Successfully Navigating the Land of OZ: A Roadmap for Opportunity Zones and Opportunity Funds

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“Domestic Emerging Markets” senator cory booker

• Designed to channel more equity capital into overlooked markets.
• Catalyze growth and opportunity through long-term private sector investment
Poll Question

I would characterize myself as an:

- investor
- developer
- business owner
- public agency
- service provider/consultant
Poll Question

As it relates to your understanding of Opportunity Zones & Opportunity Funds – “I consider myself”...

- a neophyte
- I know just enough to be dangerous
- pretty knowledgeable
Designated Opportunity Zones

- 8,700 + census tracts
- All U.S. states and territories
- 40% urban
- 40% rural
- 20% suburban

Low Income census tracts:
- poverty rates > 20%
- median family income < 80% of state/metropolitan area median
QOZF Investor Benefits

Grants investors **favorable tax treatment** of unrealized capital gains

- **Defer Capital Gain Recognition**
  - Must reinvest gain within 180 days
  - Deferral through YE 2026

- **Reduced Capital Gains Taxes**
  - 10% if held for 5 years
  - +5% (for a total of 15%) if held for 7 years

- **No Taxes on QOF Investment**
  - if held 10+ years
  - sell by 2048
Qualified Opportunity Funds

- **Investor**
  - **Qualified Opportunity Fund**
  - **OZ Project/Biz**

### Investor Requirements:

- **90%** of O-Fund investments must be in Qualified O-Zone business or assets. (6 month test)
- **Businesses** must have **70%** of tangible property in Zone and derive **50%** of revenues from inside the Zone.
- **Substantial improvements** (at least 2x basis, excluding land value)
- **31 months** to improve property
Qualified Opportunity Funds

- 89% real estate focused
- 47% target community revitalization
- 44% economic development or small business development
- 19% infrastructure/renewable energy

2/3 regionally focused
- Strongest along the East Coast - especially NY and Florida
Final Poll Question

How would you characterize your Opportunity Fund strategy?

- We’re in the early early stages of determining our approach

- We’re already raising money for a fund, have identified projects, and will be ready to invest as soon as possible.

- We have an Opportunity Fund and are actively deploying capital

- We have no plans to start our own fund and will invest in others' instead.
“The volume of capital is not constrained. **The key is finding projects** that can be executed using that capital.”