



OPPORTUNITY ZONES

**City of San Antonio
Ann Eaton, Opportunity Zones Manager
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Overview

- **Opportunity Zones (OZ) Background**
- **Summary of Federal Activity**
- **City of San Antonio's OZ Strategy**

Financial Benefits



Temporary deferral: defer capital gains taxes until 2026



Reduction: deferred taxes are reduced by:

- 10% if the Opportunity Fund investment is held for 5 years
- 15% if held for 7 years



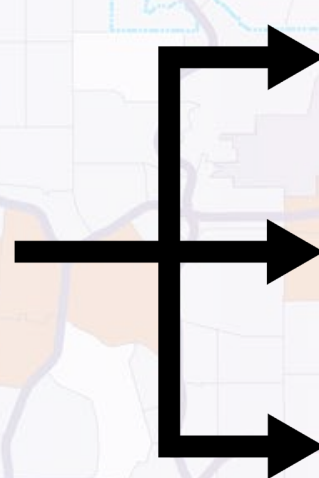
Tax exemption: Gains grow *tax-free* as long as investment is held for at least 10 years.

Eligible Projects

Individuals & Corporations



Opportunity Funds



Stock of a qualified opportunity zone corporation



Interest in a qualified opportunity zone Partnership



Tangible property used in qualified opportunity zones



Opportunity Zones: Federal Activity

Summary of Recent Federal Activity

April 17: Release of Second Round of Regulations

April 17: Release of White House Opportunity and Revitalization Council Implementation Plan

April/May: 3 Requests for Information (RFIs) published on Federal Register: Treasury, HUD and IRS

May 8: Senate Bill 1344

White House OZ Council Work Streams

Economic Development

Led by Dept. of
Commerce

Entrepreneurship

Led by Small Business
Administration

Safe Neighborhoods

Led by Dept. of Justice

Education & Workforce Development

Led by Dept. of
Education/Labor

Measurement & Analysis

Led by Council of
Economic Advisers



Treasury Request For Information (RFI)

- **Posted on May 1**
- **Closed on May 31**
- **Intent: Seeking public input on data collection and tracking of QOFs**
- **Recommended Responses:**
 - Data: number of jobs, wage levels, employee demographics, industry
 - QOFs indicated on tax forms; W-2, 1120C/S, 1065
 - Creation of Investor Calculator Tool
 - Additional Federal resources to de-risk OZ investment
 - Data from Real Estate projects



HUD Request For Information (RFI)

- **Posted on April 17**
- **Closed on June 17**
- **Intent: feedback on how HUD can utilize existing authorities to maximize benefits**
- **Recommended Responses:**
 - Alignment of federal designations/benefits with OZs
 - Flexibility of HUD's labor compliance measures, procurement process and environmental review for OZ projects
 - Creation of dashboard site to serve as information portal
 - Creation of Housing OZ Investment Calculation Tool
 - OZ preference points for projects

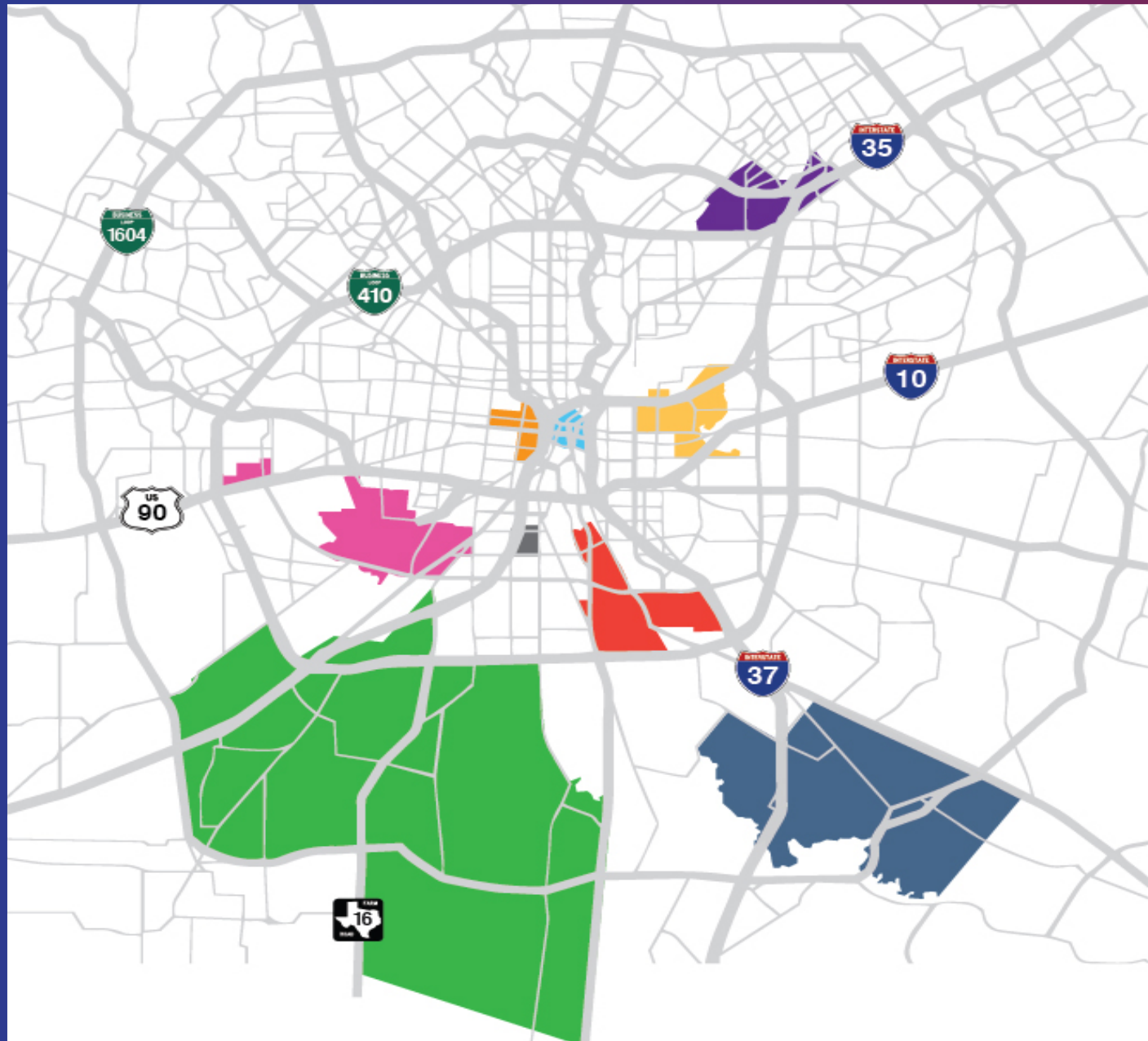


IRS Request For Information (RFI)

- **Posted on May 1**
- **Closed on July 1**
- **Intent: Seeking public input on proposed regulations**
- **Treasury Hearing on July 9**
- **Recommended Responses:**
 - Extension of December 2026 deadline
 - Letter from Mayor Nirenberg to Secretary Mnuchin requesting extension of deadline



Opportunity Zones: COSA Strategy



- Brooks City Base**
- Downtown**
- East Side**
- Far South**
- Far Southeast**
- Near South**
- Near Westside**
- Northeast Corridor**
- Port San Antonio & Lackland AFB**

OZ Strategy: Stakeholder Engagement & Outreach

❑ External Advisory Group

- Representatives from SAGE, SSF, WDC, SAEDF, SAHA, HUD, Brooks, Port SA, Developers, Investors, Real Estate, etc
- Act as sounding board to inform City OZ Strategy
- Understand and identify community needs

❑ Technical Working Group

- Representatives from COSA, SAWS, CPS, TxDOT, MPO
- Liaisons and subject matter experts for OZ Projects

OZ Strategy: Education and Marketing Efforts

Speakers Bureau

- educate community and collect feedback

Enhanced EDD website

- new mapping tool
- <https://www.sanantonio.gov/EDD/Development-Opportunities/OpportunityZones>

Creation of marketing collateral

- rack cards and OZ brochures

OZ Strategy: Marketing and Deal-Making

❑ Development of Investor Prospectus site

- market OZ clusters and unique cultural distinction and assets
- express community priorities
- RFP for hosted platform

❑ Exploring Method of Pairing OZ Projects and Qualified Opportunity Funds

- Fund and project sites available online
- Cities with active role as example - Baltimore

OZ Strategy: Near Westside Strategic Plan

- **Partnership with WDC**
 - Wendell Davis & Associates
- **Pilot for other Opportunity Zones**
- **Plan expected end of September**
- **Strategic Plan will identify:**
 - Businesses and commercial corridors in need of investment
 - Community redevelopment priorities through research and community outreach



Next Steps

Participated in Published RFIs

- Track federal movement related to RFI participation

OZ Marketing Efforts

- Release RFP for hosted platform to be used to market OZs

Pairing OZ projects and QOFs

- Explore facilitation of pairing OZ projects with funds

Policy Alignment

- Leverage City incentives to encourage development within the Zones



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