



## Opportunity Zones

What can local government do?

*Being “Investment Ready” is a critical part of marketing your community’s Opportunity Zone.*

Creating an Opportunity Zone “Investment Ready” prospectus is a key tool in helping your community attract funding for projects within your Zone. Opportunity Zones (OZ) may be several hundred acres to several thousand acres in size, not all parcels or projects within a Zone will receive funding or be developed. Communities that want to take a leadership role in seeing OZ development occur, will need to prioritize sites and projects that they would like to see developed and partner with investors that have a similar vision. So when developing an “Investment Ready” prospectus, cities will want to think about following: what will motivate an investor or Opportunity Fund to deploy capital into a desired project; how will that investment will meet their return on investment goals while allowing them to receive the maximum OZ tax benefit; and how will benefit your community all at the same time.

An “Investment Ready” prospective document should also address the types of information investors need in order for them to make a funding decision. Your role in gathering information and preparing for future development is to remove concerns about time and risk from the development process. Since the largest portion of Opportunity Zone investments will take place within the next 18-24 months in order to allow investors the maximum Federal tax benefit mitigating these two concerns is paramount to the success of any OZ project.

In drafting your “Investment Ready” Prospectus the following sections should be included:

- Investor Discussion
- Project Financing
- Sites and Project Characteristics
- Opportunity Zone Vital Statistics
- Local Government Profile

The best way to build investor confidence is to exceed expectations.

# Opportunity Zones



By being proactive and being “investment ready,” a community is more prepared to guide a potential project to meet its public interests.

## **Investor Discussion:**

The Investor Discussion section should help potential investors or Opportunity Funds understand the problem that your community is trying to solve, what solution is being offered and how an OZ Fund investment could support the proposed development. Think about how you are going to communicate with potential investors, and help them understand that by deploying capital in your OZ will bring them a return rate that meets or exceeds their investment goals. The Investor Discussion section should discuss the following:

- Unique advantages of your community’s OZ.
- Why your development/redevelopment project is an attractive investment opportunity.
- How much money is needed, and how will it be used?
- What will be the return on investment (ROI) for an OZ Funds or other investors?
- Sustainable Advantages/Barriers of development in the OZ.
- Adoption Strategy - Why will people want to live, work or invest in your OZ.
- Who is the target market for housing, business or investment?
  - Community priorities, strategy, support and why?

Note: Ideally you should aim to write this **AFTER** you have created and drafted your entire investment pitch, so as to ensure that you do not miss out any important facts!

## **Financing Discussion:**

This section should gather information and describe potential funding strategies for a specific OZ project or development that is a priority for a community:

- Project appraised value/market value
- Projected total project costs
  - Projected Sources of Funds:
    - Equity
    - Bank
    - Opportunity Zone Fund
    - Government
    - Other
  - Projected Use of Funds
  - For OZ business investments:
    - Percent of the company being offered
    - Total amount of money being raised
    - Current value per share

Help potential investors understand what problem you are trying to solve and how they can help you get there.



## Housing and Economic Development Practice Group (HED)



Opportunity  
Zone  
“Investment  
Ready”  
Prospectus  
should include  
the  
informaiton  
needed to  
reduce time  
and risk in a  
development  
project.

### PRIORITY ZONE SITES/PROJECT CHARACTERISTICS

- Targeted Sites or Development Property
  - Legal Description
  - PID #'s
  - Property Tax Statement Summary
  - Site/property description
  - Ownership/control
  - Environmental Conditions
  - Phase 1 or Phase 2
  - Site Access/easements
  - Traffic Counts
  - Adjacent Properties
  - Infrastructure Investments

### OPPORTUNITY ZONE VITAL STATISTICS:

- **Zone summary**
  - Description/ Map
  - Opportunity Zone Focus and Community Priorities
  - Recent developments in the zone area
    - Demographics
    - Census Tract info
- **OZ Specific - Business Investment Programs and Strategy**
  - Tax Increment Financing (TIF) and Tax Abatement
  - Revolving Loan Funds – Matching Funds
  - Grants
  - Equity investment
  - Waiving of Fees
  - Expedited Permitting process
  - Other Programs/Zones:
    - Enterprise Zone
    - Foreign Trade Zone
    - Transit Development Zone
    - New Market Tax Credits
    - Low-Income Tax Credits
    - Historic Tax Credits

# Opportunity Zone Program “Investment Ready” Prospectus Template

- **Major Employers**
  - Largest Government, Private, Non-Profit Employers
  - Primary Industry Sectors
  - Employment Growth
- **Education System**
  - Graduation Rates/number of grads
  - Specialty training programs
  - Distance to technical training and Higher ED providers
- **Workforce**
  - Employment profile
  - Average wage
  - Training/Skills
  - Unemployment/Under-employment rates
  - Commute shed
  - Labor force Inflow-Outflow data
- **Local Government Stability**
  - Structure
  - Budget/ Finances
    - Bond Rating
    - Tax Capacity
    - Law suits
    - City Property Values Trend
    - City indebtedness
  - Infrastructure Investments
  - Financial Risk
  - Political Risk
- Utilities description and providers
  - Gas
  - Water
  - Sewer
  - Electricity
  - Telecommunications
  - Road Infrastructure

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## Who should I call to get more information or help?

The Springsted Housing and Economic Development (HED) team is available to assist your community in developing the policies and “Investment Ready” prospectus to help you take advantage of your Opportunity Zone. You can reach our staff at [HED@springsted.com](mailto:HED@springsted.com) or 1-800-236-3033.