Opportunity Zone Network Kickoff
Opportunity Zones 101

Drive investment to targeted areas

Capital Gains

Opportunity Fund

Qualified Investment

Tax Benefits

Community Growth

Year 5
2023
Tax on original capital gain is reduced by 10%

Apr 15, 2027
Pay taxes on original deferred capital gains (minus the 15% reduction)

Year 1
2018
Roll over gain into Opportunity Fund (defer tax on gain)

Year 7
2025
Tax on original capital gain is reduced by another 5% (15% total reduction)

Year 10
2028
All capital gains taxes are now eliminated on potential profits from Opportunity Fund

Source: FundRise
2017 Tax Cut and Jobs Act

- Economic development tool/incentive, not a program
- 1st new national community investment incentive in over 15 years
- Promote economic recovery by driving long-term investment capital to rural and low-income urban communities
- Uses tax incentives to encourage private investment in impact funds that connect investors with community investing opportunities
- Governor’s asked to identify eligible census tracts
U.S. Stats

- $6.1 Trillion in unrealized capital gains
- 8,761 qualified census tracts across all states, territories, D.C.
- 35M people - 24M jobs - 1.6M businesses
- Average poverty rate - 31% (well above the 20% eligibility threshold)
- Average median family income - 59% of its area median (compared to the 80% eligibility threshold)
- OZs split between 38.2% urban - 39.6% rural - 22.2% suburban
Michigan Stats

- 288 OZs (US 8,761)
- 65 rural census tracts, or 23% (US 39.6%)
- Average poverty rate - 32.1% (US 31%)
- Average median family income - 60.3% (US 59%)
- Average unemployment rate - 16.6% (US 14.4%)

Across MI - 40% of households struggle to afford the basic necessities of housing, childcare, food, healthcare, and transportation (ALICE, United Way)
Michigan’s 288 OZs
<table>
<thead>
<tr>
<th>Tasks</th>
<th>Results</th>
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</thead>
<tbody>
<tr>
<td>Find an Opportunity Zone Census Tract</td>
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<td>Find a County</td>
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<td>Find a Prosperity Region</td>
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<td>Find a State House District</td>
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<td>Find a State Senate District</td>
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<tr>
<td>Find a U.S. Congressional District</td>
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https://michigan.gov/opportunityzones
State’s Role

- Official role was for Governor’s to identify eligible census tracts, no other role
- HOWEVER, here is what we are doing...
- Opportunity Zone Eco-System
  - Regional Prosperity Initiative
  - 9 State Agency Collaboration (META)
  - SOM Regional Prosperity Field Teams
  - Sense of Place Council (MML, MAP, SBAM, MAR, etc.)
Michigan Opportunity Zone Eco-System

- **OZ Residents**
  - OZs help spur investment where it’s needed most
  - Here’s how the OZ program benefits you

- **State of Michigan**
  - We can help you promote your OZ
  - Here are some great areas to build in and take advantage of OZs

- **Local Govt Officials**
  - We have a good OZ. You can get money for projects. Build here.

- **Developers**
  - I’ve got a good OZ with good projects. Put it in your fund.
  - I’ve got a good project. Put it in your fund.
  - I’m doing a project in an OZ. It’s a great deal, and a good community thing to be a part of. Join me.

- **Business Owners**
  - I’ve got a worthy venture. Put it in your fund.

- **Real Estate**
  - I know of a great OZ project that’s perfect for you.

- **Fund Managers & Investors**
  - I’ve got a great tax-saving investment for you, park your money here

- **Michigan Citizens**
  - Here’s why MI is the best place to support with your funds

- **Outside Investors and Foundations**
  - I’ve got a good OZ with good projects. Put it in your fund.
State’s Role - Continued

- Michigan Opportunity Zone Webpage
  - Michigan Opportunity Zone Referral form
- Interactive Map
- Sign-up for updates
- Resources
- Webinars
- Incentivize Best Projects
Governor Gretchen Whitmer’s Executive Directive 2019-08, January 2, 2019

Encouraging Expanded Business Opportunities for Geographically-Disadvantaged Business Enterprises in Michigan

Requires the “Michigan Department of Technology, Management, and Budget to provide for the purchase of, the contracting for, and the providing of supplies, materials, services, insurance, utilities, third-party financing, equipment, printing and all other items as needed by state agencies, including contracts for the construction, alteration, repair, or demolition of a facility...”

Policies and procedures must be adopted by March 31, 2019
Thank You!

- For more information, contact:

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Opportunity Zone Network Overview

Purpose:

To maximize community & regional growth
Opportunity Zone Network Overview

- Networking
- Online Communication
- Zone Visits
- Partnerships

Connect

- Info Sharing
- Q & A Platform
- Incentive Support
- Focused Marketing

Support

Catalyze

Project Expertise
Charlotte, MI

Census Tract: 26045020901
Total population: 3,260
Median household income: 44,062
Households in poverty: 26%
Total jobs: 2,907
Total businesses: 259
Delhi Township, MI

Census Tract: 26065005402
Total population: 3,707
Median household income: $44,340
Households in poverty: 11%
Total jobs: 1,857
Total businesses: 168
St. Johns, MI

- Census Tract: 26037010801
- Total population: 4,187
- Median household income: 47,971
- Households in poverty: 19%
- Total jobs: 2,407
- Total businesses: 204
East Lansing / Meridian Township, MI

Census Tract: 26065004301
Total population: 4,702
Median household income: 40,011
Households in poverty: 41%
Total jobs: 1,198
Total businesses: 116
Opportunity Zone Network Panel

Vicki Mincey
Senior VP of Capital Management

Renee Kent
VP Community Development Banking

J.V. Anderton
Attorney (tax, business, real estate, etc.)

Jeff Deehan
Principle, Urban Systems; Dymaxion Development

Robert Edwards
Partner, Housing & Community Development