOZ)

Opportunity Zone Info website: http://bit.ly/OpZonesSF

Opportunity Funds (QOF) – Santa Fe
How They Work

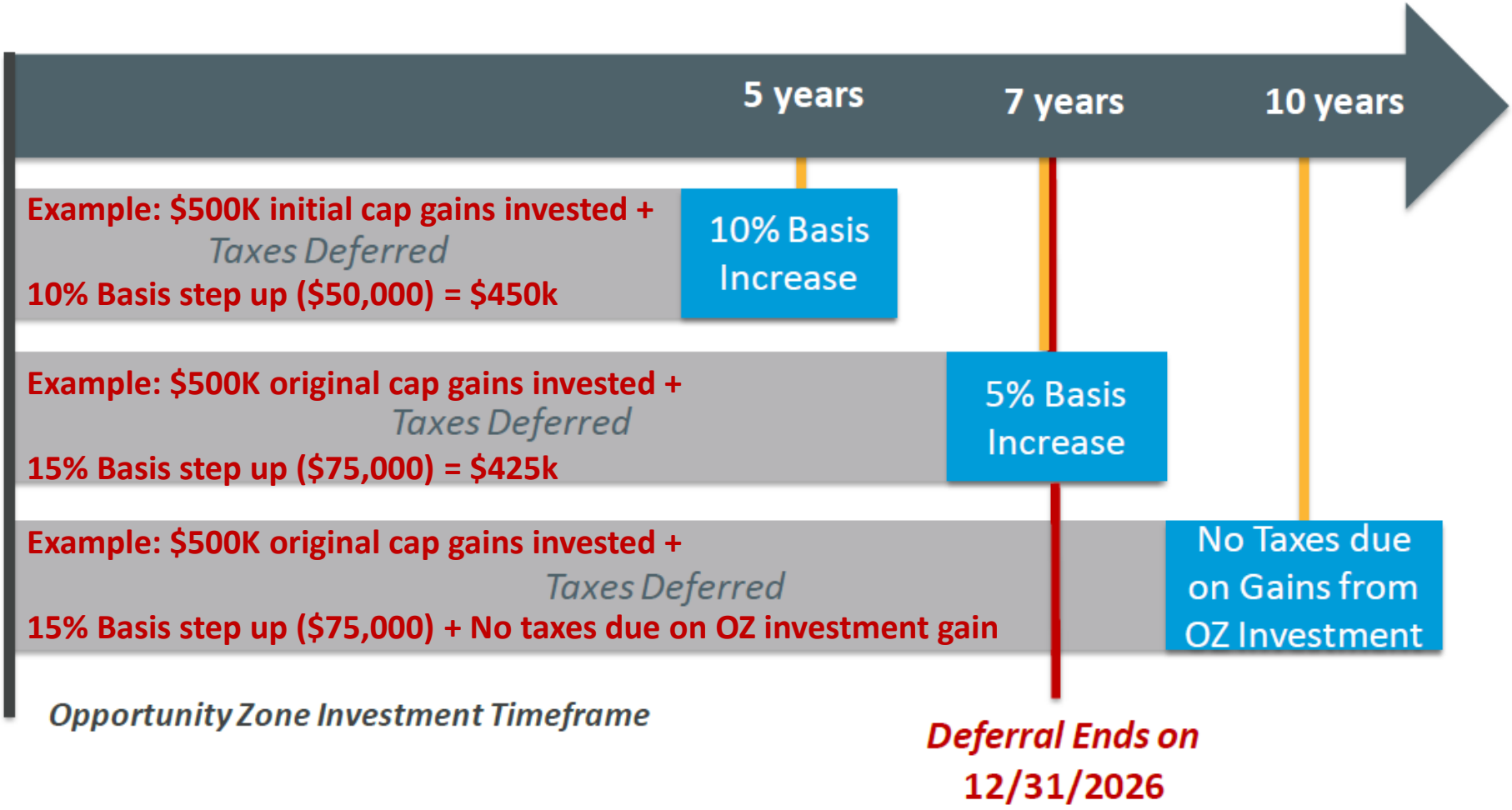
Individual and/or Corporate unrealized capital gains (any amount) can be invested in a Qualified Opportunity Fund (QOF) – Gains must be invested within 90 days of withdrawal

90% of each fund's assets must be invested in a Qualified Opportunity Zones (QOZ()



Each fund's assets must be also invested in a Qualified Opportunity Zones (QOZ) within 180 days, with a 30 month 'substantial improvement 'period

Opportunity Funds (QOF) – Santa Fe
Tax Incentive & Benefits

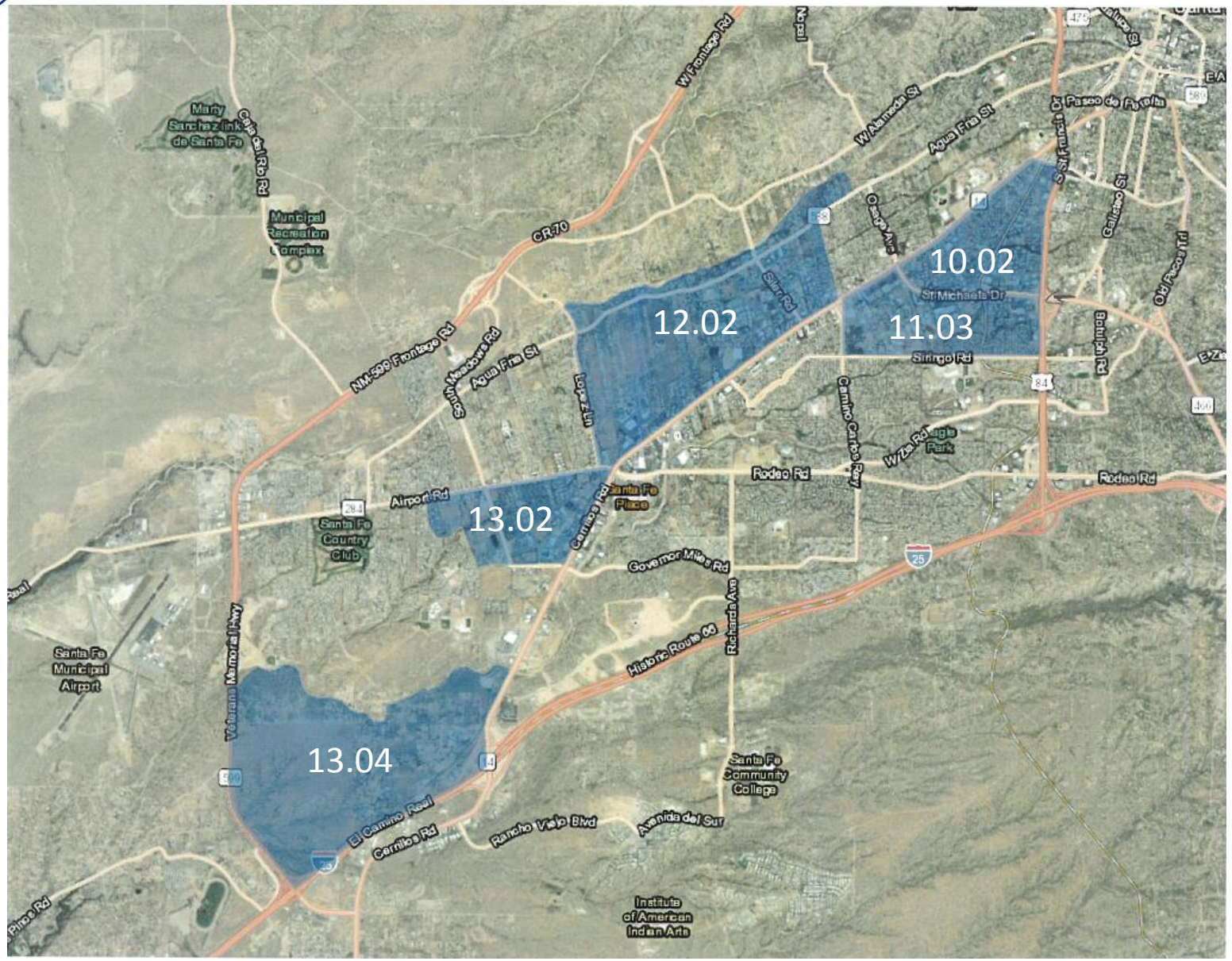


Current US Treasury Guidelines – Some Rules to Follow

- **90% of QOF assets to be deployed**
- **QOF Can invest in the property and/or businesses**
- **QOZ Developers have 30 months for rehab**
  - **70% of improved, tangible property owned/leased by a trade/business will qualify as compliant**
- **To self-certify, use Tax Form 8996 to comply**
  - **Must be submitted to US Treasury every six months**
- **US Treasury is taking public comment on current guidelines until January 10, 2019**

Opportunity Zone Info website: http://bit.ly/OpZonesSF

SF QOZ's – Designated Census Tracts



City Strategies for QOZ's: Highlighted City Assets

- **Create new, Performance-based ideas in census tracts**
  - Affordable Housing
  - Model Projects for Mixed Use
  - Lifestyle Zones & Innovation Hubs for Entrepreneurs
  - Mission-aligned to Community & External stakeholders
- **Create an internal Advisory Board to review zoning/permit ideas**
  - Are old ordinances going to scare away national investors/developers?
    - Example: Standard Height restrictions?
    - What about water rights? Is there an exchange or bank to ease the development process?

Opportunity Zone Info website: http://bit.ly/OpZonesSF

Santa Fe Opportunity Zones: Highlighted City Assets

- **Census Tract 10.02**
  - *Hopewell Mann Neighborhood*
  - Connected to MIDTOWN LINC District
  - Mixed Use Buildings & Affordable Housing
- **Census Tract 11.03**
  - *Midtown Campus; various Properties will be available*
  - Adjacent to Census Track 10.02
  - In-fill Housing and Mixed Use Buildings
  - Use guidelines from recent Midtown Campus Community Engagement Program
- **Census Tract 12.02**
  - *Siler Road and Rufina Corridors*
  - Arts & Creativity Center
  - Possible TIDD's Bond for Neighborhood Improvement District

Opportunity Zone Info website: http://bit.ly/OpZonesSF

Santa Fe Opportunity Zones: Highlighted City Assets

- **Census Tract 13.02**
  - *Airport Road District*
  - State-owned Brownfield Site available adjacent to Meow Wolf 'Caterpillar' Building
    - Possible Mixed Use building (including supermarket)
  - Deemed the most 'investable' by the Urban Institute
  - Possible TIDD's Bond for Neighborhood Improvement District (Airport Road)
- **Census Tract 13.04**
  - *Mutt Nelson Area*
  - South of new Presbyterian Hospital
  - Open for various development ideas
  - Working with Philanthropy to explore integrated investing in infrastructure upgrades

Opportunity Zone Info website: http://bit.ly/OpZonesSF

SF QOZ's –Census Tract #10.02 & #11.03

City of Santa Fe: 2014 Aerial Photo

FIGURE 1: Midtown LINC Overlay District
372.8 AC (1.1% of City); 161 LOTS (0.45% of City)

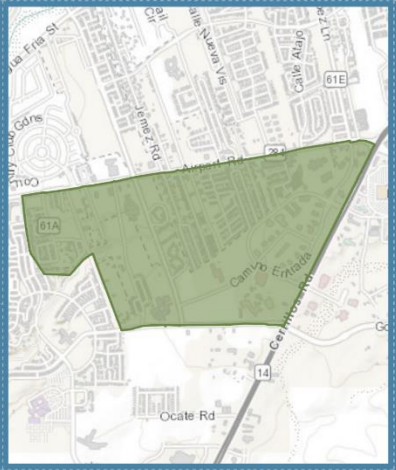
Opportunity Zone Info website: http://bit.ly/OpZonesSF

QOZ – SF Census Tract Infographic Template

OPPORTUNITY ZONES IN SANTA FE

Census Tract: 13.02

Opportunity Zones are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide.



KEY FACTS

- 3,094 — Population
- 27.8 — Median Age

ECONOMIC SECURITY

- 210 — Total Businesses
- 3,826 — Total Employees
- 25.79% — Households Below the Poverty Level

HOUSING STABILITY

- $39,615 — Median Household Income
- 1,031 — Total Housing Units
- 63.47% — Home Ownership
- 37,579 — Median Home Value

EMPLOYMENT

- 42% — White Collar
- 17% — Blue Collar
- 41% — Services
- 2.8% — Unemployment Rate

QOZ DEVELOPERS LIST

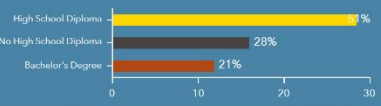
Local Development now forming:
Titan Development
Josh Rogers, Director of Multi-Family
505. 362-6047 | jrogers@titan-development.com
(two developments currently in planning stage)

BRIDGE Housing Corporation
bridgehousing.com

CDFI:Homewise
Daniel Slavin, Director of Real Estate Development
505. 795- 7599 | dslavin@homewise.org

Arts & Creativity Center:
Mixed Used Housing NM Interfaith Housing Corp
Daniel Werwath, Executive Director
505. 467- 8340 | dwerwath@gmail.com

EDUCATION



QOF FUNDS AVAILABLE

Local Funds now forming:
InvestUS, LLC | Deb Burns, CEO & Director
505. 246.6902 | *connect@investUS-eb5.com*

Titan Development
Josh Rogers, Director of Multi-Family
505.362.6047 | jrogers@titan-development.com

CDFI QOFs now forming:
Clearinghouse CDFI
Lawrence Chavez, NM Market Rep
505.22.8763 | lawrencec@ccdfi.com

Homewise
Daniel Slavin, Director of Real Estate Development
505.795.7599 | dslavin@homewise.org

Philanthropy & Impact Investing:
Santa Fe Community Foundation
Joohee Rand, VP of Community Investment & Strategy
505.988.9715 Ext. 7023 | jrand@santafecf.org

Outside QOFs forming:
Enterprise Community Partners (ECP)
Beekman Advisors
Fundrise
Virtua Partners

ANNUAL HOUSEHOLD SPENDING

- $1,418 — Apparel & Services
- $3,283 — Groceries
- $115 — Computers & Hardware
- $3,008 — Health Care
- $2,290 — Eating Out

Tapestry Segments

11C	**Metro Fusion** 668 households	**67.8%** of Households
13C	**NeWest Residents** 317 households	**32.2%** of Households

CITY OF SANTA FE RESOURCES

City of Santa Fe Opportunity Zones page

US Treasury Guidelines

For more information contact Rich Brown with the City ofSanta Fe Office of Economic Development
505.955.6626 | rdbrown@ci.santa-fe.nm.us

City Strategies for Attracting Capital for QOF Investing

- **Early Movers will shape activity to come**
  - First gen of QOF are coming by EOM 1/19
- **The scale could be unprecedented**
  - Billions will likely be invested nationwide
  - No one fund will develop a project; will see many alternative 'capital stack' options
- **Data will drive outcomes**
  - City assets and overlay incentives need to be clear and available
- **Information will unlock implementation**
  - More US Treasury guidelines released last Friday – Final guidelines likely 02/19
- **Long term commitment will attract capital**
  - City and State will need to figure out how much skin to put in the game

Opportunity Zone Info website: http://bit.ly/OpZonesSF

Integrated QOF Finance… Capital Stack Options

Public Sector:	Philanthropic Sector:	Private Sector:
Land First Loss Guarantee TIF for Utilities Tax Exemptions LEDA loans/grants	Grants Program Related Inv. (Loans or Equity) Guarantees Credit Enhancements Bridge Financing Some foundations are serious development partners (e.g., MacArthur, Meadows, Ford, ….) Donor Advised Funds	Equity Opportunity Funds Venture Funding Growth Capital Working Capital Mortgages Tax Credit Funding Crowd Funding

Opportunity Zone Info website: http://bit.ly/OpZonesSF

Emerging Funds and Early Mover Projects

Local Fund now forming: **InvestUS, LLC** Deb Burns, CEO & Director 505. 246-6902 *connect@investUS-eb5.com*	**Local Fund now forming:** **Titan Development** Josh Rogers, Director of Multi-Family 505. 362-6047 *jrogers@titan-development.com* - Two developments currently in planning stage
CDFI QOF Forming: **Homewise** Daniel Slavin, Director of Real Estate Development 505. 795- 7599 *dslavin@homewise.org*	**CDFI QOF now forming:** **Clearinghouse CDFI** Lawrence Chavez, NM Market Rep 505. 220-8763 *lawrencec@ccdfi.com*
Philanthropy & Impact Investing **Santa Fe Community Foundation** Joohee Rand, Vice President for Community Investment & Strategy 505. 988-9715 *Ext. 7023* *jrand@santafecf.org*	**Arts & Creativity Center and Mixed Used Housing** **NM Interfaith Housing Corp** Daniel Werwath, Executive Director 505. 467- 8340 *dwerwath@gmail.com*

Opportunity Zone Info website: http://bit.ly/OpZonesSF

Emerging Funds and Early Mover Projects

Other QOF making early moves

- Enterprise Community Partners (ECP
- Beekman Advisors/Rivermont Capital/ECP
- Fundrise
- Virtua Partners
- RXR Realty
- Bridge Housing
- PNC
- North Coast Partners
- Revolution
- LISC/Access Ventures/Village Capital
- LIIF
- TPP Capital Management
- Impact Finance Center/Legacy Works
- Rural Colorado QOF
- Obsidian QOF

Supporting Early Movers and Building Ecosystems

- **Rockefeller & Kresge Foundations**
  - $25MM Guarantee Fund
- **Community Lift**
  - CDFI working with stakeholders & evaluating position
- **Launch TN**
  - Capital, market access, Commercialization, talent, policy

Opportunity Zone Info website: http://bit.ly/OpZonesSF

Santa Fe QOZ's: Education before Promotion

Inside/Out and Back Again Outreach Strategy

Internal Stakeholders	External Stakeholders	Community & Census Tracts
▪ Economic Development ▪ Land use ▪ Affordable Housing ▪ Public Works ▪ Water Department ▪ Metropolitan Planning Organization ▪ Legal & Finance	▪ Commercial Developers ▪ Local Banks ▪ Retail & Institutional Investors ▪ HNW Investors ▪ Business Owners ▪ Commercial Realtors ▪ Home Builder Associations ▪ Chambers of Commerce ▪ Non-Profit & Philanthropy ▪ Regional & National QOF Funds	▪ Census Tract Based: ▪ Local Residents ▪ Church Groups ▪ Neighborhood Associations ▪ Local & Immigrant Businesses ▪ City Residents

Opportunity Zone Info website: http://bit.ly/OpZonesSF

Opportunity Zone Development: Next Steps

What's Next?

Research & Discovery

- Best practices of other cities developing plans

Educate Internal and External Stakeholders

- *Post current US Treasury Guidelines (see link below) - 10/30*
- *Presentation Roadshows – November 2018*

Identify City Assets and projects to market for investment – due by 11/30

Post available QOF's and QOZ Developments being formed – ongoing

Outreach to Community & Non-profits to educate around development opportunities – ongoing

Opportunity Zone Info website: http://bit.ly/OpZonesSF

Contact us for more information

QOZ – City of Santa Fe Rich Brown - Office of Economic Development 505. 955-6625	**QOZ – State of NM** Peter Mitchell – Economic Development Department 505. 827-2199
TIDD's and Alternative Funding Options Laura Long Santa Fe, NM 979. 639-1228	**PPP's and Integrated Financing** Katie Updike Santa Fe, NM 915. 490-3921

Our City's Guiding Principle: it's the single biggest opportunity to uplift Santa Fe's economically distressed areas that we may ever see.

Opportunity Zone Info website: http://bit.ly/OpZonesSF