Opportunity Zones
Overview of Opportunity Zones and Enterprise’s Engagement
OUR STORY BEGAN MORE THAN 35 YEARS AGO

ABOUT ENTERPRISE

SINCE 1982, we’ve invested over $36 billion in communities across the country through public-private partnerships, resulting in:

- Hundreds of thousands of healthy, well-designed affordable homes (529,000 homes preserved)
- Critical community assets like health care clinics, charter schools and other facilities
- Over half a million jobs created
- Millions of lives touched
OUR REACH

Low-Income Housing Tax Credit (LIHTC)
- $12.8 billion in LIHTC investments
- 151,205 affordable units created or preserved

New Markets Tax Credits (NMTC)
- $948 million in NMTC investments
- 4,389 homes and 9.1 million sq ft commercial
- 25,300 jobs created

Enterprise Preservation Funds I, II, and III
- $216 million in conventional equity
- Fund IV to market November 2018
- $200 million targeted raise

Enterprise Community Loan Fund
- $1.74 billion invested
- 108,421 homes created or preserved

Enterprise Homes
- $955 million in total development costs
- 10,877 rental and ownership homes created or preserved

Bellwether Enterprise*
- $19.3 billion invested
- 66,592 affordable homes created or preserved
- 92.5 million sq ft commercial

*Includes Multifamily Mortgage Financing (pre-2012)

Enterprise currently owns 12,000 affordable units, and will reach 14,000 units by 2020
AN EMERGING OPPORTUNITY

OPPORTUNITY ZONES

IN THE PAST 5 YEARS:

- Over $3 billion (16%) invested in Opportunity Zones
- Enterprise’s top 50 partners have invested $2.2B+ in Opportunity Zones
The Basics: Opportunity Zones 101

“With the right regulations and guardrails in place, Opportunity Zones has the potential to bring catalytic change to some of the nation’s most distressed neighborhoods.”
– Terri Ludwig May 17, 2018 Testimony

• Enacted in 2017 Tax Cuts and Jobs Act, originally the Investing in Opportunity Act

• Special Treatment of Capital Gains

  • Tiered tax benefits on day 1, years 5, 7, and 10 dependent upon investment term
    ▪ Deferral of original gain on day 1, recognized by 12/31/2026
    ▪ Reduction of tax liability on original gain at years 5 and 7
    ▪ Appreciation is tax exempt after year 10
    ▪ Proposed to run through 2047

• 8,700+ census tracts eligible for investment in distressed communities

• Private equity investments to support business activities and real property
The Basics: Opportunity Zones Structure

Private capital ➔ Opportunity Fund ➔
- Capital or profits interest in a domestic partnership
- Stock in a domestic corporation
- Tangible property used in a trade or business of the fund
Implementation: As of November 2018

• **Designating Opportunity Zones:**
  • Approved in 50 states, 5 territories, Washington, D.C. as of June 2018

• **Guidance on Opportunity Funds:**
  • [IRS published FAQS](#) (April, June, October 2018)

• **Full Implementation of Law:** Ongoing
  • [Proposed regulations](#) (October 2018)
  • Public comments on initial proposed regulations due December 2018
  • Anticipated second round of proposed regulations and additional guidance

• **State and Local Efforts:** Ongoing
  • Convenings, community and investor engagement, establish frameworks
  • Alignment with other capital programs and incentives

• **Creation of / Investment in Opportunity Funds:** Ongoing
Enterprise’s Engagement

• Early supporter of the Investing in Opportunity Act

• Working with key stakeholders on implementation at national and local levels
  • Congressional testimony to Joint Economic Committee (May 2018)
  • Partnering to convene at the state, county, and city level.

• National resource
  • Mapping tool, Opportunity Zones guide, webinars, blogs, etc. at www.OpportunityZonesInfo.org

• Local expertise
  • Technical assistance, existing relationships, and measurable impact in approximately one third of Opportunity Zones nationwide
  • Enterprise’s top 50 partners have invested $2.2B+ in Opportunity Zones

• Enterprise Opportunity Funds
  • Leveraging our impact-driven investment platform to create and support funds; over $3 billion (16%) invested in Opportunity Zones in past 5 years.
  • National Fund & Regional Joint Venture Partnerships (i.e., Emergent Communities Fund)
Rivermont Enterprise Emergent Communities Fund

- Launched September 2018, targeted capital raise of $250 million
- Partnership with Beekman Advisors and Rivermont Capital
- Spurs sustainable, diverse and dynamic economic growth by revitalizing emerging main streets and supporting local entrepreneurs
- Downtown redevelopment in smaller cities in the Southeast (North Carolina, Virginia)
- $500MM potential project pipeline in areas normally inaccessible to most investors
- Data-driven, master development approach
- Extensive experience in creating public/private partnerships
- Low-cost market entry
- Tax-enhanced returns to investors
Our Opportunity Fund will provide investors access to a diversified, responsible investment portfolio—based on local market expertise and local partnerships in transitioning Opportunity Zone communities across the country—with attractive risk-adjusted returns.

- Housing for families at 80-120% AMI; subsidized and unsubsidized
- Unrestricted affordable housing at 30-80% AMI in transitioning communities/neighborhoods well-positioned for inclusive growth
- Diverse geographies; high-cost cities and downtown main streets

- Office and retail with community service anchor (workforce development)
- Economic development and small business retention and growth
- Supports job creation, entrepreneurship, and economic mobility
- Mixed-use including live/work spaces and residential multifamily with ground-level retail/office

- Mixed-use mixed income unsubsidized residential mixed use development
- Anchor institution and community alignment
- PPPs to deliver resources to meet community needs
- Transit oriented development and master planning
- Resiliency and infrastructure projects
- Partnering through public RFP processes

- Factory built modular, shipping container multifamily product
- Lower development cost
- Supports affordability at 30-60% AMI
- Triple-bottom line outcomes
Our proprietary tool Opportunity360 offers an unparalleled ability to map, measure and report on the impact of our investments and evaluate their performance and the overall efficacy of this tax incentive.

Our Opportunity Framework methodology identifies pathways to opportunity for low income families across a range of key metrics indicative of community wellness and economic mobility, all benchmarked and tracked through our Opportunity360 census tract reports.
Keeping Opportunity Zone Investments Local

Local leadership can create an ecosystem that encourages investment. Examples of how cities and states are thinking about this:

Inform the marketplace
- Online Portal - Make data available, inventory local assets
- Site Tours and Education - Convene investors, developers, businesses, philanthropy, community stakeholders, etc.
- Letters of Interest - Investors and Fund Managers

Incent certain types of activity
- Leverage add-on incentives, gap financing, risk mitigation
- Create public funds, could be through partnership with local financial intermediaries to facilitate deal flow, asset manage, etc.
- Pairing investments with other sources of financing (HOME, CDBG, etc.)
- Ease certain development requirements
INVESTED IN IMPACT

Advancing equitable and inclusive economic growth in the communities we serve through Opportunity Zone investments.