Rural Opportunity Zone and Recovery Playbook

A NEW BLUEPRINT TO ATTRACT PRIVATE INVESTMENT FOR COMMUNITY PRIORITIES

UTAH ASSOCIATION OF COUNTIES
The Unifying Voice for County Government

SORENSON IMPACT CENTER
DAVID ECCLES SCHOOL OF BUSINESS

SEPTEMBER 2022

Dear colleague,

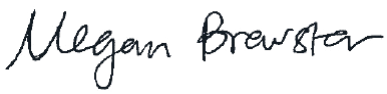
We are pleased to provide this resource: a playbook to support economic developers and community champions in leveraging private capital for rural community development.

When we began this project, our focus was squarely on working with rural community leaders to identify the best ways to attract capital through the new Opportunity Zone incentive created by the 2017 Tax Cuts and Jobs Act.

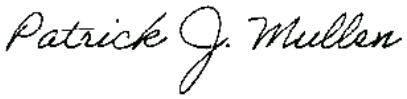
Since that time, we've found the process laid out in this playbook is broadly applicable to projects that require a more diverse capital stack and could benefit from other types of investment.

The guidelines in this playbook emerged from our direct experience supporting rural Utah communities in developing investable projects and with input from experts who have launched successful rural development initiatives across the country. After an additional year of testing these principles on the ground, we present the final version of this playbook.

We invite you to reach out to us to share your insights, experiences, and stories from using this playbook and to collaborate with us on future initiatives that can spotlight the resilience and opportunity inherent in rural communities.



Megan Brewster
Project Director
Sorenson Impact Center, University of Utah
megan.brewster@sorensonimpact.com



Patrick Mullen
Director, Opportunity Zones and Financial Incentives
Utah Association of Counties
patrick@uacnet.org

Table of Contents

3 **Introduction and Background**

8 STEP 1
Plan for impact: Driving Community Value

13 STEP 2
Build your team: Leadership and Stakeholders

18 STEP 3
Laying the foundation: Understanding investors and capital stacks

26 STEP 4
Using your Toolbox: Local, State, and Federal Incentives

35 STEP 5
Framing your project: Creating a community vision and project menu

40 STEP 6
Connect with Investors: Marketing and relationship building

46 **Appendices**

47 **Appendix A: Opportunity Zone Guides and Resources**

48 **Appendix B: Data Tools and Resources**

49 **Appendix C: Stakeholder List**

50 **Appendix D: Stakeholder List**

52 **Appendix E: Grand County Prospectus**

55 **Acknowledments**

Introduction and Background

OPPORTUNITY ZONES: REVISITING THE WHY

The Opportunity Zone (OZ) program, created in 2017 through the Tax Cuts and Jobs Act, aims to catalyze a wave of private investment into overlooked communities. So far, it's big business. In the past three years, projects generated by this policy have cropped up in the hundreds by number and billions by dollar in the more than 8,700 zones designated. The White House Council of Economic Advisors estimated that Opportunity Zones had raised more than $75 billion of capital by the end of 2019, while a first-of-its-kind academic study by researchers at UC Berkeley found more than 2,800 funds were created in 2019.[1] An interactive map from the Economic Innovation Group (EIG) shows investments spread across at least 40 states. All of these numbers have no doubt grown in the past three years.

But so far, the vast majority of OZ activity has focused on a small percentage of markets that were attractive to investors before the policy was created. The Berkeley study estimated that in the first year of the policy, the top 5% of OZ tracts received 87% of total investment, while 84% of tracts received no investment at all.[2] While this gap may have lessened over time, the likely concentration of OZ activity has left many communities excluded from the benefits of the very policy designed to overcome previous disinvestment. Rural communities are prime among these.

However, there are a group of rural communities that buck this trend. From a historic hotel in Alabama to a multigenerational wellness campus in Indiana and a Main Street restoration in Utah to a tiny home village in Colorado, rural OZ innovators across the U.S. are changing the skylines of their communities. What's making the difference? These outliers stand out for their intentionality.

For rural communities, successful economic development through OZs requires a thoughtful approach that includes both a strategy and a champion to execute on that strategy. This playbook, targeted to local economic development leaders and community champions, lays out best practices to bring the promise of OZs into reality for rural community-focused development.

[1] "The Impact of Opportunity Zones: An Initial Assessment"; Kennedy and Wheeler, "Neighborhood-Level Investment from the U.S. Opportunity Zone Program: Early Evidence".
[2] Ibid.

Opportunity Zones 101

FUNDAMENTALS

- Opportunity Zones were created as part of the 2017 federal Tax Cuts and Jobs Act to drive private investment to distressed communities (see Opportunity Alabama's explainer on the final guidelines).
- More than 8,766 census tracts were designed as OZs across all 50 states, six territories, and Washington DC
- OZs as a group generally have lower family incomes, higher poverty rates, lower home values, higher rates of unemployment, and lower life expectancies than other tracts.[3]
- To date, there is no publicly available, comprehensive repository tracking Opportunity Zone investments and funds, as the IRS has not yet published any OZ data.

INVESTORS

- To invest in an OZ, an investor must have recent capital gains (profit from the sale of an asset such as stocks or real estate) and invest within a certain time period
- Qualified Opportunity Funds (QOF) are the investment vehicle created for investing in Opportunity Zone census tracts.[4]
- The OZ program provides different tax benefits to investors depending on the length of hold
- Holding investments in a QOF for at least five years provides the investor with a 10 percent reduction in their original capital gains tax obligation
- Holding investments for seven years or more raises that deduction to 15 percent
- Holding an investment for ten years or more allows for complete avoidance of capital gains tax on the appreciation of the new investment.[5]

PROJECTS

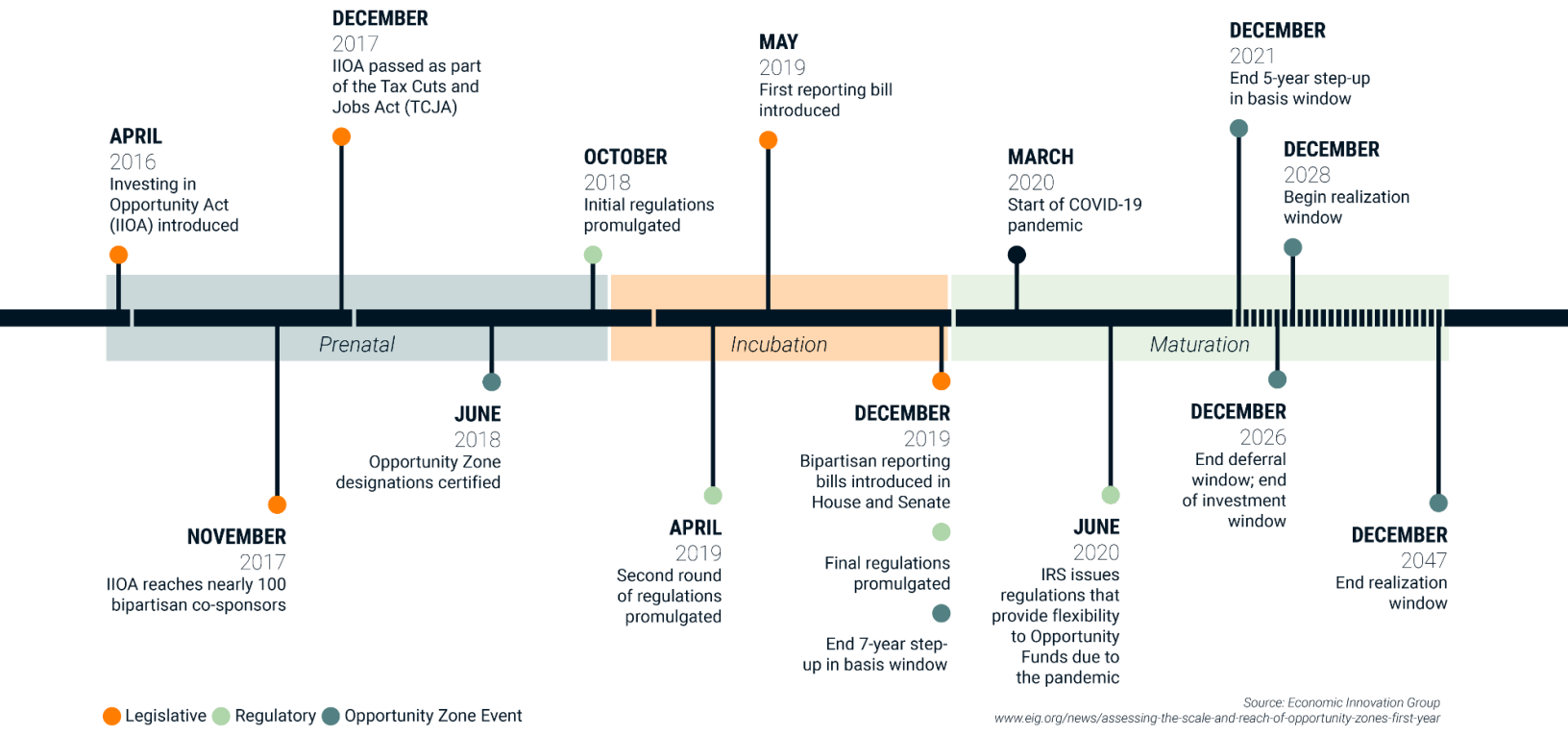
- The OZ incentive supports a wide variety of projects: residential, commercial, and industrial real estate; funding for operating businesses; infrastructure development; and more.
- Real estate investments, such as multi-family housing and hotel development, have dominated the marketplace so far. The Berkeley Study estimates that 51% of OZ dollars were invested in real estate firms in 2019.

MOVING FORWARD

- Critics and supporters alike have called for additional regulation and reform around OZs.
- For example, think tank EIG has suggested stronger reporting and transparency requirements, retiring certain higher-income tracts, and providing additional federal funding to states for OZ technical support.
- The Urban Institute has suggested reworking the incentive to prioritize investments into small businesses, targeting the size of incentive to the size of community impact, and creating a non-capital gains investor pathway (for example, pension funds and endowments).
- Experts anticipate the Biden Administration will likely add more regulation to the law while at the same time potentially increasing capital gains tax, thus making the incentive more targeted but also attractive.

[3] Economic Innovation Group: Opportunity Zone Facts and Figures
[4] IRS Opportunity Zones Frequently Asked Questions
[5] Ibid.

OPPORTUNITY ZONE POLICY TIMELINE



Source: Economic Innovation Group
www.eig.org/news/assessing-the-scale-and-reach-of-opportunity-zones-first-year

OPPORTUNITY ZONES AND RURAL AMERICA

Rural communities present some of the greatest potential for realizing the promise of the OZ program in both positive socioeconomic impact and financial growth. Approximately a quarter of Opportunity Zones are rural (23%), representing the home communities of nearly 35 million Americans.[6] Rural communities have much to offer to residents and investors, from stunning landscapes to short commutes and recreation access to tightly networked communities. Additionally, macroeconomic trends have caused many to speculate about a brighter future for rural communities that have faced population loss: for example, the telework boom created by the COVID-19 pandemic could create sustained demand for tourism and even relocation to rural communities.

As discussed above, early analysis suggests investment in rural Opportunity Zones has lagged significantly behind investment in urban OZs.[7] Rural communities face a number of unique and often complex challenges in attracting private capital. The ability to engage investors can be inhibited by a lack of resources (i.e., county staff fulfilling multiple roles and responsibilities), complementary infrastructure needed to support investment (i.e., affordable housing, healthcare considerations), community readiness (i.e., lack of clearly defined local incentives), and investor awareness of rural investment opportunities. Further, some investors are hesitant to invest in real estate that isn't expected to

[6] USDA Support for Opportunity Zones
[7] Berkeley study

appreciate at the same rate as in urban markets. Some rural markets are also reliant upon a single or a limited number of industries, which can deter investors.

Rural America presents a great diversity of strength and need. Some communities are coal-reliant counties seeking to modernize their economy, while others are tourism-based economies seeking to grow affordably for existing residents. Some are agricultural communities seeking employment diversification, while others still are ideally situated next to key transportation and energy infrastructure. Rural communities are not a monolith and have distinct brands, strengths and typographies, but many of the challenges they face in attracting investment are similar.

While each community is unique, this Playbook can serve as a tool for all rural communities to successfully navigate Opportunity Zones. Done well, the process of economic development including OZs can change the trajectory of a community for decades to come.

WHY OPPORTUNITY UTAH?

This Playbook was authored by experts at the Sorenson Impact Center and the Utah Association of Counties, with generous funding provided by the Economic Development Administration. Together, along with support from the Governor's Office of Economic Opportunity, this group comprises Opportunity Utah, the central OZ task force in Utah.

Over the last 2+ years, the Opportunity Utah team has traveled across the state working with primarily rural counties to help develop OZ investments and ready communities for more proactive engagement with investors. This process has included several steps to help demystify what can be a confusing and complicated process, including helping communities first understand investors' perspectives and how to structure a deal as well as what local incentives are available to make deals more attractive.

Additionally, Sorenson Impact Center led the Forbes OZ 20 Challenge, the nation's first contest to identify impact-focused leaders in the OZ space. The insights discovered through these efforts serve as the foundation for this playbook.

This playbook is organized as a step-by-step process that local economic development officials and community leaders can pursue to attract OZ investment.

STEP 1

Plan for Impact: Driving Community Value

The Opportunity Zone program is centered on social impact: bringing social and financial investment into disenfranchised communities in order to improve quality of life, often for those most in need. The social impact created by OZ projects will look different in each community. Impact can be generated through both the process (i.e. generating high-quality jobs that pay a liveable wage) and the output (i.e. creating a new affordable housing complex for the community) of a project. Social impact is the foundation of an effective OZ project and should be considered before, during, and after the project is complete.

WHAT IS SOCIAL IMPACT?

First coined in a lecture at Yale University in 1969, the term "social impact" was created to describe the ethical responsibilities of investors to go beyond just financial return on investment and consider the environmental and social aspects of investment activities.[8] In recent years, social impact has become a popular term that captures organizations and projects that seek to make a positive impact on social issues through traditional business practices. Social impact seeks to expand the definition of returns to include improvements in factors such as access to healthcare, availability of well-paying jobs, affordable housing, quality of education, inclusion and belonging, and much more. The field of social impact is composed of organizations who seek to improve communities by combining the capital and effectiveness of private investment with the social responsibility ethos of public interest and nonprofit programs.

SOCIAL IMPACT AND OPPORTUNITY ZONES

The Opportunity Zones program was conceived of as a large-scale experiment in social impact. Ninety-five percent of the selected OZs are in low-income census tracts (the law allowed 5% of zones to border low income tracts). Supporters hoped that creating a tax advantage for investors would drive investment dollars into communities that otherwise would not receive them due to being considered less financially lucrative and more risky. Critics suggest the program is creating a better offer for deals that would have happened anyway, and that the program was too broad to truly target investment to communities that would not otherwise receive it. Nevertheless, there are many examples of the OZ incentive meeting the intent of the legislation by facilitating private investment in projects that meet crucial needs for disadvantaged communities. A few of these success stories are outlined in this Playbook.

Due in part to a lack of formal reporting requirements, the net social impact of OZ investment since the legislation was passed has been difficult to measure. OZ investors are not required to publicly disclose who they are or how they are deploying funds, and qualified projects can include luxury developments or other efforts already underway before the law.[9] Thus, the responsibility to account for social impact rests with investors, project leaders, and communities. A true commitment to impact means embracing frameworks for measuring and reporting data on impact. Early adopters of reporting frameworks have a competitive advantage over communities that attempt to consider

[8] Social Impact: Origins and Evolution of the Term
[9] After Rocky Start, Opportunity Zones Could Boom In 2021

social impact as an add-on because they will be better positioned to attract impact-driven investors. Impact investing is a steadily growing industry with more than $715 billion invested globally.[10] Impact-focused investors can play an essential role as community development partners that bring both financial and technical resources to community changemakers.

TYPES OF SOCIAL IMPACT

Projects financed with Opportunity Zone capital primarily take one of two forms: a real estate project (residential, commercial, or industrial) or an operating business, and can be more dynamic than traditional ventures in these areas. The Urban Institute, a policy research organization, has created The Opportunity Zone Community Impact Assessment Tool to assess potential impact using evidence-based indicators.[11] An investor or project leader identifies important characteristics and details about their project, and the tool provides an analysis on the impact of the project in the form of a scorecard. This tool can be used to model a theoretical project or measure impact in an existing project.

THE IMPACT ASSESSMENT TOOL IDENTIFIES SPECIFIC AREAS OF IMPACT:

1. COMMUNITY GOALS AND PRIORITIES: Equitable social impact starts with the community. Consider which community groups, elected officials, and residents can be engaged in the process and which groups of people will the project impact most. Look into other local projects, goals, and incentives to ensure that the values of your project match those of the community.

2. HIGH-QUALITY, ACCESSIBLE JOBS: Your project can create employment opportunities for community members. Contract length, wage, benefits, potential barriers to entry, and the availability of qualified workers are important factors to consider when striving for positive impact in employment.

3. COMMUNITY WEALTH BUILDING: The concept of community wealth building is what sets social impact investing apart from a traditional investment project. Ensure that the wealth being created by your project is distributed through the community by empowering local businesses and supporting underrepresented and historically marginalized populations.

[10] 2020 Annual Impact Investor Survey | The GIIN

[11] Opportunity Zone Community Impact Assessment Tool

4. **AFFORDABLE AND ACCESSIBLE HOUSING:** Identify what type of type of project you're engaging in and where it will be located: i.e., rehabilitation, new construction, income restricted housing, etc. Seeking areas with concentrated poverty or other pressing needs can help magnify impact.

5. **ENVIRONMENT AND OPEN SPACES:** Increasing green space or access to outdoor spaces goes a long way in improving a community's quality of life. Striving to use sustainable materials and meet eco-friendly energy efficiency standards will also have positive long term benefits.

6. **HEALTH, SOCIAL, AND CULTURAL SERVICES:** Consider the health and social service needs of the community and how your project will affect access to vital services.

7. **TRANSPORTATION AND CONNECTIVITY:** Quality infrastructure is often lacking in poor and underserved areas. This includes roads, routes, and connective services like internet and broadband.

Remember no project will be entirely focused on one or two impact areas. When done well, social impact and economic development have a compounding effect that makes success easier for additional projects to address other community needs.[12]

MEASURING SOCIAL IMPACT

After envisioning the types of impact your OZ project could generate, it is important to create a foundation for data measurement and impact reporting. Impact measurement practice and scholarship suggest the following best practices:

1. **The earlier the better.** Determine your goals and which metrics will be used to measure them as soon as possible. Creating a framework for measurement and reporting sets expectations that data will be collected and shared to inform this project and future projects. Even if data reporting is implemented later in the timeline of an active portfolio, it will yield valuable insights and should be prioritized wherever possible.

2. **Select metrics thoughtfully.** Choosing too many performance indicators can hinder a project, so be selective. Starting with an organization's theory of change helps narrow in on what metrics are most important to the success of the investment.[13] Being able to trace metrics to the vision and values of a company or project encourages collection and perhaps more importantly creates a filter by which only the most impactful goals are selected.

[12] To see what is possible in the social impact investing space and what kinds of projects are available the Bureau of Economic Development has a catalogue of successful stories. ww.eda.gov/success-stories
[13] A Playbook for Designing Social Impact Measurement (SSIR)

3. **Get everyone involved.** Developing a holistic approach that incorporates stakeholders and the beneficiaries of the investment projects increases the likelihood of successful implementation.[14] This may include developing a county-wide or regional investment strategy, as projects are more likely to have the intended impact when a broader approach to the entire area is taken into account. Understanding the needs of the local census tracts allows investors to utilize surrounding resources and stakeholders. In a more direct application, impact measurements can often be collected through existing processes and so utilizing instruments that are already in place can assist in the data collection process.

4. **Standardize when possible.** Having clearly defined data measurements with timeframes and collection dates ensures that the data being collected for your project is high-quality. Obtaining clean data helps with the long term usefulness of the information being provided as well as the potential repeatability in future projects. Whether the metrics you decide to collect are standardized by a reputable industry leader or defined on your own terms, defining the collection process within a designated time frame is key to establishing the legitimacy of your investment projects.

Impact metrics and measurement matter because measurement often defines where resources go in the future and what matters to an organization or community. Effectively monitoring and tracking the social impact of projects is essential to quantifying the benefits of OZ investment to communities and can empower decision makers to think differently about the nature and type of economic development to pursue.

SPOTLIGHT: FORBES 0Z 20

In 2019, The Sorenson Impact Center partnered with Forbes to launch the Forbes OZ 20, a nation-wide competition that highlighted communities and investors using dynamic approaches to revitalize distressed communities in OZs. Twenty finalists were featured on the Forbes OZ catalysts list, and four grand prize winners were selected, two of which focus on rural areas.

Four Points Funding is a real estate firm focused on rural communities in Colorado and supporting businesses owned by women and people of color. See the film.

Opportunity Alabama is a nonprofit organization helping to connect investors and entrepreneurs to larger institutions and educating them on OZ policy and social impact. See the film.

[14] Making the most of US opportunity zones

STEP 2

Build Your Team: Leadership and Stakeholders

Once you've laid a foundation for a successful OZ strategy by understanding social impact, the investor perspective, and the tools at your disposal, it's time to get going. First up, you'll need to build your team, including all the people and organizations who can carry an Opportunity Zone project over the finish line.

HOLD A STAKEHOLDER MEETING

The first step for many communities is to convene key stakeholders for an initial conversation around attracting investment into your community through the OZ tax incentive. The purpose of this convening is to educate the group on how the incentive works and how investors make decisions, talk through concerns, and start coalescing around a community vision. You may want to invite public and private stakeholders to this convening, such as policymakers, community leaders, leaders from anchor institutions like hospitals and universities, residents, representatives from business associations or public utilities, etc. Alternatively, you may want to structure this meeting as a focus group (An invitation template for this can be found in Appendix C).

To get the lay of the land, ask meeting participants questions such as the following:

- What is our "brand" as a unique place? What unique strengths does this community have to offer? What key assets can we highlight as we seek investors?
- What is your vision for our community? What needs do you see in our community? How might OZ investment help to meet those needs?
- What existing economic development data and plans do we have? How will this help, or what needs to change?

This meeting will allow you to outline the next steps for creating an OZ strategy. IT will also help you start deciding which people and organizations will lead the OZ effort.

TAKE A REGIONAL APPROACH

In our work, we've found that rural decision makers and economic development officials are often maxed out in terms of their capacity. Considering this, one way to position OZ efforts for success is to take a regional approach. For example, in Utah, the Utah Association of Counties acts as a state-wide resource for OZ technical assistance. Some specific counties pay to support UAC economic development staff in creating economic development strategies for their community rather than employing a direct county or city economic development official. Opportunity Utah also works closely with the regional associations of government to create regional community strategies that converge efforts and create brands for specific areas of the state.

IDENTIFY OZ LEADERSHIP

Lead organization

OZ efforts work best when one central organization acts as the primary owner or coordinating organization for projects in the state or region, what LISC calls a "quarterback organization." This entity spearheads OZ efforts, such as representing the community to investors and government officials, corresponding with the public, and organizing meetings and coalitions. This organization might be created explicitly for the purpose of creating momentum around OZs or an existing organization well positioned to lead.

OZ leadership might include organizations like the following:

- **A new nonprofit.** Opportunity Alabama serves as the OZ quarterback in Alabama. Created by entrepreneur Alex Flachsbart specifically to drive OZ deals, OPAL provides technical assistance, deal sourcing, investors introductions, and other support to communities. OPAL also operates its own fund.

- **An existing association.** The Utah Association of Counties, in partnership with the Governor's Office of Economic Opportunity and Sorenson Impact Center, serves as Utah's OZ hub.

- **A university-based center.** The Purdue Center for Regional Development leads OZ efforts in Indiana through an application-based technical support program.

CORE TEAM OR TASK FORCE

In addition to the quarterback organization, you may want to select a small group of individuals to make up an OZ task force or core team (five to six people). These leaders will draft project scope and models, attend the task force meetings, conduct needed research and outreach, and set timetables and deadlines for the process. They should be representative of key institutions and perspectives in the community and be able to leverage social and financial capital to help the OZ leaders meet goals. Members may include local residents, elected officials, economic development officers, local business owners, local investors, potential developers, or individuals from community and philanthropic organizations.

Researcher Bruce Katz suggests an institutional scan to identify key players to contribute to OZ work; while these questions were originally developed for urban metropolitan areas, they can be useful for rural networks as well:

- **Placemaker.** Is there an entity with the authority and capacity to create a unified vision for the OZ and to work with diverse stakeholders?

- **Place manager.** Is there an entity with the authority and capacity to manage shared spaces and resources of the OZ such as utilities, parks, gathering spaces, etc.?

- **Place marketer.** Is there an entity with the authority and capacity to design and communicate an united narrative and investment pitch for the OZ?

- **Entrepreneurial catalyst.** What entities such as accelerators or coworking space are working to create an entrepreneurial ecosystem?

- **People connectors.** Which entities such as public schools or community colleges are responsible for equipping young adults with education and skills?

RECRUIT KEY SUPPORTERS: ADVISORY COUNCIL, STEERING COMMITTEE, AND BEYOND

OZ projects are uniquely positioned to benefit from the expertise of a cross-sector group of leaders and community members. In addition to the efforts of a curated group on your OZ task force, you may want to map and engage the relationships and organizations that can help you generate public buy-in, connect with investors, and finalize deals.

You might engage with these leaders and organizations through a structured body such as a steering committee or advisory board or for specific one-time needs. Individuals in this layer might include accountants, attorneys, contractors, educators, regional planning organization leaders, community members, etc.

CASE STUDY:

OPPORTUNITY APPALACHIA

Stay close to the community

A fiber network and data center. A historic department store turned into a mixed-use site. A water technology company. These are some of the major projects that have come out of Opportunity Appalachia, an OZ initiative focused on rural areas in Ohio, Virginia, and West Virginia. The organization sees itself as a matchmaker for economic opportunity and social impact and provides technical assistance and deal structuring.

Opportunity Appalachia's leader, Donna Gambrell, credits much of the success of the initiative to the team's abil
ity to stay close to communities in a structured way. The program operates with a steering committee made up of six organizations with close community networks across the three-state region. "Some of these folks have lived in their communities for decades," she said.

CDFI Appalachian Community Capital serves as program manager for the initiative, while nonprofit revitalization group Main Street America and rural CDFI Coastal Enterprises serve as national technical assistance providers. Community and economic development organizations OhioSE, Opportunity Southwest Virginia, and West Virginia Community Development Hub serve as lead state partners.

Beyond the leadership steering committee, each OZ community Opportunity Appalachia assists has engaged local and national partner organizations to create steering committees of their own. These state planning partners include councils of government, state offices, universities, foundations, city administrations, planning councils, and congressional offices, among other partners.

After a year of providing design and architectural support, completing market assessments, developing business plans and prospectuses, and facilitating investor introductions, Opportunity Appalachia is seeing major results. The coalition expects that over the next two years, 13 projects will launch with more than $240 million in financing and lead to more than 1,000 high-quality jobs, including many for individuals in recovery from substance abuse, one of the greatest needs in the region.[15]

[15] "Opportunity Appalachia," Appalachian Community Capital.

STEP 3

Laying the Foundation: Understanding Investors and Capital Stacks

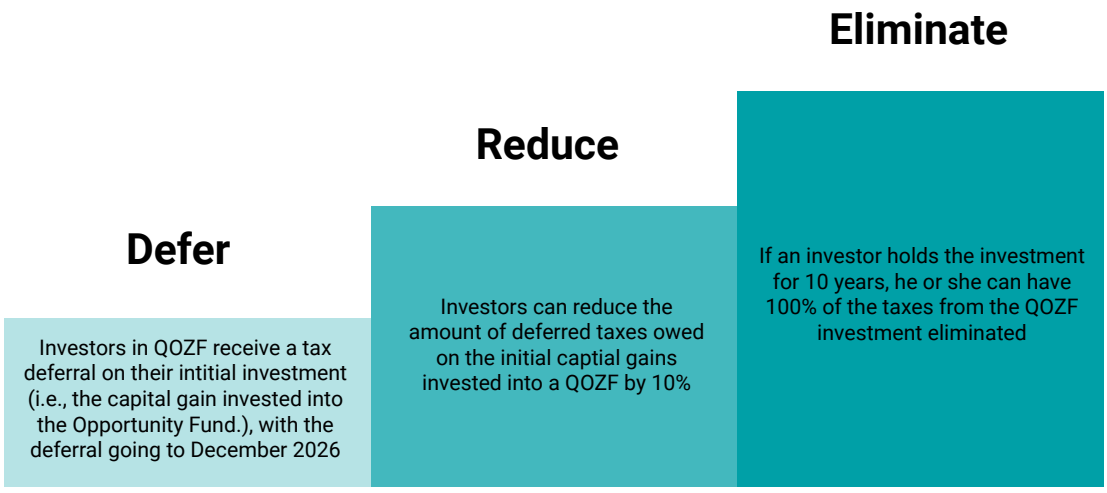
After planning for impact and building your team, it's most important to lay a foundation for success by truly understanding OZ investors and types of OZ capital. Opportunity Utah has found that not understanding investors and capital is a major barrier for communities in attracting OZ investment. Many communities assume that simply having an OZ is enough to attract investors. While the OZ incentive is significant, more than 8,700 zones exist across the country. This competitive landscape suggests the need for communities to develop a strategy to attract OZ investment, which starts with understanding the investors perspective.

UNDERSTANDING INVESTORS

Opportunity Zones attract a certain segment of investors: individuals and funds who have realized capital gains (essentially, profit earned from the sale of an asset, such as real estate or stocks). These investors belong to a specific segment of the economy: one study found the average household income for QOF investors was $1,083,766—about ten times greater than the national average household income of $104,158.[16]

The OZ program provides investors a way to not only fund community impact and realize a financial return, but to defer, reduce, or eliminate their future tax burden.

While the initial deferral and reduction benefits occur simply by investing in a QOZF with any investment focus, many investors consider the risk profile of the investment strategy when making OZ investments. If the QOZF investment barely appreciates, then the initial deferral and reduction may be the most valuable component of the incentive; if the QOZF intends to make a significant investment return, then the value of the excluded taxes on the future gain 10+ years from now becomes the primary benefit.



[16] Kennedy and Wheeler. "Neighborhood-Level Investment from the U.S. Opportunity Zone Program: Early Evidence."

TYPES OF OZ INVESTORS

Just like communities, different investors have different motivations, risk tolerances, and styles. Before reaching out to an investor, it's important to understand these different profiles.

COMMUNITY-FOCUSED AND IMPACT INVESTORS:	EXAMPLE:
Certain investment funds identify as "impact investors": these funds are looking to directly generate social or environmental benefits in addition to financial returns. These impact-oriented investors are often driven by a commitment to investments that exhibit commitment to environment, social, and governance (ESG) factors and working to incorporate these factors into investment decisions. These investors exist across all investment types and frequently utilize other forms of capital or subsidy, such as philanthropy or government support, to underwrite OZ deals that many traditional investors are not willing to consider. These investors evidence a consistent focus on deals that create affordable and workforce housing, job creation or retention, and infrastructure that significantly improves communities (e.g, broadband for communities that haven't crossed the digital divide).	Arctaris Impact Investors, a Boston-based social impact investment firm, operates a fund that seeks to create "place-based" investment programs that serve the economic development needs of communities in need. Arctaris attracts partner capital from traditional investors by using a "first-loss guarantee" (meaning Artaris loses money first in case of loan default) and other forms of principal protection via grants and investments from leading philanthropic, government, and communities. With these "first-loss" capital commitments, Arctaris is able to invest in projects that are typically more community centric than those a finance-first investor may pursue.

RETURN-DRIVEN INVESTORS WITH 10+ YEAR TIMEFRAMES:	EXAMPLE:
These investors account for the majority of OZ investors and seek to maximize the tax-free gain they can realize by exiting their investment in the tenth year on. The majority of these investors remain in real estate (a reliable source of appreciation) as investments in operating businesses continue to remain limited due to real and perceived risks. Investors remain mostly unwilling to underwrite the volatility that can come with investing in start-ups, such as the risk of the business not scaling, relocating to a non-OZ location, or having an exit event prior to year 10. Most investors seeking growth in the appreciation of their investment continue to invest in commercial, industrial and residential (multi-family, low-income, etc) real estate.	Bridge Investment Group (NYSE: BRDG) manages several OZ fund vehicles totaling $2.1 billion focused on OZs located inside of or within close proximity to high-growth markets in the United States. Bridge targets development and redevelopment projects ranging from commercial to multi-family, to mixed use.

TAX-DEFFERRAL DRIVEN INVESTORS:	EXAMPLE:
A large number of investors are making OZ investments primarily to defer and reduce their current capital gains tax liability. These types of investors may focus on deals that could have occurred regardless of the OZ incentive and often focus on stable investments (those that generally provide steady, reliable gains). These investors often target real estate due to its reliable appreciation or focus on depreciable assets (energy, broadband) that reduce their tax liability.	As Evan Weiss and Bruce Katz highlighted in a practitioner paper, PNC bank has launched a fund that seeks to make preferred-equity OZ investments that prioritize the deferral and reduction of capital gains tax liability generated from PNC's related private equity activity. PNC's strategy was largely time sensitive around launching in 2019 due to the nature of the step-up in basis associated with the initially deferred capital gain, which is payable no later than 2026. Unless Congress extends the 2026 deadline, it's likely that investors prioritizing tax deferral will shrink as we reach the end of 2021, losing the potential 10% step-up in basis benefit.
SINGULAR PROJECT FOCUSED INVESTORS:	**EXAMPLE:**
While hard to quantify in terms of volume, there is a consistent portion of OZ investors that have raised capital for individual projects local to their own community. These groups include local developers, high-net worth individuals, local business owners, and other stakeholders that seek to deploy capital gains towards defined projects that serve a community need.	The Union Block Building in Brigham City, Utah (population just under 20,000) is a 127-year old building that was in desperate need of restoration while the city was also in need of downtown revitalization and new mixed-use space. Building owners Dave and Donna Walker sought to redevelop the property but had difficulty attracting capital partners until the area was designated as an OZ in 2018. Since then, the Walkers have secured ~$3M to restore and revitalize the building, creating a mixed-use of commercial space on the ground floor and housing above.

Regardless of primary motivation, most QOZF investors agree that the underlying OZ investments must still be an attractive investment that will generate a return regardless of the OZ tax incentive (i.e. the deals still have to make money even without the OZ incentive). Unlike other previous federal government investment incentives (such as New Market Tax Credits, Low-Income Housing Tax Credits, or Enterprise Zones), QOZF investors are incentivized to invest in projects that grow significantly rather than take a "non-investable" deal and make it "investable."

TYPES OF QUALIFIED OPPORTUNITY FUNDS

Investors must contribute capital to a Qualified Opportunity Zone Fund to make an OZ investment. QOZF are required to hold 90% of their assets in OZ properties, and funds can self-certify by filing a specific form with the IRS. UC Berkeley researchers found that 34% of OZ fund-tract pairs are located within 10 miles of each other, and 50% are located within 60 miles. This means that a significant portion of OZ funds invest directly into surrounding communities.[17]

The QOF landscape has evolved to include a variety of fund types:

1
Large Blindpooled Investment Funds

Are focused on broader regions or even nationwide. OZ funds with a large number of limited partners (LP's, or investors) that are typically high-net worth individuals (HNWIs), family offices, or institutional investors. These funds can range from $50M to over $1B.

2
Regional or Local Investment Funds

Are focused on aggregating capital from local HNWI or institutional capital with a focus on a specific local area (city, county, state, or multi-state area). These funds typically range from $10M to over $250M.

3
Existing Real Estate Development Funds or Groups

Are seeking to raise additional capital for new projects in areas they were already actively involved in. This is most common in commercial, industrial, multi-family, and hospitality oriented groups with sizes ranging from $25M to over $1B.

4
Hyper-localized Investment Groups

That typically forms organically for the support of an already-defined project or community need. This includes angel investment groups or prominent members of a community forming a QOZF to invest in locally significant projects. Typically, these projects are less than $25M.

While these investor types are broad, all are subject to strict regulatory oversight from the US Treasury and IRS. This oversight includes tight timelines for capital deployment upon receipt of funds (6 to 12 months), which usually creates a need to align with investment opportunities that are immediate, predictable, and reliable such as real estate or infrastructure.

TYPES OF OZ DEALFLOW

The OZ incentive is designed to be extremely broad, giving investors the chance to consider several types of projects. While certain types of businesses are excluded (so-called "sin" businesses like liquor stores and gambling establishments) there are very few restricted asset categories.

[17] Kennedy and Wheeler. "Neighborhood-Level Investment from the U.S. Opportunity Zone Program: Early Evidence."

Investment can broadly be grouped into several categories:

- Real estate
- Residential: Multifamily, affordable housing, workforce rental housing, naturally occurring affordable housing (NOAH)
- Mixed-Use: Blend of multi-family and commercial
- Commercial: Predominantly office space, retail, grocery, or other sectors with an eye towards living wage job creation
- Industrial: Warehouse, storage, distribution

- Operating Business: Real estate for business expansion or relocation, growth capital, entrepreneurship/small business support
- Infrastructure projects, including renewable energy (such as solar, wind, etc), broadband/telecom technology, and water treatment
- Supporting anchor Institutions, including large academic institutions (e.g., constructing student housing, campus facilities), healthcare (e.g., investments into hospitals, care facilities, health technology)
- Historic preservation of important community assets
- Brownfield redevelopment (redeveloping property impacted by hazardous substances)

According to UC Berkeley researchers, approximately 51% of OZ dollars are invested in real estate firms, while 9% is invested in construction firms, 9% in finance, 7% in property owned or leased directly by Opportunity Funds, 3% in professional services, and 3% in lodging and restaurants.[18]

SHARING A COMMON LANGUAGE AND FRAME

One of the common themes the Opportunity Utah team has experienced in our work with communities is a lack of common language between investors and community economic development professionals. In particular, OZ investors often want to see projects with clear investment parameters and a clearly defined ask to where their capital may participate, which can be difficult to translate from the community economic development level. We commonly heard from local stakeholders about wanting to market generic land parcels that were for sale in the OZ, helping a property holder with only a high-level vision to develop the property (i.e. no clear intended use), and projects that were yet to have a clear estimate of cost. In trying to position these projects for success with investors, it was clear they were missing several key elements that are needed for investors to make a decision, including:

- A clearly defined capital stack
- A prospectus and investment summary
- A clearly defined thesis for the investment's performance and exit
- Additional capital or local incentives

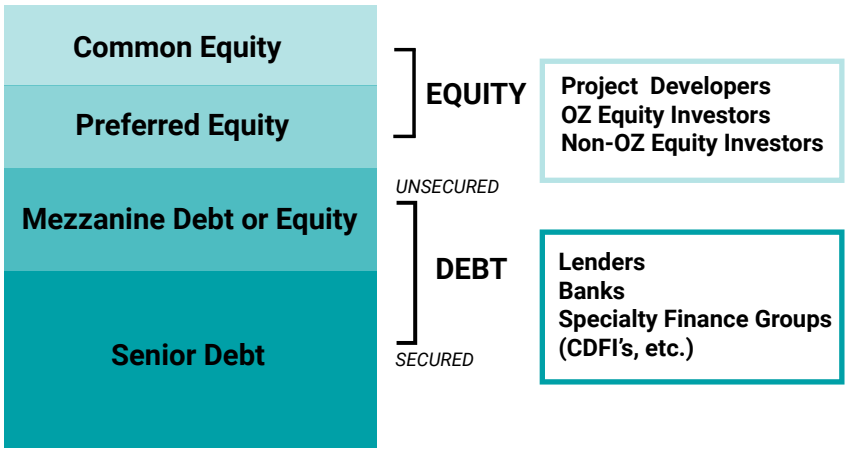
[18] Kennedy and Wheeler. "Neighborhood-Level Investment from the U.S. Opportunity Zone Program: Early Evidence."

UNDERSTANDING INVESTMENT: CAPITAL STACKS AND INCENTIVES

What is a "Capital Stack?"
Just like there are different types of investors and funds, there are also different types of capital (funding) necessary to carry an OZ deal to the finish line. Different types of capital carry different levels of risk and preference that reflect the investor's risk tolerance and motivations.

A **capital stack** is the term used to refer to the organization and hierarchy of all capital contributed to finance a deal, such as a real estate transaction or an operating business investment. The capital stack defines who has the rights (and in what order) to the income and profits generated by the property throughout the hold period and upon sale.

SAMPLE CAPTIAL STACK



More importantly, it defines who has rights to the actual asset in case of an uncured default. On a basic level, capital stacks include both debt (borrowed money to be repaid with interest) and equity (investment in exchange for some level of ownership with no repayment obligation).

A capital stack may include different types of capital such as:

- **Common Equity (typically 10–20% of a deal).** At the top, this layer contains the most risk of all of the layers in the capital stack. Common equity holders are usually the owners of the project, and this is the most frequent area OZ capital is invested in. While this type of capital is considered riskier because these investors are paid last after the other layers, it is also potentially more rewarding. The common equity holders usually receive a "pro-rata" (proportional) portion of the profits (as opposed to a fixed rate that other levels have) meaning their upside is likely much higher.

- **Preferred Equity (typically 10–20% of a deal).** This layer in the stack is senior (paid before) to common equity investments but still subordinate (paid after) to debt. OZ funds may invest in this portion; however, OZ regulations are sensitive to ensuring OZ capital is not hybrid, but actually equity, meaning it is not fully functioning with a pre-determined return. Preferred equity holders usually receive prioritized payments ahead of common equity holders, before participating in some share of the total capital gain of a project.

- **Mezzanine Debt or Equity (typically 10–20% of a deal).** Typically, projects have a need for both traditional bank debt (senior debt) and more flexible hybrid capital called "mezzanine." This layer typically contains seniority to equity positions within the stack but is subordinate to senior debt. Mezzanine investors are usually unsecured, meaning they have no recourse to seize the asset they are investing in during a default, so they demand a higher rate of return than senior debt investors. Mezzanine investors will typically have a predetermined interest on their debt that is higher than senior debt and some participation in the back-end profits. Some mezzanine investors will structure their investments more like equity, taking smaller interest payments for a larger share of the back-end, while others will be more debt-like. Either way, it's rare that OZ investors participate in this part of the stack given the hybrid nature and the clear guidelines that OZ dollars can't act as debt.

- **Senior Debt (typically 40–60% of a deal).** Senior debt is generally secured by the property, which serves as collateral for the loan. This type of capital is most commonly a bank investing debt with a fixed interest rate and is the largest part of the capital stack. As illustrated by the sample capital stack, many projects are funded by both OZ investors who meet specific guidelines and other types of investors or lenders.

  As illustrated by the sample capital stack, many projects are funded by both OZ investors who meet specific guidelines and other types of investors or lenders.

STEP 4

Using Your Toolbox: Local, State, and Federal Incentives

Now that you understand the investor perspective and types of capital that may make up an OZ deal, it's helpful to consider how your community can stand out as an attractive place to do business. One of the key differentiators can be local incentives.

LOCAL TOOLS FOR DEVELOPMENT

Local governments have three major development tools:

1. **Zoning and Permitting**, which allows them to control how areas develop and what types of development they want to see occur.

2. **Infrastructure and Workforce Investment**, in which they can create a foundation for growth by improving transportation, water/sewage, power, and investing in workforce development.

3. **Local Incentives**, in which they improve the economics of the development for investors either on an up-front or post-performance basis.

Zoning and Permitting

Investors with private capital to deploy are attracted to communities that demonstrate well-planned, clearly explained strategies for zoning that have broad community support. To do this, municipalities may want to consider several zoning strategies, including:

- **Expedited Permitting.** Many municipalities have made the permitting process more streamlined in an effort to get OZ investors to consider projects in their areas. Municipalities may want to consider streamlining the permitting process (e.g., reducing the number of needed meetings, decreasing public notice periods) specifically for projects that clearly demonstrate a focus on whatever major needs the community has prioritized.

- **Streamlined Planning Review and Use of Fee Waivers**. Most municipalities require a time-consuming planning review process. While necessary, communities can consider expediting these studies and even waiving associated fees (e.g., application fees, impact fees).

- **Increase or Decrease Density Requirements.** In regards to housing projects, many communities have looked at OZs with both optimism (a tool to overcome previous barriers to housing development like being too small or remote) and skepticism (concern that developers will have "free reign" to develop projects that don't align with community needs). One way communities can incentivize developers is by working to align density requirements with the types of development they want to see.

Infrastructure Investments
Many communities look at investing in traditional infrastructure (roads, broadband, water) and social infrastructure (workforce education, childcare) as a critical component to incentivizing development.

- **Traditional Infrastructure.** Investing in adequate infrastructure or clearly articulating plans to do so is critical for communities when attempting to engage investors for a certain site. Many examples include improving roads, water/sewer access, energy, and logistics (e.g., access to rail, interstate). Often, communities are willing to front this cost and be repaid through the additional property tax that the proposed investment would generate over its life.
- **Social Infrastructure.** Local governments also should consider how any proposed development will integrate into the existing community ecosystem. If the development creates jobs, will there be enough skilled labor to fill them? If not, are there local training programs or partnerships that can be leveraged to do so? Will childcare be available to families attracted to the area for work? Often, communities partner with anchor institutions, including universities, hospitals, major employers, utility providers, etc. to provide the needed skills-training for employees while also implementing wrap-around services to ensure the jobs stay in the area (e.g., adequate and affordable housing).

INNOVATION INFRASTRUCTURE FINANCE: FRONT AND CENTER FOR TODAY'S CITIES & COUNTIES

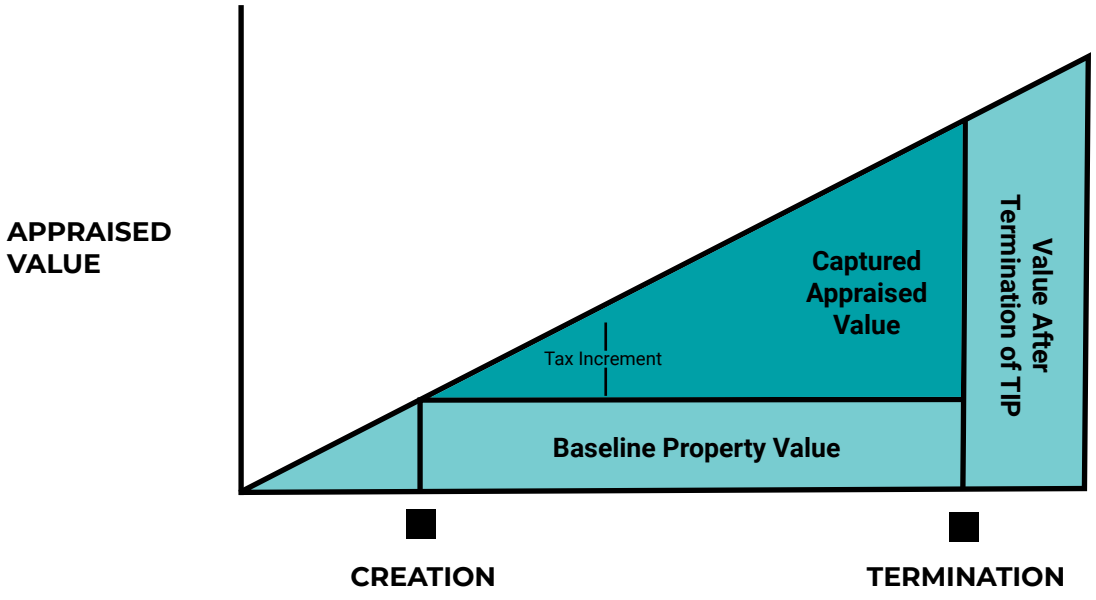
Across the country, infrastructure funding is dominating many leadership conversations as the federal government advances a bipartisan infrastructure bill that could total over $1 trillion. Community leaders are assessing how to upgrade and align their infrastructure needs with community and economic development. Often, this can be a tricky conversation as private investors usually want to see infrastructure in place before committing to a project (particularly in rural areas, where adequate transportation, water, power, and telecom are all key issues), while communities weigh the cost to their taxpayers of making such public incentives.

Innovation is occurring at the local level, including examples like the newly created public infrastructure districts (PIDs) in Utah. PIDs were established by state law in 2018 and allow counties the ability to create special districts (so long as the majority of voters or property owners in those districts agree) which can then issue bonds to investors to fund the cost of infrastructure up-front. The newly formed PID district issues the bonds, usually with a predefined partner in the County that agrees to pledge a certain amount of the "mill rate," or property tax, to help the bonds be repaid.

The bonds are usually priced slightly above municipal bonds but lower than commercial debt, allowing key infrastructure projects that were previously too complicated or costly to complete a path forward. From the county's perspective, the value is that no new municipal debt is added to their books (as the PID is the one issuing bonds, so complicated election cycle timing is avoided) but the county receives the benefit of new infrastructure and presumably, new development also.

- **Tax Incremental Finance:** the practice of reimbursing a developer a portion of the new tax revenue their project will create over time. As a first step, municipalities in Utah must form community reinvestment project areas (CRAs), which are geographically designated areas, such as a land parcel, city block, or even entire neighborhoods. All taxing entities, from school districts, to water districts, to cities and counties, have the ability to "participate" in which they collect property tax but reimburse the local redevelopment authority a portion of the new taxes which can be made available to the developer to assist in the project. Depending upon the arrangement, the revenue can be used for improvements that benefit the area or returned directly to the developer/business in the form of tax credits.

- CRAs and TIF are sometimes met with skepticism as developers or
- businesses often ask for them without a clear connection to the "but for" test, which asks "but for the involvement of the redevelopment agency would this project exist?" Utah state statute actually requires use of the "but for" test, meaning that without the use of an incentive the development would not occur, usually including a detailed financial model that shows the economic or capital shortfall the project faces.
-
- Two main uses for TIF are property TIF and sales TIF. In property TIF, the municipality would establish a project area and a "base year," meaning that the taxable value of the property in that year would be the baseline. Any additional value added to the baseline would then be captured by the local RDA and reimbursed to the property owner on a predetermined percentage basis. Similarly, for sales tax TIF the same analysis would be tied to base sales year tax for an operating business.



STATEWIDE INCENTIVES

- Many states also have a statewide TIF program in place. For example, the state of Utah has a TIF incentive tied to additional income tax that new, high-paying jobs create (EDTIF). The EDTIF tax credit is a post-performance, refundable tax credit rebate for up to 30% of new state revenues (sales, corporate, and withholding taxes paid to the state) over the life of the project (typically five to ten years). The incentive is available to Utah companies and others seeking to relocate or expand operations to Utah.[19]
    - In 2019, Utah recognized the need for an incentive that could be more tailored to rural counties, and created the Rural EDTIF (or REDTIF) program, which has smaller requirements on the minimum number of jobs needed to qualify based on county size.

- Additionally, states across the country have created state-wide incentives to further enhance OZ investments, including alignment of their state tax codes to the federal OZ incentives, creation of new tax credit programs, grant programs, or sector-specific loan funds (e.g., affordable housing, entrepreneurial accelerators).

- Leading public accounting and consulting firm Novogradac has created a nationwide database of what each state offers and a link to their key stakeholders. In a 2020 report in their Novogradac Journal of Tax Credits, they highlighted several additional incentives states and local communities were undertaking, including:[20]
    - **Use of Government-Owned Land to Help Lower Costs.** In many areas, the local government actually owns land in a developable area and could lease it to developers at lower cost to help their project. For example, in Charlotte, NC, the city is offering long-term leases at a minimal rate (as low as $1,000 annually) to developers if they agree to build housing for residents at specific income levels (e.g., 50% or lower of the area median income).
    - **Tax Abatement.** Similar to TIF, some states are offering property tax abatement to projects that achieve certain impact goals such as the construction of affordable housing or businesses with high job creation.
    - **State-Specific Loan or Grant Programs.** Many states have also created new programs or channeled existing funding to support OZ activities. For example, the Greater Oregon Housing Accelerator Program was created in 2019 to help communities increase funding for workforce housing to serve companies in their area via grants, loans, or technical assistance, with an emphasis on rural communities and OZs.

[19] https://business.utah.gov/programs-initiatives/corporate-recruitment-incentives/
[20] "What State and Local Governments Can Do to Support Federal Opportunity Zone Investments" July 2020, Novogradac Journal of Tax Credits

UTAH PROGRAMS

Throughout opportunity Utah's work, several statewide prgrams have emerged as complementary to OZ project develpment in Utah. These include:

Rural Grant Assistance Program (SB 95). Passed in 2019, SB 95 created a pool of funding that rural counties with populations under 125,000 can access of up to $200,000 annually and an additional $600,000 to be awarded on a competitive matching fund basis.

Rural Grant Assistance Program (SB 95). Passed in 2019, SB 95 created a pool of funding that rural counties with populations under 125,000 can access of up to $200,000 annually and an additional $600,000 to be awarded on a competitive matching fund basis.
RCIC Grant program.
The rural co-working and innovation center (RCIC) grant assists in the creation of facilities designed to provide individuals working within designated rural areas with the infrastructure and equipment needed to participate in the online workforce.

Rural Economic Development Incentive (REDI) Program. REDI is designed for businesses creating new high-paying jobs in all Utah counties except Salt Lake, Utah, Davis, Weber, Washington, Cache, Tooele, and Summit. These jobs can be remote, in a satellite hub/office space, or physically located in the same county as the business. For each new position, the business receives $4,000 to $6,000 based on the employee's location.

Olene Walker Housing Loan Fund (OWHLF). OWHLF develops housing that is affordable for Utans considered low- or moderate-income as defined by the Department of Housing and Urban Development. OWHLF generates a large portion of its funding from CRA's and TIF throughout the state.

FEDERAL INCENTIVES

- **Economic Development Administration (EDA).** In addition to maintaining the CEDS and playing a vital role in economic development, the EDA provides strategic investments through competitive grants that foster job creation and attract private investment to support development in economically distressed areas of the United States. In July 2021, the EDA issued a new notice of funding opportunity around their $3 billion allocation from the American Rescue Plan Act, including several ties to OZs.
- **U.S. Department of Agriculture (USDA).** Similar to the EDA, the USDA's Rural Development office has prioritized projects located in OZs. USDA has stated that it provides priority points for projects located in Opportunity Zones including its rural business development grants, solid waste management grants, reconnect pilot program, water and waste disposal technical assistance and training grants, and distance learning and telemedicine grants.
- **U.S. Department of Housing and Urban Development (HUD).** Among the many programs that HUD has to support OZs, one of the more powerful tools is their community development block grant (CDBG). The Section 108 Loan Guarantee Program (Section 108) provides CDBG recipients with the ability to leverage their annual grant allocation to access low-cost, flexible financing for economic

development, housing, public facilities, and infrastructure projects.21 Communities can use Section 108 guaranteed loans to either finance specific projects or to launch loan funds to target investment in a specific geographic area and/or finance multiple projects over several years. Additionally, HUD has programs such as HOME Funds, in which HUD dollars can be provided as low-cost loans to a property that includes a certain number of units for individuals making 80% or lower of the area median income.

OTHER KEY PLAYERS

- **Small Business Administration.** The SBA has played a key role in helping to convene small businesses and community stakeholders seeking to use OZs to drive investments in operating companies. SBA district offices have often served as the first point of contact for small businesses seeking OZ capital. Further, the SBA's Small Business Development Center (SBDC) program has created statewide networks to provide entrepreneurial training, resources, and coordination between companies seeking investment and the broader investor community. With 62 SBDCs and over 900 district offices, the SBA network has proven valuable to the OZ community.
- **Philanthropic organizations.** Philanthropy has played a critical role in helping communities realize the economic and community development benefits of opportunity zones. Philanthropic institutions have unique abilities:
- Convene key stakeholders around common goals.
- Invest patient (long term) capital to help fill gaps or further incentivize investors through things like program-related investments (PRIs), guarantees, or grants.
- Promote data-driven impact reporting and transparency.
- Enhance other anchor institutions, such as universities or hospital networks,
- to provide investment support or other initiatives to support opportunity zones.

SPOTLIGHT: KRESGE FOUNDATION

The Kresge Foundation launched a competitive request for proposal (RFP) process shortly after the OZ legislation passed. Their efforts were driven by concern around the lack of transparency, reporting, and investment impact tracking language in the proposed rules. Further, the foundation sought to support investments that 1) prioritized the development of affordable housing units while preventing displacement or 2) helped to create living wage jobs, while also wanting to prohibit investments in non-productive sectors like self-storage facilities. The foundation awarded $22 million in guarantees to two funds: Community Capital Management ($7 million) and Arctaris ($15 million). The funding was to serve as "principal protection" capital, giving these funds a first-loss cushion to fall back on should their OZ investments not perform as expected. In exchange for these guarantees, both CCM and Arctaris agreed to strong transparency and reporting requirements while emphasizing investments in some of the most impactful sectors and communities across the country.

[21] Housing and Urban Development, Overview of Section 108 Program

- Anchor Institutions. So-called "anchor institutions," or entities with a large stake in their local communities through the lens of mission, assets, or land ownership, have also played a critical role in helping shape OZ landscapes. Examples include universities, medical centers, government facilities, financial institutions, public utilities, and nonprofits.

SPOTLIGHT: SEUALG AND SILICON SLOPES EAST

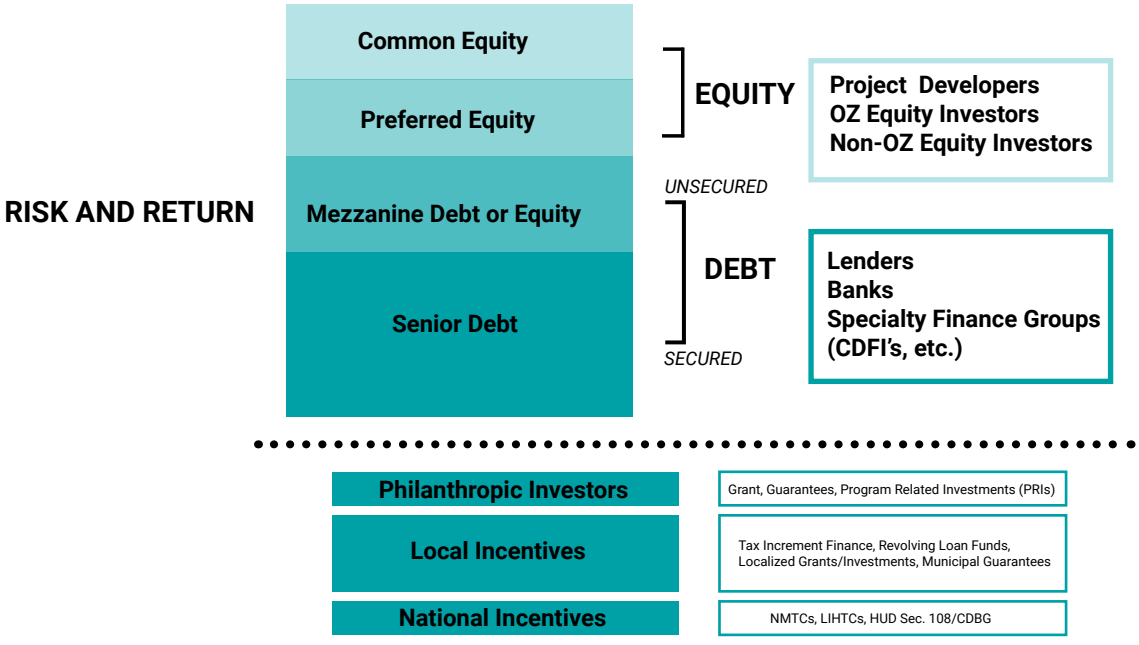
SEUALG & Silicon Slopes East: In Utah, Carbon and Emery counties have historically been energy hubs for the region, including being home to some of the nation's largest coal production and coal-generated power plants. The counties saw a need to diversify their economies as more renewable energy displaced the coal industry, seeking to provide employment opportunities in technology and remote work. While only about a hundred miles from the Utah's "Silicon Slopes" region (one of the fastest-growing tech hubs in the nation), both Carbon and Emery faced a tough task in positioning their economies to participate in this evolving tech-related services economy.

Taking note of this, the local association of government SEUALG (Southeastern Utah Association of Local Governments) worked in partnership with the Kem C. Gardner Policy Institute's "Coal Country Strike Team," Utah State University Eastern (the educational anchor institution of the Carbon/Emery region), and major local employers like Intermountain Electronics and Emery Telcom to find ways to tap into the technology sector. After 18 months and numerous meetings with key stakeholders, SEUALG launched Silicon Slopes East, their local chapter of Lehi, Utah-based SIlicon Slopes. This includes breaking ground on a new co-working space called the Business Technical Assistance Center, launching a vibrant technology ecosystem in a rural community.

KEY TAKEAWAYS

While there are certainly many ways for communities to think about the components of what makes an opportunity zone investment more attractive, one aspect is becoming more critical—the need to appropriately align private, public, and philanthropic capital to drive meaningful and lasting community outcomes.

FULL CAPITAL STACK: INCENTIVES INCLUDED



CASE STUDY:
INTERMOUNTAIN ELECTRONICS EXPANSION

Headquartered in Price, Utah, Intermountain Electronics, Inc. (IE) designs and manufactures custom power distribution equipment for industrial customers. The company initially serviced the coal mining industry in Carbon and Emery counties. Since 2010, Intermountain Electronics has diversified by adding customers in the oil and gas, utility, renewable energy and data center sectors. In 2018, IE began planning an expansion that would create up to 300 new jobs and was deciding between its current headquarters of Price and its rapidly expanding office in Denver, CO. With a larger labor pool and more sophisticated economic development office, Denver had an early advantage over Price.

The Opportunity Utah team was put in place in early 2018 thanks in large part to funding made available by the Governor's Office of Economic Development (now known as Governor's Office of Economic Opportunity), which awarded the contract to the Sorenson Impact Center and Utah Association of Counties (UAC) jointly. At the time, UAC then launched a Regional Growth Program (RGP), hiring a team with deep backgrounds in both public and private finance. Given IE's presence in the OZ, the newly formed RGP team at UAC was engaged to see if OZs could be helpful in funding the proposed expansion.

While OZ specific investors were ultimately not used (due in large part to IE being able to fund its expansion from its own balance sheet), the designation of the OZ created a process which ultimately led to the RGP team assisting IE as it attempted to navigate local incentives and tools. Two trends emerged early in the process: 1) even though Price is located in Carbon County and IE is a valuable taxpayer to the county, the majority of its employees lived in neighboring Emery County and 2) the two-county region was a large coal-mining community that had seen its labor force shrink in recent years.

With this in mind, the team worked closely with IE founder John Houston to craft a curated ask to the state for a job creation tax rebate incentive to help offset the cost of the expansion and also help fund a local vocational training program. With both Emery and Carbon county in support (a first-of-its-kind collaboration), the company was awarded a tax rebate where it may earn up to 30 percent of the new state taxes they will pay over the 15-year life of the agreement in the form of a post-performance Economic Development Increment Finance (EDTIF) tax credit. Intermountain Electronics will create up to 289 jobs over the next 15 years, with new wages totaling up to $250 million.

STEP 5

Framing Your Project: Creating a Community Vision and Project Menu

Now that you have a team assembled and understand how investors make decisions and what tools are at your disposal, it's time to decide what you as a community want from development. By planning for impact and engaging stakeholders, you've prepared a path for your community vision and narrative. This information will tell your story to investors and prioritize your hopes for your community. Completing this process will also help you discover what potential projects might exist.

CREATE A VISION

A community vision should guide your work. To create this vision, communities should analyze demographic and economic data and consult with local stakeholders. Some communities may have existing economic development strategies, such as a Comprehensive Economic Development Strategy (CEDS). These existing plans, if up-to-date, can help guide the process so that development steps are not unnecessarily repeated. The success of an economic development plan depends on how well a plan addresses the existing human, financial, and physical resources and constraints of a community to define a set of strategic priorities that will create wealth for its residents.[22]

REMEMBER

You don't need to develop another strategic plan here. Instead, focus on the story you want to tell about your community, where data is pointing, and the projects you want to market to investors.

CARRY OUT A COMMUNITY NEEDS ASSESSMENT

Conducting a thorough SWOT (strengths, weaknesses, opportunities, and threats) assessment of your community is critical. This preparation will allow you to engage with investors confidently and effectively. Analyze quantitative and qualitative data to understand your community's demographic, economic, geographic, and institutional situation. LISC provides a comprehensive training on assessing community needs in their playbook for community leaders, and Appendix B contains a list of helpful data tools and resources.

[22] Rural OZ Playbook -- Framework and Assessment (Gardner Institute -- Draft form)

STRENGTHS

What key assets make your community a great place to work, live, and play?

There may include proximity to outdoor recreation, local anchor institutions (hospitals, universities, banks), etc.

What infrastructure exists to support growth and development?

These might include proximity to major transportation routes or great access to utilities, such as water, broadband, or energy.

What demographic trends are you experiencing?

Rural OZ investors note that communities experiencing population growth are often considered as strong investments for the future.

WEAKNESSES

Identify areas where your community has room for improvement and growth. Affordable housing is a major concern in many communities, especially those that are growing quickly. Perhaps there are infrastructure needs such as transportation, water, sewage, energy, or broadband. Also consider access to education, healthcare, and nutritious food. Your community may have a number of displaced workers due to industry shifts, and may need to bring in new industries to meet the needs of a changing economy.

OPPORTUNITIES

Determine which investment projects have potential to enhance the quality of life and create jobs for community members. Research the types of projects that have been successful in other communities that are geographically and/or demographically similar to your own. Identify assets that show market momentum or potential, and consider ways to expand their positive influence on the community. Investors are often attracted to shovel-ready or nearly shovel-ready projects.

THREATS

Consider barriers to investment that have come up in the past and how those barriers can be overcome or adapted to. Model the financial feasibility for particular desired projects and investments. Projecting development budgets and operating pro formas will help you begin to identify the likelihood of success and potential roadblocks.

IDENTIFY INVESTABLE PROJECTS

The difference between a rosy vision and an executed strategy in OZs often comes down to a community's ability to identify a few specific investable projects. Most investors are looking for specific projects that pencil out well, so attracting the right investors rests on a community's preparation in identifying those projects.

GroundUp by The Governance Project is a tool for community economic development officers to model financials, such as a ten-year financial pro forma for the project.

The Financial Projections Template (SCORE) is an Excel workbook that can help you create an operating profit projection, a projected income statement, a balance sheet, and a cash flow forecast.

From our research, the OZ projects in rural communities that have most commonly recieved investment include:

- **Affordable housing**
- **Hospitality and ecotourism**
- **Grocery store**
- **Child care or senior living**
- **Downtown revitalization**
- **Broadband**
- **Business accelerator**

CASE STUDY:
AGILE SPACE INDUSTRIES

As the saying goes, economic development isn't rocket science—except when it is. Agile Space Industries, based in an OZ in Durango, CO, builds and tests propulsion systems for satellite lunar landers and deep space probes. The company has been around for over a decade, helping to bring high-paying jobs to an area whose economy has traditionally been reliant on declining industries, from silver mining to oil and gas.

Jeff Max, Agile's Chairman and CEO, credits OZ investors as helping the company meet their funding goals in record time. Last year the firm raised $3.8 million, about 60% of which was provided by OZ eligible investors. "The nature of the OZ investors is fabulous compared to traditional VC/PE communities. Many of those [VC/PE] investors have lost touch around risk and seeing a broader purpose," he said. "I would tell other communities that there is a wealth of investment money available if you can tap into it."

The firm received support from funds including the Center on Rural Innovation's fund (CIF), which was created directly to support rural operating businesses in OZs. Agile is part of CORI's rural innovation network, a group of 18+ promising rural ecosystems nationwide. The CORI network provides growth services like pairing local high net work individuals with entrepreneurs to create mentoring relationships that lead to technical advice and at times funding. "Getting local investors comfortable with sponsoring early stage growth is key," said Jay Bockhaus, CIF's leader.

The OZ investment allowed Agile to grow from 18 to 40 employees (including hiring several veterans) and acquire a 3D printing company that works with metals to shorten product turnaround time. The company's headquarters is now located in a building Max himself bought and refurbished in one of Durango's OZs.

Going forward, the company hopes to double in size in the next two years and is currently raising their next round of capital. Max says the team is also intent on creating greater community impact: the firm is currently working to connect middle school kids to STEM careers and partnering with a local tribe on a workforce development program.

STEP 6

Connect with Investors: Marketing and Relationship Building

Once you've engaged the right stakeholders and developed a menu of investable projects, how do you actually connect to investors and decision makers who can fund these projects? This is where a marketing and storytelling strategy comes in. A carefully crafted, compelling narrative can serve as the difference between ideas on paper and projects on the ground.

MARKETING TOOLS

Investor Prospectus

One of the most common OZ marketing tools is an investor prospectus: a formal legal document designed to provide information about an investment offering for sale to the public. It is a combination of a community marketing strategy, an economic development policy brief, and a private investment memorandum. It should serve as a decision making tool and call to action for investors and developers to connect with your community.

The investor prospectus should consider the following aims:

- Demonstrate the assets of a community and a community's readiness for investment.
- Inform investors on the community's profile, such as concrete data on population, employment sectors, educational attainment, anchor institutions, etc.
- Highlight specific projects looking for investments and the type of financing desired.
- Illuminate incentives and conditions that make the community favorable for investment.
- Identify a key contact person.

Prospectuses are not a community brochure; they should be actionable, succinct (ideally under three pages), and well designed. For a comprehensive guide to developing prospectuses for Opportunity Zones, see Accelerator for America's Investment Prospectus Guide. The EDA also provides regional prospectus guidelines. Several sample prospectuses are included in the appendices.

REMEMBER

A prospectus is a tool to get introduced to investors, not the end goal itself. Communities should have a deal ready to go before any marketing, including prospectuses, are shared.

Online Platforms

Over the past two years, several entrepreneurial organizations have created platforms to connect communities and investors around OZ deals.

The Opportunity Exchange is a digital marketplace that allows communities to create profiles, manage grants and loans, model project financials, administer surveys, and track impact for their project. Communities can send project proposals directly to investors on the platform. Opportunity Exchange is used by many leading OZ organizations across the nation, including Opportunity Alabama, Opportunity Virginie, LISC Detroit, and the Indiana Rural Opportunity Zone Initiative. Communities pay a scaled fee based on project volume.

OZworks Group is an online, private facilitated network of OZ service providers, communities seeking capital and investors and funds. This community is focused on learning and resource sharing, but also allows members to build relationships and pitch projects directly to other members.

City Builder (CITI Bank) - A free platform that provides investment professionals and community representatives with investment data and visualization tools. Investors can search for place-based investment opportunities by location, community need, or incentive program.

Events

Some organizations, such as Opportunity Appalachia, have found special events to be a productive way to market to investors. While events can be a heavy lift in terms of effort and cost, they can also be attractive in aggregating investors and providing a platform for project pitches. There are also national or regional pitch events organized by intermediaries where funds or communities can pitch projects, such as OpportunityDb's quarterly pitch days.

FINDING AND BUILDING RELATIONSHIPS WITH INVESTORS

Look local first

As discussed in the investors section of this playbook, the right investors for your community OZ project might be in our own background. In our research for this playbook, we heard consistently that many organizations are surprised at how likely it is that they might find investors already within the community. Rural areas have an advantage in this sense, as networks might be smaller and tighter.

To identify and recruit these investors, try mapping your OZ team and advisory group's networks. Simply list out the individuals or types of community members who might be interested in participating in an OZ project as investors. Consider business owners, doctors, attorneys, and highly paid professionals in your community. Financial professionals, like financial advisors and CPAs, may also be looking for opportunities for their clients.[23] Universities and religious organizations can also be a great source for finding investors; several leaders mentioned pastors as a source for knowing who might have capital gains and be interested in local investing.

[23] Where To Find Investors For Opportunity Zone Deals

Remember that not every investor in a project has to be an OZ investor. Only certain kinds of investors can claim the tax benefits associated with the OZ incentive. However, other investors may still be interested in participating in a high value or high impact project. As discussed above in the capital stack, there is often room for different kinds of investors and capital. We heard from many communities that the OZ process prompted different kinds of investment to support economic development, not just investment from eligible OZ investors.

Do your research

If you choose to target national funds or perform cold outreach to a specific investor or fund, make sure you have a clear value proposition that aligns with their specific investment focus. Some funds only focus on real estate in certain geographies, like Four Points Funding. Other funds focus on small business investment, like the Center on Rural Innovation's fund. Demonstrate that you've done your homework and can use their time well. LinkedIn can be a helpful tool for performing geographical searches, finding contact information and reaching out.

Remember that connecting with investors is a marathon, not a sprint, and you often need to build a relationship before closing on a deal.[24] Make sure that you are communicating with them consistently to highlight the projects and the differentiators in your community. It may take multiple exposures before deals are actually made.

Promoting investor confidence is critical.[25] Investors need to be assured that projects will comply with legal requirements for the OZ tax incentives. Attempt to be an easy partner to work with for investors. Be responsive and engaged in seeking and adapting to their feedback.

Invite community support

Community members can be instrumental in building support for OZ projects and in marketing to investors. Visibility through the community can also lead to press opportunities, such as podcasts and articles, that may reach an investor. Consider asking regional stakeholders, such as universities, hospitals, and other anchor institutions, to help market your potential projects.[26] It's also wise to have a public strategy with follow up accountability to the community: this can build trust and help everyday residents act as ambassadors for the project.

[24] Finding Opportunity Zone Investors in 2021, with Will Walker & Jeffrey Maganis - OpportunityDb
[25] Opportunity Zones - An Impact Investing Perspective (LISC)
[26] Five Strategies for Engaging Opportunity Zone Investors (PDF)

CASE STUDY:
KENTLAND, INDIANA

Mike Davis has lived in Kentland, Indiana for decades. A local business leader, Davis sold his long-standing farming business and began purchasing essential real estate like restaurants and grocery stores in order to keep businesses locally owned and operated. During the 2008 recession, he witnessed Kentlands growth come to a halt as the city lost 70% of its workforce. When Davis found out that Kentland was designated as an Opportunity Zone, he knew the OZ program could be a catalyst for reviving economic strength and opportunity. After pitching the city council, Davis was selected as Opportunity Zone task force director.He then began engaging with the community in partnership with Indiana's Rural Opportunity Zone Initiative, a collaborative program with the Purdue Center for Regional Development and the Office of Community and Rural Affairs.

When asked about the key to success, Davis discussed the importance of branding. He mentioned that Kentland secured support from the town council to invest in a partnership with a local branding agency called Vast Creative Co.[27] This support helped to bring the community's values to life. Collaboration between Vast and the task force helped identify six pillars they used to help communicate the vision of Kentland: quality, community, dedication, safety, friendly, and drive. The team created a website with branding guidelines and published articles, and increased their social media presence.[28] The impact of these newly branded materials helped attract investors as well as encourage community buy in.

As Davis and key community members envisioned Kentlands future, they identified key social infrastructure needs to lay the foundation for smart growth. They came up with a unique solution: an intergenerational wellness campus that would combine senior living, a child care facility, and medical providers all around a central revisioned green space that would allow for natural interactions between children and their grandparents. The Thrive Intergenerational Wellness Campus (approx $4.5 million in investment) will also generate upwards of 30 new high quality jobs within the community. Additionally, the community was able to secure government matching funds to upgrade another park on the other side of town, demonstrating a holistic approach to economic development in the community. Davis and the OZ task force are currently working with a child care provider and senior living owner to develop the project. While recent flooding in the area delayed needed permitting, Davis is confident the vision is set and that Thrive will help make Kentland a great place to live and work and bring to life the town's motto of "boldly moving forward."

[27] https://www.vast-creative.co/

[28] https://kentland.in.gov/

Appendices

APPENDIX A: OPPORTUNITY ZONE GUIDES AND RESOURCES

OZ Fund Directories

- Opportunity Funds List (Novogradac): This list of QOZs includes contact information as well as geographic focus and investment focus for hundreds of funds.
- Directory of Qualified Opportunity Zone Funds (The Opportunity Zones Database): This list of QOZs includes contact information, asset classes, fund size, and minimum investment for 303 funds.
- Opportunity Zone Fund Directory (National Council of State Housing Agencies): This list of QOZs includes contact information, fund size, and geographic focus and investment focus for 236 funds.

Platforms

- The Opportunity Exchange
- OZworks Group

Resources

- Enterprise Community Partners Opportunity Zones: Enterprise provides government advisory and policy implementation services. Their proprietary technology platform Opportunity360 is a powerful way to measure and report impact and map Opportunity Zones.

Learning

- Opportunity Zones Frequently Asked Questions (IRS)
- Deep Dive: Final Opportunity Zone Regulations Explained (Opportunity Alabama):
- the US Treasury
- Department released final guidance on the Opportunity Zones incentive on
- January 13, 2020. Opportunity Alabama summarizes how the final regulations have set a lasting roadmap for how to navigate the OZ incentive in the coming years.
- Leveraging Philanthropic Resources at the Nexus of OZs and Affordable Housing (Chan Zuckerberg Initiative)

Playbooks

- Navigating the Opportunity Zones: Community Partners (LISC): A phenomenal playbook written for community partners.

APPENDIX B: DATA TOOLS AND RESOURCES

U.S. Census Bureau Data: A source of quality and wide-ranging data about the nation's people and economy.

PolicyMap: Offers easy-to-use online mapping with data on demographics, real estate, health, jobs and more in communities across the US.

U.S. Census TIGER (Topologically Integrated Geographic Encoding and Referencing): Allows for visualization of spatial extracts from the Census Bureau's MAF/TIGER database, containing features such as roads, railroads, rivers, as well as legal and statistical geographic areas.

U.S. Census Bureau's Longitudinal Employer-Household Dynamics: Combines federal, state and Census Bureau data on employers and employees. Effective for discerning employment trends and commuting patterns.

Quarterly Workforce Indicators (QWI) Explorer: A set of economic indicators including employment, job creation, earnings and other measures of employment flows. The QWI are reported based on detailed firm characteristics (geography, industry, age, size) and worker demographics information (sex, age, education, race, ethnicity).

US Department of Agriculture County Typology Codes: To provide policy-relevant information about diverse county conditions, the USDA developed a set of county-level typology codes that captures a range of economic and social characteristics.

On the Map: A web-based mapping and reporting application that shows where workers are employed and where they live. It also provides companion reports on age, earnings, industry distributions, race, ethnicity, educational attainment and sex.

Bureau of Labor Statistics: BLS is the principal federal agency responsible for measuring labor market activity, working conditions and price changes in the economy. Their website provides a variety of helpful tools to explore this data.

PitchBook: PitchBook's data include information about Startup Companies, Venture Capital Investment Activity, Real Estate Funds and more, and their analysis tools allow users to perform targeted searches of their data, build financial models and construct customized visualizations.

USA Opportunity Zones (StatsAmerica): A nationwide map of opportunity zones.

APPENDIX C: STAKEHOLDER MEETING INVITATION TEMPLATE

Dear [insert name here],

We value your expertise and unique perspective as a key community stakeholder in [community, town, city, or county name]. It is our privilege to invite you to participate in a meeting to discuss how the Opportunity Zone (OZ) incentive can be used to drive investment into our [community, town, city, county], creating high-quality jobs and improving quality of life for members of our community.

The meeting will be held on [time and date] at [location/video conference link]. You will be one of [insert number] of participants involved in the discussion. The Opportunity Zone incentive will be explained, questions and concerns will be addressed, and ideas for potential projects will be explored.

Please RSVP by [input date here]. We hope to hear from you soon and look forward to hearing your input on this impactful incentive.
Best,

[your name here]

APPENDIX D: STAKEHOLDER LIST

Local Stakeholders
Residents: The members of your community are perhaps the most important stakeholders in any community development effort. Plans should center around the needs of the community, and resident input and feedback should be sought after throughout the development process.

State and local governments: State and local governments regulate and plan community development. They can create tax incentives, financing tools, policies, and programs to boost investment and strengthen support for Opportunity Zone investment.

Community organizations: Entities that represent neighborhood interests, provide goods and services to the community, and promote civic engagement. Local organizations can serve as network builders and help ensure that community needs are being met.

Anchor institutions: These include hospitals, universities and museums in or near Opportunity Zones. They typically hold a great deal of economic and political influence and have a shared stake in promoting prosperity and growth in the community. They can also be a helpful source of data.

Faith-based organizations: Local churches or other faith-based organizations often have missions to provide for the poor and promote equity and inclusion.

Professional Partners
Attorneys: Having strong legal support for navigating the ins and outs of Opportunity Zone regulations is critical.

Bankers: Local banks can provide additional financing and helpful advice.

Investors: Investors will have a large influence on which projects will be taken on. Finding investors that are a good fit for your community's vision is discussed in chapter 6 of this playbook.

Developers: Those who will lead the actual building phase of projects should be involved from the beginning to ensure feasibility and provide important input.

National Support
Community Development Financial Institutions (CDFIs): CDFIs are private financial institutions, focused on delivering affordable lending to help low-income, low-wealth, and other disadvantaged people and communities join the economic mainstream.[29] They can be intermediaries, banks, credit unions, loan funds, or venture capital funds. Involving CDFIs will allow for Opportunity Zone projects to be supported by additional finance tools

[29] Learn about CDFIs What is a CDFI?

that could support types of investments not suited for Opportunity Funds. Some CDFIs may also create or participate in Opportunity Funds themselves.[30]

Development Finance Agencies (DFAs): DFAs can be either public or quasi-public/ private authorities that provide or otherwise support economic development through various direct and indirect financing programs.[31] They are a crucial partner for financing infrastructure, small business development and more that will be critical to the success of a greater Opportunity Zone strategy.

Community Development Corporations (CDCs): A CDC is a non-profit, community-based organization that serves the needs of low-income and underserved populations. They are often located in places that have experienced extreme levels of disinvestment. They pursue economic development, education or social services, community organizing and neighborhood planning.

Philanthropic foundations: It is becoming increasingly common for foundations to make impact investments that foster improved social and economic outcomes and create a financial return. They can be involved in grant funding and capacity building.

National experts: Involve experts on Opportunity Zones from organizations such as Sorenson Impact Center, LISC, and Accelerator for America. Further, connect with experts on the specific types of investments you are interested in pursuing. They can provide guidance and supt throughout the pro

[30] Step One | LISC Opportunity Zones

[31] CDFA - What is Development Finance?

APPENDIX E: SAMPLE INVESTMENT PROSPECT

INVESTMENT OPPORTUNITIES

Grand County, Utah

Key Contact: Zacharia Levine | Community and Economic Development Director | zlevine@grandcountyutah.net

AT-A-GLANCE

Private jobs in the leisure and hospitatlity sector:

46.2%

Visitors to Moab each year:

3,000,000

Residents:

9,764

Annual projected growth in oil and gas sector:

8%

Projected labor force growth in 5 years:

6%

County Overview

Grand County and the Moab Area will be at the top of the list for nature-based and resort-oriented recreation and tourism Opportunity Zones. The area's appeal lies in its vibrant local community and economy, a robust tourism sector, and promising economic diversification and development opportunities. Grand County's economic development priorities include building more housing across the spectrum of needs, from affordable multi-family housing, to moderately priced single family housing, to high-end custom homes. The area seeks first movers who are willing to initiate business ventures that fill niche areas within the tourism or outdoor product sectors or new sectors that are underrepresented in the county's current economic mix. Within five years, Grand County will have a destination campus, Utah State University Moab, that will produce qualified workers to fill jobs in professional services, outdoor product design and development, healthcare, and the physical sciences. New housing stock will enable more businesses and individuals to locate, expand, and build community in Moab.

SUPPORTED BY THE UTAH GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Investable Projects

Site 1: Resort-Central for Housing or Hospitality

A stellar location, this property sits at the gateway to Arches, Canyonlands, and Dead Horse Point, yet is just ten minutes from the heart of downtown Moab. The property sees more than 7,500 vehicles per day traveling to and from downtown Moab. and provides sweeping views toward Arches National Park, the snow-capped La Sal Mountains, the distant Book Cliffs, breath-taking red rocks and landscapes. Featuring 1,500 feet of highway frontage with easy highway access, this parcel is ideally suited for an outdoor adventurers resort, with the Cotter Mine Road and superb 4x4 routes toward Monitor and Merrimac at your door-step, and world-renowned mountain biking trails just minutes away. The site offers an amazing development opportunity for a hotel, outfitter, RV resort, camping/glamping, and more.

- Location: 13733 N Hwy. 191
- Zoning: Resort special (RS)
- Price: $1,500,000
- Existing Use: Raw Land
- Utilities:
  - Power: At the site
  - Water: Culinary Available; well with 30 gpm flow and deeded water rights for 60-unit hotel, 30-seat cafe, 3 commercial units, and 3 domestic units
  - Sewer: Septic tank
  - Engineered percolation tests for a 10,000 gallon per day wastewater system were completed in 2000

Site 2: Highway Commercial Project

This property first served as an ALCO retail chain in 1997 and was converted to a Shopko retail store in 2015. Due to national bankruptcy, the Shopko is closing and the owners of the space are seeking a new tenant. This property is in a prime location just south of the heart of Moab, located near several outdoor recreation outfitters, residential neighborhoods, and other commercial operations. The space is approximately 22,500 ft^2 and includes eighty-one paved parking spaces. Though currently a chain retail operation, the open floor plan and high ceilings create a myriad of commercial opportunities, including retail, office and co-working space, and other uses.

- Location: 1145 S HWY 191
- Zoning: Highway Commercial (HC)
- Price: TBD
- Existing Use: Commercial Retail
- Utilities: Available Power, Water, Sewer

Site 3: Highway Commercial Project #2

The property is a high-visibility property with highway frontage located in town. The flexible commercial zoning designation allows for a myriad of use types, including commercial and retail uses, lodging, employee housing, vacation rentals, and more. The building was constructed in 2006 and includes restrooms, office space, industrial space, and overhead doors. The property is located near several prominent outfitters and is an exceptional site for a related outdoor product company, outfitter, tour, or guiding company. The adjacent lot provides ample room for employee housing or vacation lodging.

- Location: 1261 S HWY 191
- Zoning: Highway Commercial (HC)
- Price: $1,500,000 (1.02 acres)
- Existing Use: Commercial Retail/Auto Repair Shop
- Utilities:
  - Power: Single Phase
  - Water: Culinary - Available
  - Sewer: Available & Connected

Site 4: Mixed Use Commercial and Residential

Existing Structures: Two shop buildings and office space, totaling approx. 3,600 sqft; one triple-wide home; one single-wide trailer, and two RV hookups. This property is located near the intersection leading to the developing Utah State University campus. The flexible commercial zoning and range of structures on the property make it accessible for a variety of business and use opportunities. The housing structures on site could be student or workforce housing for the business.

- Location: 1370 S Mill Creek Drive
- Zoning: Highway Commercial (HC) & Rural Residential (RR)
- Price: $2,999,000 (3.03 acres)
- Existing Use: Commercial Auto Repair Shop, Long-Term Residential Rentals
- Utilities:
  - Power: Three Phase, metered separately for each existing building on site
  - Water: Culinary - Available & Connected
  - Sewer: 8" line with multiple stubs; serviced by GWSSA

Key Contact: Zacharia Levine | Community and Economic Development Director | zlevine@grandcountyutah.net

SUPPORTED BY THE UTAH GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Available Incentives

The Moab Area offers meaningful incentives for projects, including enabling tax increment financing and fast-tracking for affordable and workforce housing projects, along with strategic and operational support for businesses. The county will consider waiving development review fees and impact fees for qualifying projects. Additional incentives include the following:

- Tax Increment Financing (TIF)
- Community Development Block Grant (CDBG)
- New Market Tax Credit (NMTC)
- Promise Zones
- Section 514/515
- High Cost Infrastructure Tax Credit
- Possible assistance for Infrastructure; roads, utilities etc.
- Enterprise Zone Tax Incentive Area
- Rural Fast Track Program
- Alternative Energy Development Credit
- Renewable Energy Development Incentive
- Technology Commercialization & Innovation Program
- Procurement Technical Assistance Center (PTAC) Incentives
- Qualified HUB Zone
- Department of Workforce Services Incentives
- Revolving Loan Funds
- Additional County/City specific incentives

Tract 49019000300 *(Grand County)*

Interstate 70 traverses Grand County about 30 miles from downtown Moab. Canyonlands Field Airport provides daily service to Denver by SkyWest, with other major cities coming online soon. Grand Junction is the nearest Census designated Urbanized Area, and Salt Lake City, Denver, Las Vegas, and Phoenix are the nearest metropolitan areas. The Union Pacific rail line that runs between Salt Lake City and Denver cuts through the area. A rail spur that runs from Crescent Junction to the Intrepid Potash Plant currently serves the Department of Energy Uranium Mill Tailings Remedial Action project.

Key Contact: Zacharia Levine | Community and Economic Development Director | zlevine@grandcountyutah.net

SUPPORTED BY THE UTAH GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

Acknowledgments

FUNDING AND CONTRIBUTORS

The Playbook was made possible with support from the U.S. Economic Development Administration (EDA) and the Utah Governor's Office of Economic Development (GOED), now known as the Governor's Office of Economic Opportunity. It was developed through a collaborative effort between Sorenson Impact Center and the Utah Association of Counties, with valuable insight and assistance from the following community leaders and ecosystem players:

Stephanie Copeland, Partner, Four Points Funding
Chris Montgomery, Partner, Four Points Funding
Alex Flachsbart, Founder and CEO, Opportunity Alabama
Jessica Chriesman, Manager of Programs and Engagement, Opportunity Alabama
Chris Frye, Director of Portfolio Development, Opportunity Alabama
Jack Tiebout, Opportunity Zone Program Manager, Colorado Office of Economic Development and International Trade
Donna Gambrell, CEO, Opportunity Appalachia
Peter Truog, Co-Founder, Opportunity Exchange
Matt Dunne, Founder and Executive Director, Center on Rural Innovation (CORI)
Jay Bockhaus, Managing Partner, CORI Innovation Fund
Jeff Max, Chairman and CEO, Agile Space Industries
Aaron Thomas, President and CEO, Accelerator for America
Brett Theodos, Senior Fellow, Urban Institute
Julie Rigrish, Regional Director & Engagement Specialist, Purdue Center for Regional Development
Mike Davis, Kentland, Indiana
Kristian Blessington, Economic Development Administration

Megan Brewster and Patrick Mullen served as project directors. The views and recommendations provided in this Playbook do not necessarily represent an endorsement by any of the individuals mentioned above.

Thank you as well to these creators from the Noun Project: Adrien Coquet, Alice Design, Andrew Doane, Chrystina Angeline, DinosoftLab, IronSV, Larea, Laurent Généreux.

ABOUT SORENSON IMPACT CENTER:

Sorenson Impact Center is an applied academic center focused on solving social problems through the use of data, evidence, and innovation. Housed at the University of Utah David Eccles School of Business, the Center works with public, nonprofit, and private sector stakeholders across the globe to develop and implement outcomes-driven solutions to problems. The staff includes experts in data science, finance, policy, investment, and storytelling. In addition, the Center maintains a robust student program, developing the talents of 60 graduate and undergraduate students from diverse disciplines. The Center works with partners to marshal capital for social good, empower data-driven programs, break down silos across sectors, and equip the next generation of leaders with social purpose.

Content in this playbook was authored and edited by Megan Brewster along with Student Fellows Jack Jowers and Braxton Kunde.

ABOUT THE UTAH ASSOCIATION OF COUNTIES

Utah Association of Counties (UAC) is a voluntary, statewide organization whose members are the 29 counties of Utah. The counties, through their elected officials, direct UAC activities in providing services to county officials. UAC was formed in 1924 to help counties provide effective county government to the people of Utah. The private, non-profit organization offers a broad range of management, training, and intergovernmental relations services to counties, including commissioners and other elected officials (affiliates). UAC's purpose is to improve the operation of Utah's county governments and thereby improve the quality of services which counties provide to their residents.

Content in this playbook was authored by Patrick Mullen with support from Marcus Lee and Stuart Clason.

ABOUT THE ECONOMIC DEVELOPMENT ADMINISTRATION

As the only federal government agency focused exclusively on economic development, the U.S. Department of Commerce's Economic Development Administration (EDA) plays a critical role in fostering regional economic development efforts in communities across the nation. Through strategic investments that foster job creation and attract private investment, EDA supports development in economically distressed areas of the United States.

Guided by the basic principle that communities must be empowered to develop and implement their own economic development and revitalization strategies, EDA works directly with local economic development officials to make grant investments that are well-defined, timely, and linked to a long-term, sustainable economic development strategy.

ABOUT THE UTAH GOVERNOR'S OFFICE OF ECONOMIC OPPORTUNITY

The Utah Governor's Office of Economic Opportunity (Go Utah) works to provide economic opportunity for all Utahns through supporting Utah entrepreneurs and businesses. We also work to retain and recruit companies and bring more high-paying jobs to Utah. In addition, we work with industries, Utah regions, communities, and nonprofits to implement strategic economic development plans and reinforce Utah's already diverse economy. We utilize federal and state resources and private sector contracts to fulfill our mission. Our teams manage programs and initiatives supporting: Utah entrepreneurs and businesses, rural Utah communities, corporate recruitment, International trade and diplomacy, workforce pathway programs, tourism and film production, outdoor recreation, mixed martial arts event licensing and management, and Opportunity Zones.