

Riverside County Opportunity Zone Conference



Corona, CA
Indio, CA

January 21, 2020

Presented by:

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 - Market and Feasibility Analyses
 - Economic Development Strategies & Implementation
 - Identification of Funding Sources & Financing Strategies
 - Fiscal Impact & Economic Benefit Studies
 - Retailer/Developer & Business Recruitment
 - Public-Private Transaction Structuring & Negotiation
- **Winning track record of initiating and implementing projects for municipalities**
 - In-house team (including Kosmont affiliates*) includes registered municipal advisors, financial analysts, lawyers, former bond underwriters, former city managers & department heads
 - Extensive network of brokers, investors and market data for real-time information, and retail industry leadership

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KOSMONT SERVICES OVERVIEW



DISCLAIMER

None of the information contained or provided herein constitute a recommendation nor is to be construed as tax or legal advice. Please consult a qualified tax accountant or legal advisor regarding any potential investment in Opportunity Funds.

1. **OZ 101: Program Background & Basics**

2. **OZ Transactions: *Basics & Regulatory Changes***

- *BREAK* -

3. **Utilizing OZs *for Economic Development***

4. **What's Next? *How Cities & Investors Can Prepare in Riverside County***

"Opportunity Zones have the potential to be the largest infusion of private capital into disadvantaged communities in decades."

—Lenny Mendonca

Director of the Office of Business and Economic Development

"We also want to pair EIFDs with the Opportunity Zones. This is the Big Idea."

— Gov. Newsom

January 10th, 2019

2019-2020 State Budget Release



Governor on OZ legislation: "I'm still trying to get my arms around it....My original thought was let's focus with a sense of urgency on the two values that define this moment: issues of affordability and housing and on the issue of climate change."

— Gov. Newsom

*Opportunity Zones Investor Summit
Stanford University, March 18, 2019*

OPPORTUNITY ZONES HISTORY

- **The Tax Cut and Jobs Act (TCJA)** was signed into law on December 22, 2017; included eight pages that provided the framework for the Opportunity Zone tax incentive, a program designed to stimulate investment in low-income communities.
- The Opportunity Zone program was supported by **Senator Tim Scott (R)** and **Senator Cory Booker (D)** and was developed with support from entrepreneur **Sean Parker's Economic Innovation Group**.
- **Three regulatory updates** have been issued since the TCJA passed: first round of proposed regulations were released in October 2018; second round in April 2019; and "final" regulations were released in December 2019.
- **More changes are expected** to come from Congress, state governments, and regulators – includes legislation to increase accountability / transparency / disclosures, changes to address issues of gentrification and abuse, and further tax process adjustments to encourage successful investment.

OPPORTUNITY ZONES

NEXT STEPS

- **Funds Forming Throughout the Country, Seeking Projects**
 - *Novogradac*: \$6.72 B of reported equity raised; \$68.55 B of community development investment capacity via 502 tracked funds¹
 - *NCHSA*: Over 190 OZ funds (~\$45 B capacity) formed; of these, 77 funds (~\$32 B capacity) with nationwide or California focus²
- **Some States Face Challenges, Working on Solutions**
 - **State Tax Conformity**: Many states have conformed their tax codes to provide similar state-level tax benefits for OZ investment; **California is one of four states to not have conformity**. To better compete in the OZ marketplace, proposed CA legislation would add conformity for key areas of investment, such as **housing** and **green technology**.
 - **Encouraging Investment**: Many states are also pursuing legislation that further encourage investment, from project streamlining to additional tax benefits / incentive programs for key projects. In CA, proposed legislation would provide streamlined CEQA approvals for Opportunity Zone projects.
- **Local Governments Engaging with OZ Investment**
 - Many local governments are getting involved with OZ transactions by preparing their cities for investment, motivating OZ projects through engagement, and linking OZs with other economic development tools (such as EIFDs, CRIAs, and housing assistance programs).

OPPORTUNITY ZONES AREA DESIGNATION PROCESS

The Tax Cuts and Jobs Act of 2017, signed into law on 12/22/17, created **Opportunity Zones** to unlock unrealized capital gains by **incentivizing private sector investment and development** in low income census tracts

3,516 low-income census tracts in California;
25% eligible for nomination



Tract screening criteria:
poverty level
Sufficient business activity
Geographic diversity



879 O-Zones
approved in California



8,700 census tracts approved in the United States
879 Census tracts approved in the State of California in April 2018

OPPORTUNITY ZONES

BASICS AND COMMUNITY BENEFITS

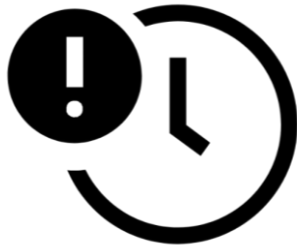
OZ BASICS

- **Incentivizes** individuals to realize capital gains and invest in certain low-income areas through tax deferrals and reductions.
- **Timing** is critical to maximize investments (*12/31/21 next timing hurdle*)
- **Competition** will be high for OZ investment

OZ COMMUNITY BENEFITS

1. Opportunity Zones can be used as part of an economic development strategy, **creating jobs, stimulating economic activity, and jump-starting projects** within a community.
2. Opportunity Zones can stimulate housing development, **paving the way for cities to meet legislative housing mandates.**
3. Opportunity Zones can be used to augment other tax incentives and economic development strategies and **can enhance the economic viability of a proposed project by mixing with EIFDs, NMTC, other Fed Tax Credits).**

OPPORTUNITY ZONES INVESTOR BENEFITS



Temporary Tax Deferral

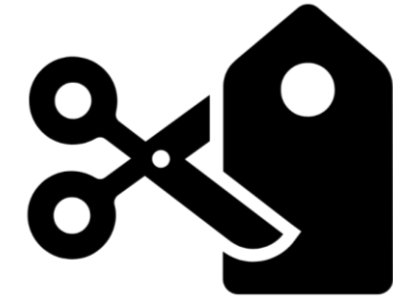
Capital Gains reinvested in an Opportunity Fund can be deferred until the earlier of 12/31/2026 or upon exit.



Reduction of Capital Gains Taxes

Taxes reduced on current capital gains via step-up in basis for holding OZ investment:

- 5 year hold: basis increased 10%
- ~~7 year hold: basis increased 15%~~

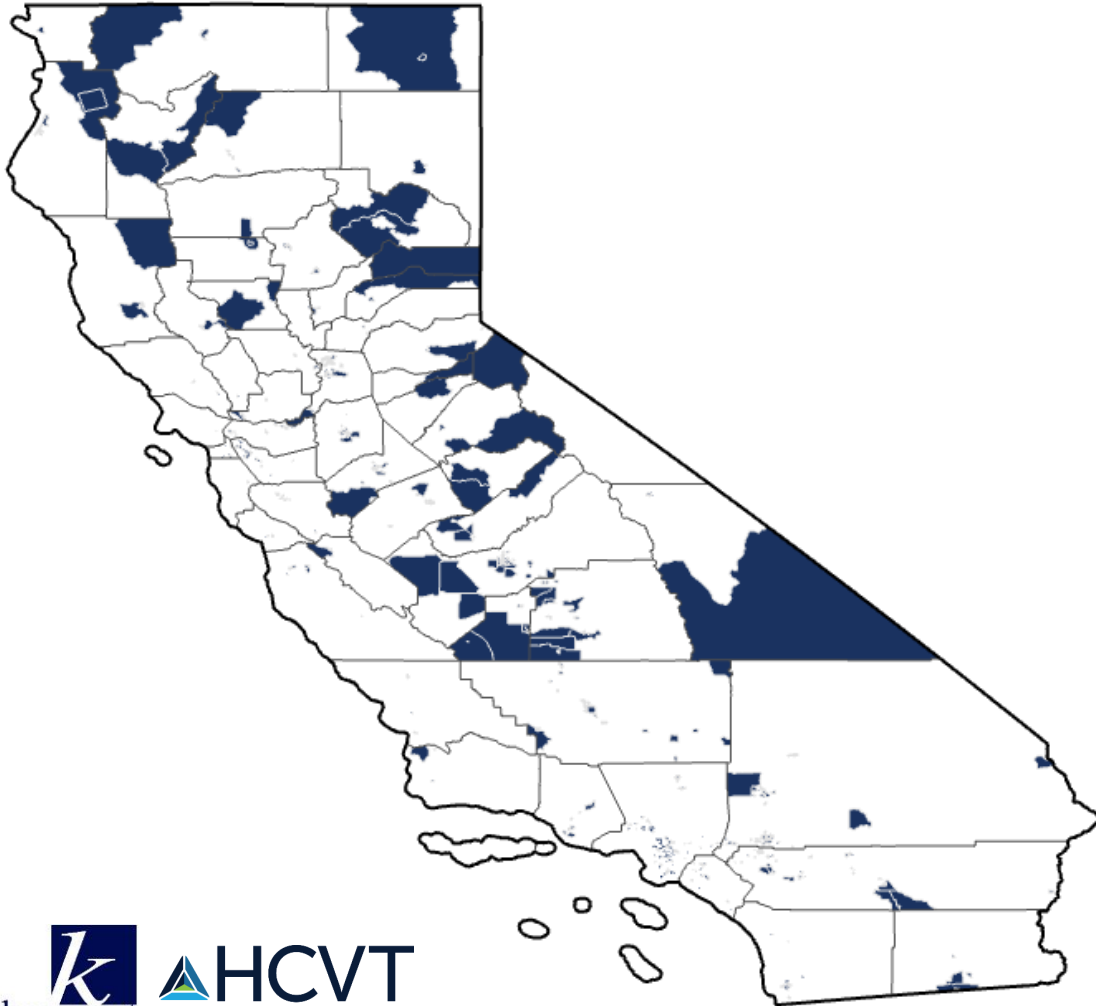


Permanent Exclusion

Exemption from tax on capital gains from the sale of Opportunity Fund investment, if held for at least 10 years.

879 OPPORTUNITY ZONES IN 57 CALIFORNIA

49 OPPORTUNITY ZONES



County	OZ	County	OZ	County	OZ	County	OZ
Alameda	47	Kings	5	Plumas	2	Siskiyou	3
Alpine	1	Lake	3	Riverside	49	Solano	9
Amador	1	Lassen	2	Sacramento	43	Sonoma	3
Butte	9	Los Angeles	274	San Benito	2	Stanislaus	17
Calaveras	1	Madera	5	San Bernardino	57	Sutter	4
Colusa	2	Marin	1	San Diego	47	Tehama	1
Contra Costa	17	Mariposa	2	San Francisco	11	Trinity	2
Del Norte	2	Mendocino	3	San Joaquin	20	Tulare	17
El Dorado	3	Merced	11	San Luis Obispo	3	Tuolumne	2
Fresno	47	Modoc	2	San Mateo	4	Ventura	8
Glenn	2	Monterey	9	Santa Barbara	7	Yolo	7
Humboldt	7	Napa	2	Santa Clara	13	Yuba	3
Imperial	7	Nevada	2	Santa Cruz	4		
Inyo	2	Orange	27	Shasta	6		
Kern	35	Placer	3	Sierra	1		

OPPORTUNITY ZONES

THE ESSENTIALS – INVESTOR BENEFITS

INVESTOR BENEFIT BASICS

- Project must be in a qualified Opportunity Zone census tract
- Tax advantages incentivize a 10-year hold
 - **Deferral** of current capital gains taxes until earlier of 2026 or upon exit
 - **Reduction** of tax on current capital gains via step up in basis:
 - 5-year hold – Basis increased 10% (Investment Deadline 12-31-21)
 - 7-year hold – Basis increased cumulative 15% (Deadline ended 12-31-19)
 - **Exemption** from tax on gain on sale of QOF interest at 10 years or upon sale of assets
- Timing requirements are critical
 - Capital gains must be invested in the Opportunity Fund within 180 days of realization
 - 6 months for Opportunity Fund to establish Qualified Opportunity Zone Business entity
 - 31-month Working Capital Safe-Harbor for QOZ Business to develop qualified property per plan & schedule (*with some flexibility for delays related to government agency actions*)

OPPORTUNITY ZONES

THE ESSENTIALS – INVESTOR BENEFITS

INVESTMENT BASICS*

- **Two investment options:**
 - Qualified Opportunity Zone Property
 - Qualified Opportunity Zone Business
- Investment transaction must occur after December 31, 2017
- **Property must be substantially improved** during any 30-month period; some flexibility for delays caused by government agency actions
- **Minimal requirements on project type:** could include residential, commercial, hospitality, office, industrial, or an operating business.
- **Cannot include “sin” businesses:** golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or gambling, or store which sells alcoholic beverages for consumption off premises

** Final regulations released in December 2019; some guidance / regulatory clarifications possible from U.S. Dept. of Treasury and IRS through February 2020.*

INVESTMENTS MADE VIA QUALIFIED OPPORTUNITY FUNDS

TWO INVESTMENT TYPES: REAL PROPERTY & BUSINESS

Investors with capital gains invest in a Qualified Opportunity Fund (QOF)

QOF makes capital investment in property or business in Opportunity Zone area

REAL PROPERTY

Property acquired by a QOF after 12/31/17:

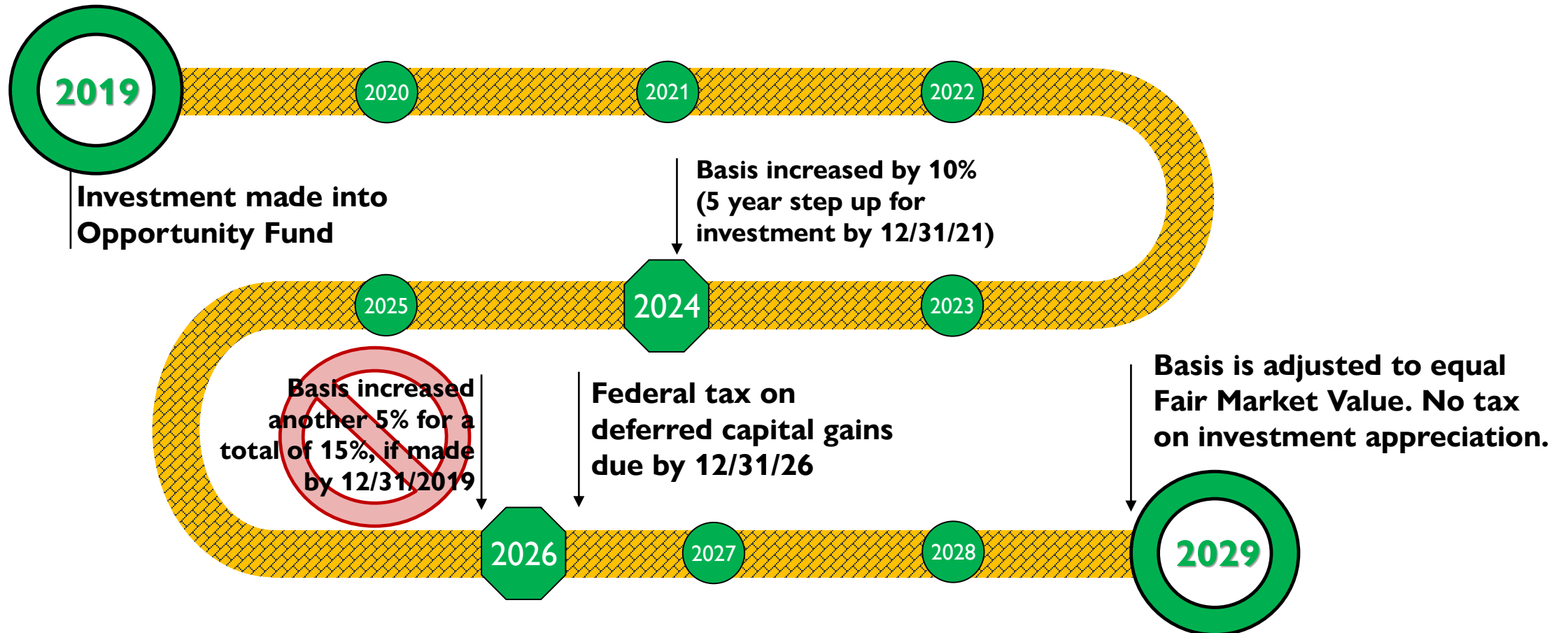
- Substantial Improvements to building must occur over a 30-month period (plus 24 mo. Regulatory)
- Land Excluded from substantial improvement test
- Working Capital Safe Harbor Period; some time extension for government delays

BUSINESS INVESTMENT

Tangible property acquired by the Opportunity Fund after 12/31/17 (*unrelated party rules apply*):

- Compliance Tests verify that property & business are located in OZ
- Limitations on Business Type – no sin businesses (*racetracks, gaming, massage, liquor store, other*)
- Working Capital Safe Harbor Period – 31 / 62 months

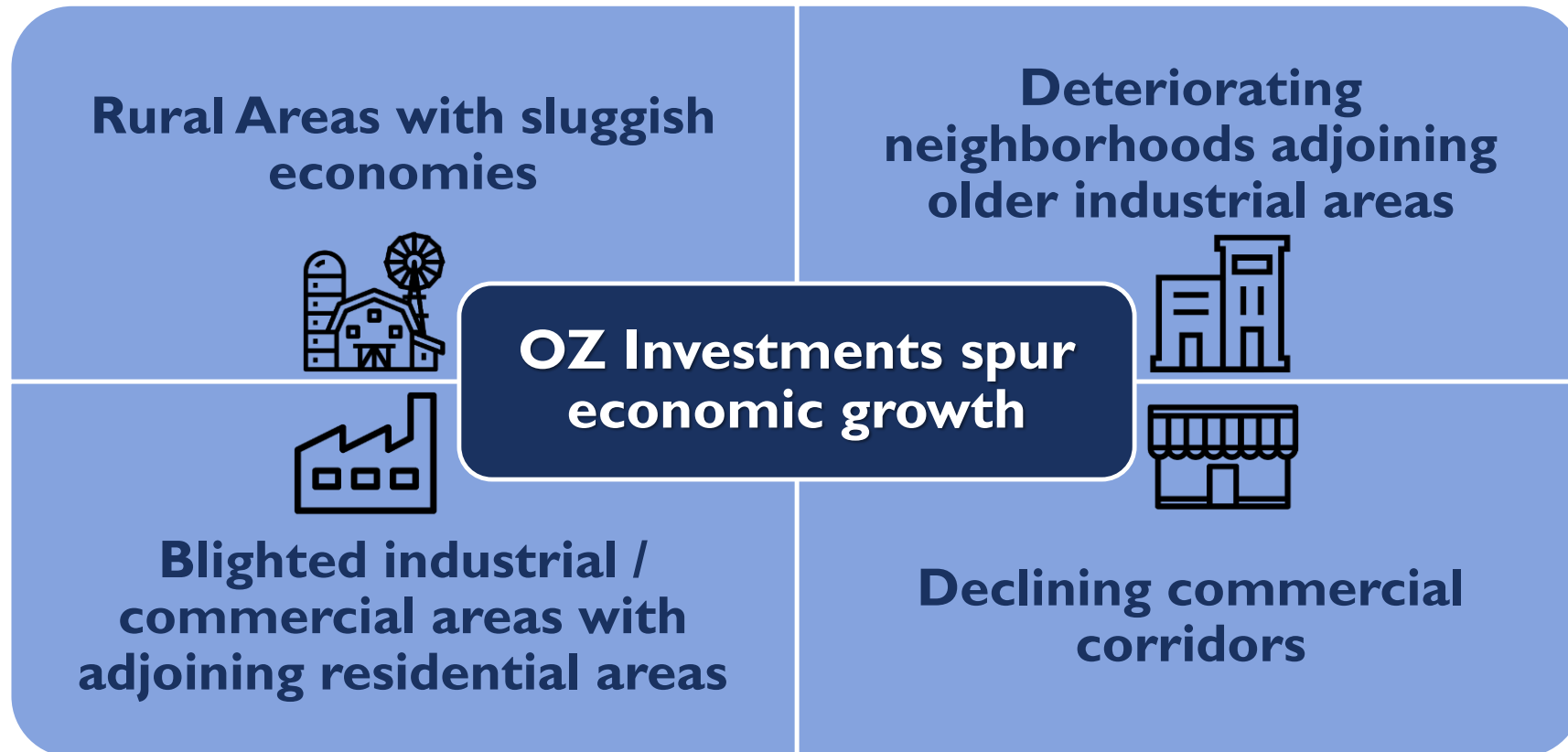
OPPORTUNITY ZONES INVESTMENT TIMETABLE



OPPORTUNITY ZONES

WIDE VARIETY OF POTENTIAL INVESTMENTS

Real estate projects, business investment, infrastructure, energy, and housing



OPPORTUNITY ZONES

STRENGTHS, CHALLENGES AND COMMUNITY ACTION

- California is typically a **strong investor market** due to its climate, labor force, diversification, port activity, and quality of life.
- California faces **some challenges** for OZ investment, due to competition with other states, state tax conformity for state-level tax benefits, slow/costly entitlement processes and local government approvals, and CEQA timing / litigation exposure.
- **Many communities are proactively working to stimulate OZ investment:**
 - **Educating** local stakeholders, property owners, and business owners on the OZ program
 - **Engaging & Connecting** property / business owners with OZ investors and developers
 - **Encouraging** OZ Investment by updating local plans/processes and layering other economic development tools

OPPORTUNITY ZONES & EIFDS



**“WE ALSO WANT TO PAIR EIFDS
WITH THE OPPORTUNITY ZONES.
THIS IS THE BIG IDEA.”**

— Gov. Newsom
January 10th, 2019
2019-2020 State Budget Release

SUSTAINABILITY & HOUSING DISTRICTS

Unlock investment by funding vital infrastructure with tax increment financing and other special district tools

Compatible with OZs

EIFD: Enhanced Infrastructure Financing Districts

CRIA: Community Revitalization & Investment Authorities

NIFTIs, AHAs, & IRFDs

WHOZ, HSD (CEQA Streamlining)



Industrial Structures



Aff./Workforce Housing/Blended Use



Transit Priority/RTP/SCS Projects



Wastewater/Groundwater



Light / High Speed Rail



Civic Infrastructure



Parks & Open Space



Childcare Facilities

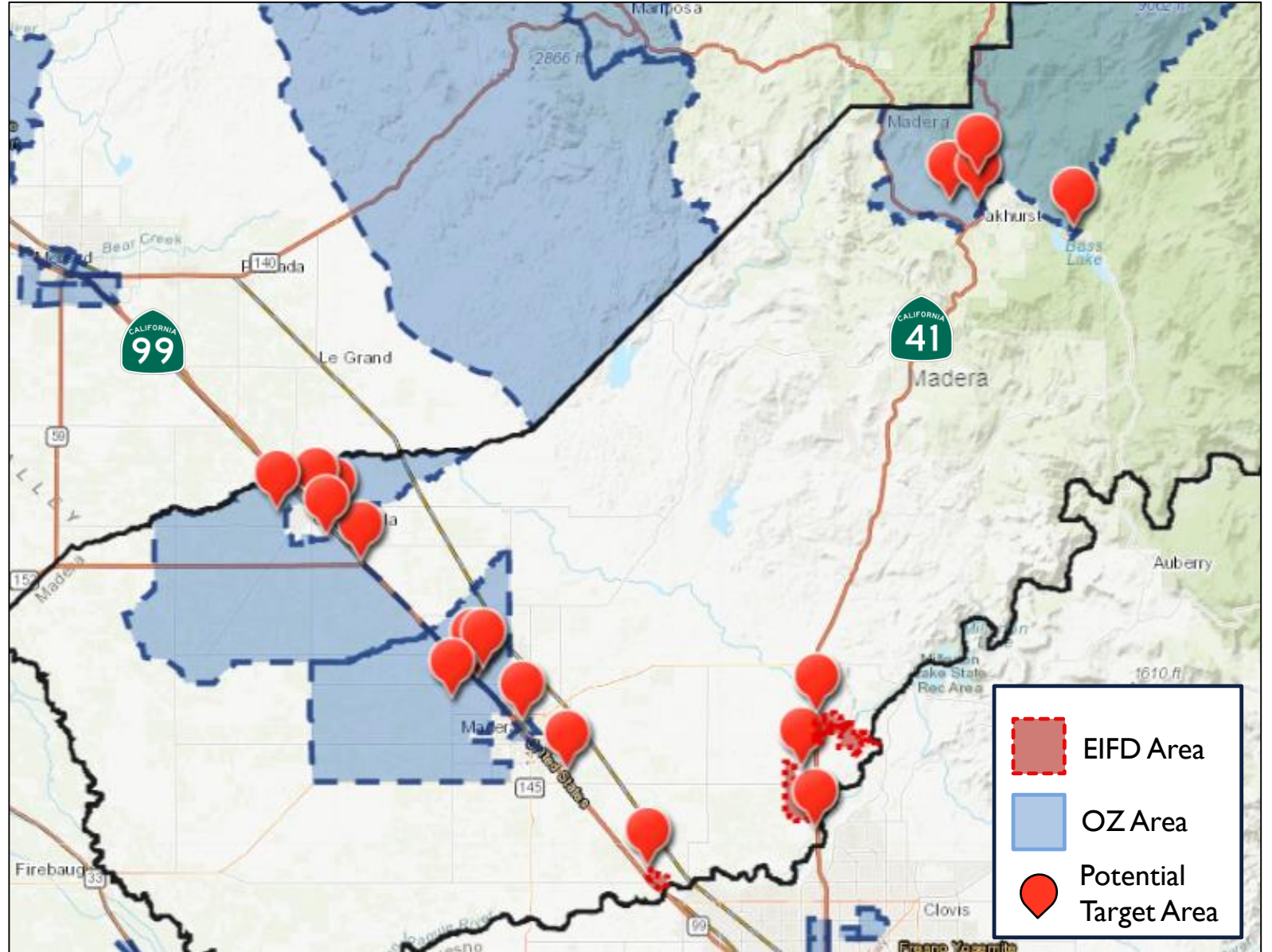


Brownfield Remediation

OZ CASE STUDY MADERA COUNTY

Madera County in the San Joaquin Valley has five OZ census tracts, including the cities of Madera & Chowchilla, and the Oakhurst area; no OZs overlap existing EIFD areas.

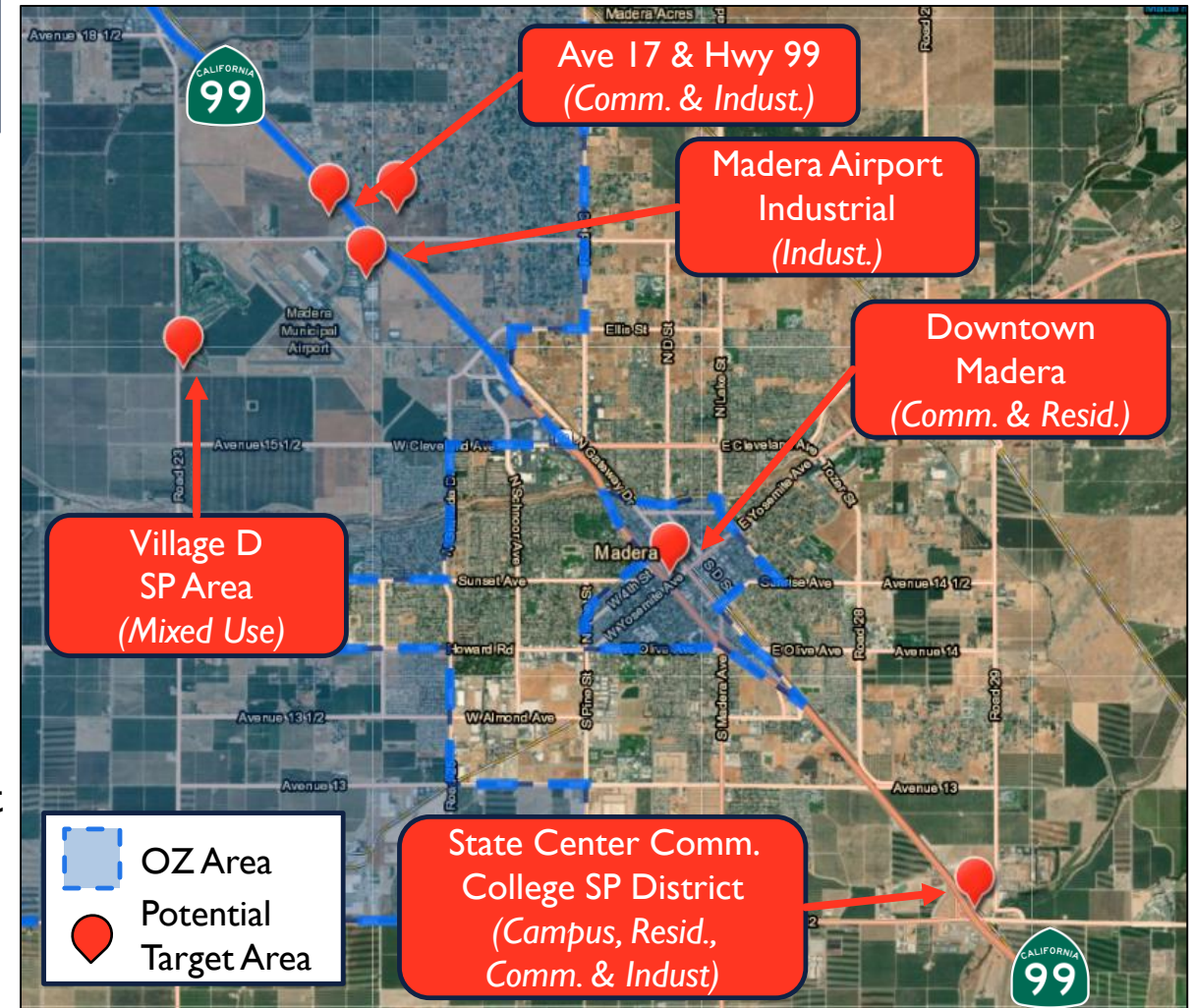
OZ Areas		Acres
1	Chowchilla Area	6,654
2	Madera – West	3,518
3	Madera – Northeast	970
4	Madera – Downtown	65
5	Oakhurst	15,147
EIFD Areas		Acres
A	Tesoro Viejo	1,500
B	Riverstone	1,343
C	Ave 7 / Hwy 99 *(in progress)	350



OZ CASE STUDY

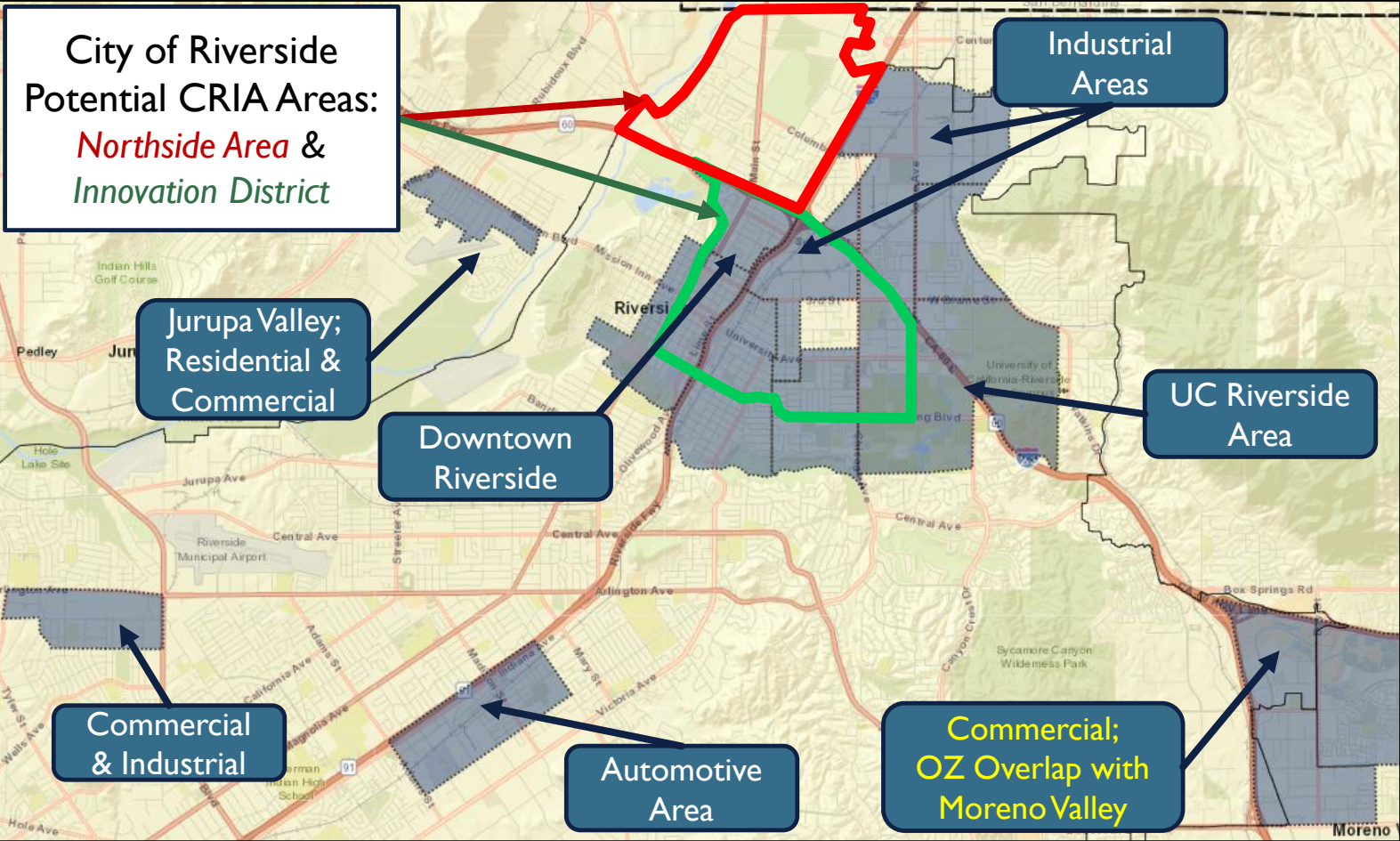
MADERA COUNTY

- **After an OZ / EIFD workshop, the County retained Kosmont to develop an OZ / EIFD Economic Development strategy.**
- **Workshop:** Kosmont led OZ / EIFD workshop with political leadership, staff, and other stakeholders to discuss priorities for OZ / EIFD catalyzed development.
- **Workshop Results:** The County of Madera & Cities of Chowchilla and Madera have selected multiple target development areas in these OZs, including industrial, residential, mixed-use, and downtown development. Kosmont is assisting the County / Cities with an Economic Development Work Plan to use these economic development tools to pursue target projects.
- **City of Riverside is evaluating use of a CRIA District; could further explore how to layer CRIAs / EIFDs with OZs**



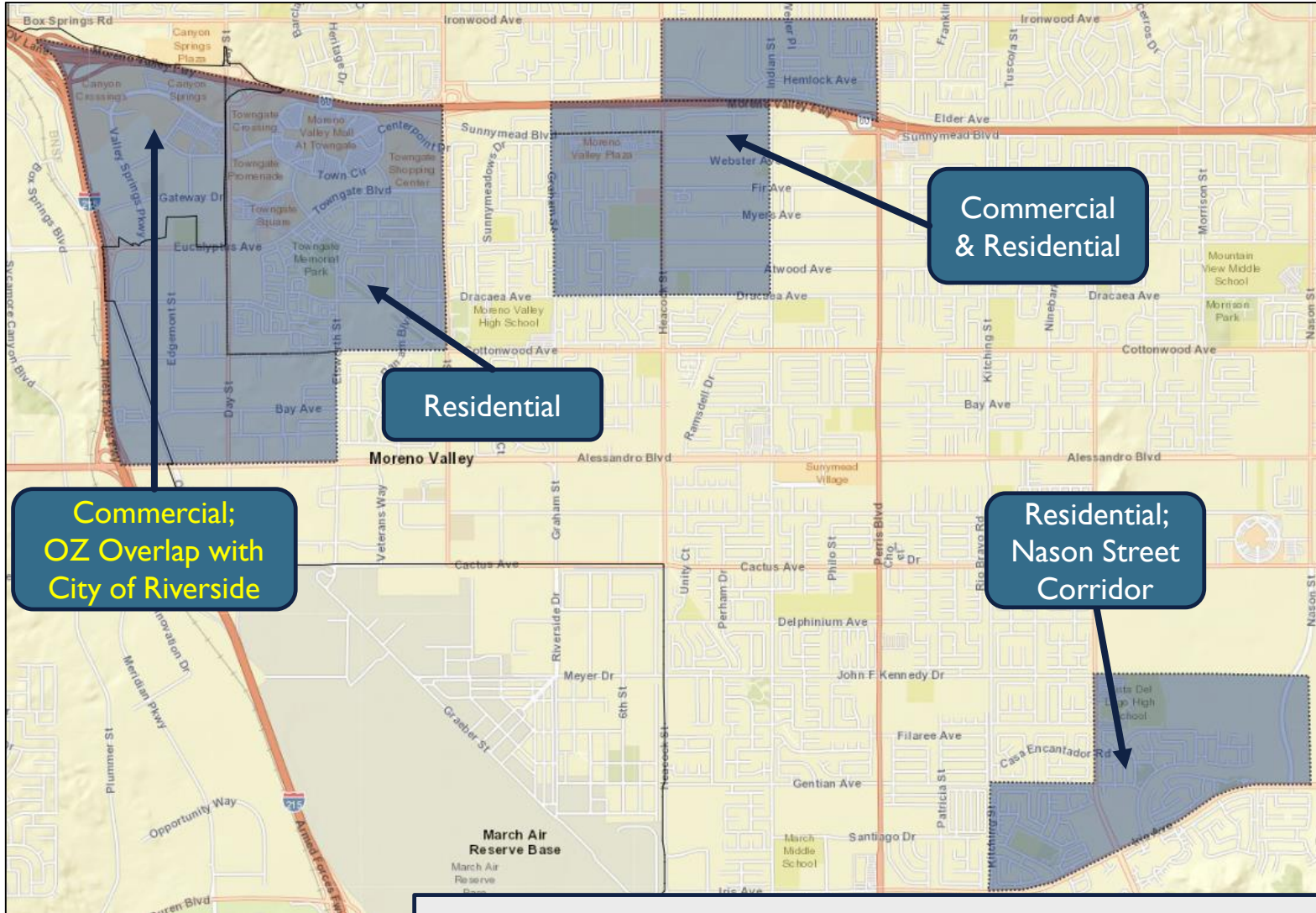
Above: Targeted OZ development areas in Madera, CA.

OPPORTUNITY ZONES CITY OF RIVERSIDE & JURUPA VALLEY



Visit www.RivCoOZ.com for more information about Riverside County Opportunity Zone Investing

Tract	Jurisdiction	Acres
301.03	Riverside	243
303	Riverside	614
304	Riverside	678
305.01	Riverside	467
305.02	Riverside	474
313	Riverside	570
411.01	Riverside	390
422.09	Riverside; County	1,376
422.10	Riverside	333
425.05	Riverside; Moreno Valley	890
465	Riverside	1,158
402.03	Jurupa Valley	230

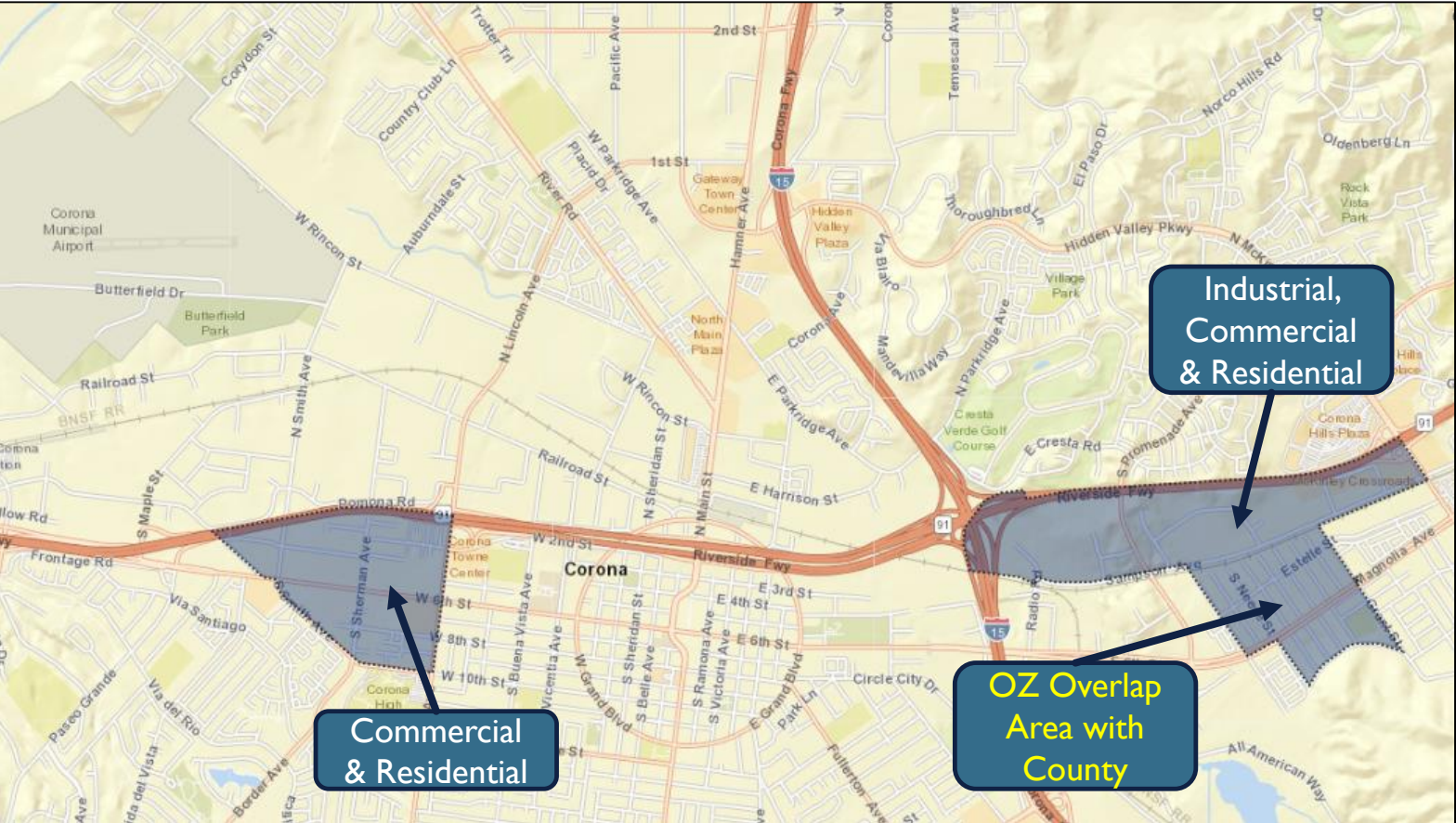


OPPORTUNITY ZONES CITY OF MORENO VALLEY

Tract	Jurisdiction	Acres
425.05	Riverside; Moreno Valley	890
424.04	Moreno Valley	250
425.06	Moreno Valley	755
425.14	Moreno Valley	243
425.15	Moreno Valley	333
511	Moreno Valley	544

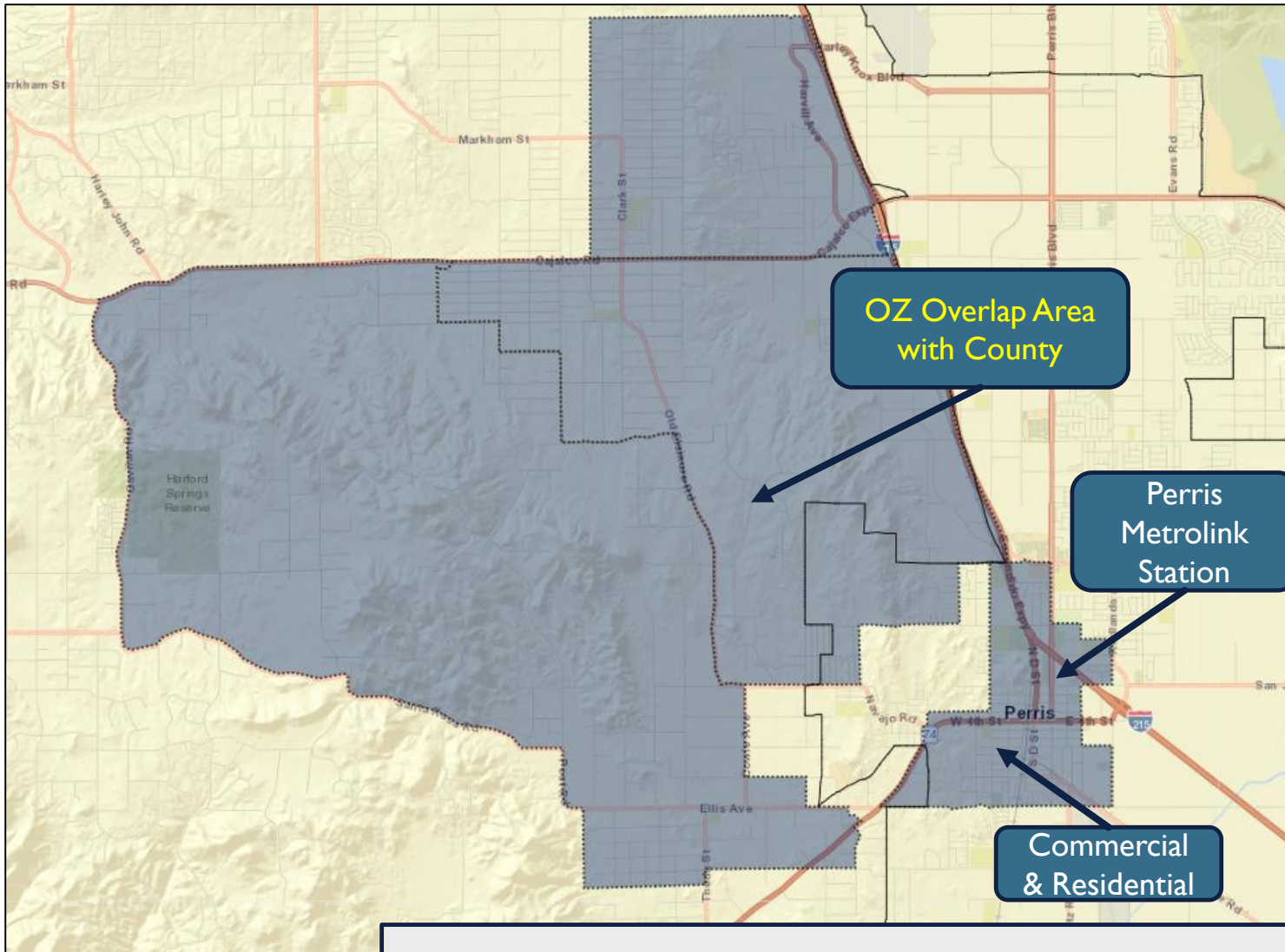
Visit www.RivCoOZ.com for more information about Riverside County Opportunity Zone Investing

OPPORTUNITY ZONES CITY OF CORONA



Tract	Jurisdiction	Acres
414.10	Corona; County	480
417.03	Corona	243

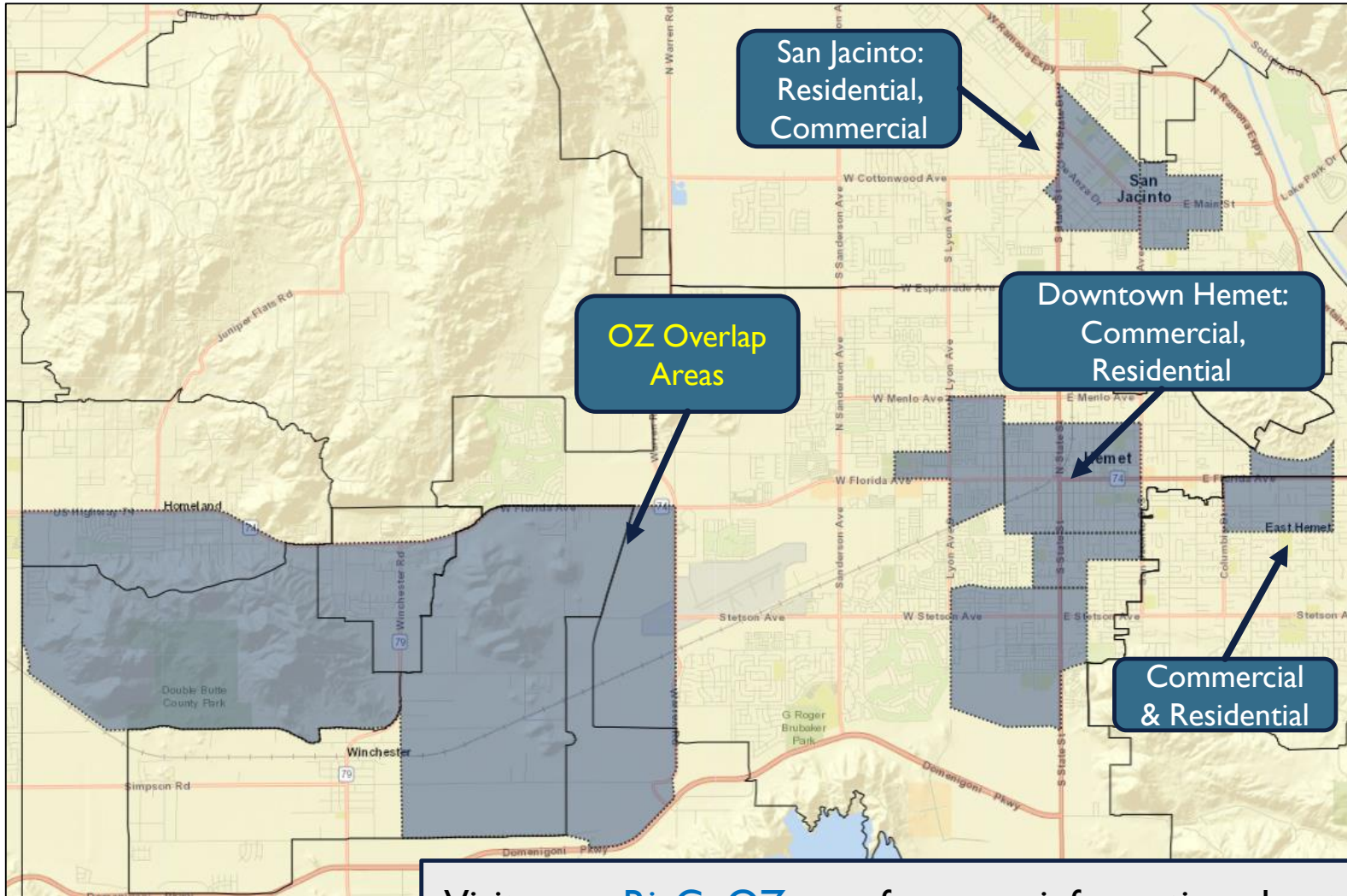
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OPPORTUNITY ZONES CITY OF PERRIS & COUNTY AREAS

Tract	Jurisdiction	Acres
428	Perris; County	1,350
429.04	Perris; County	5,882
420.1	County	2,694
429.03	County	11,034

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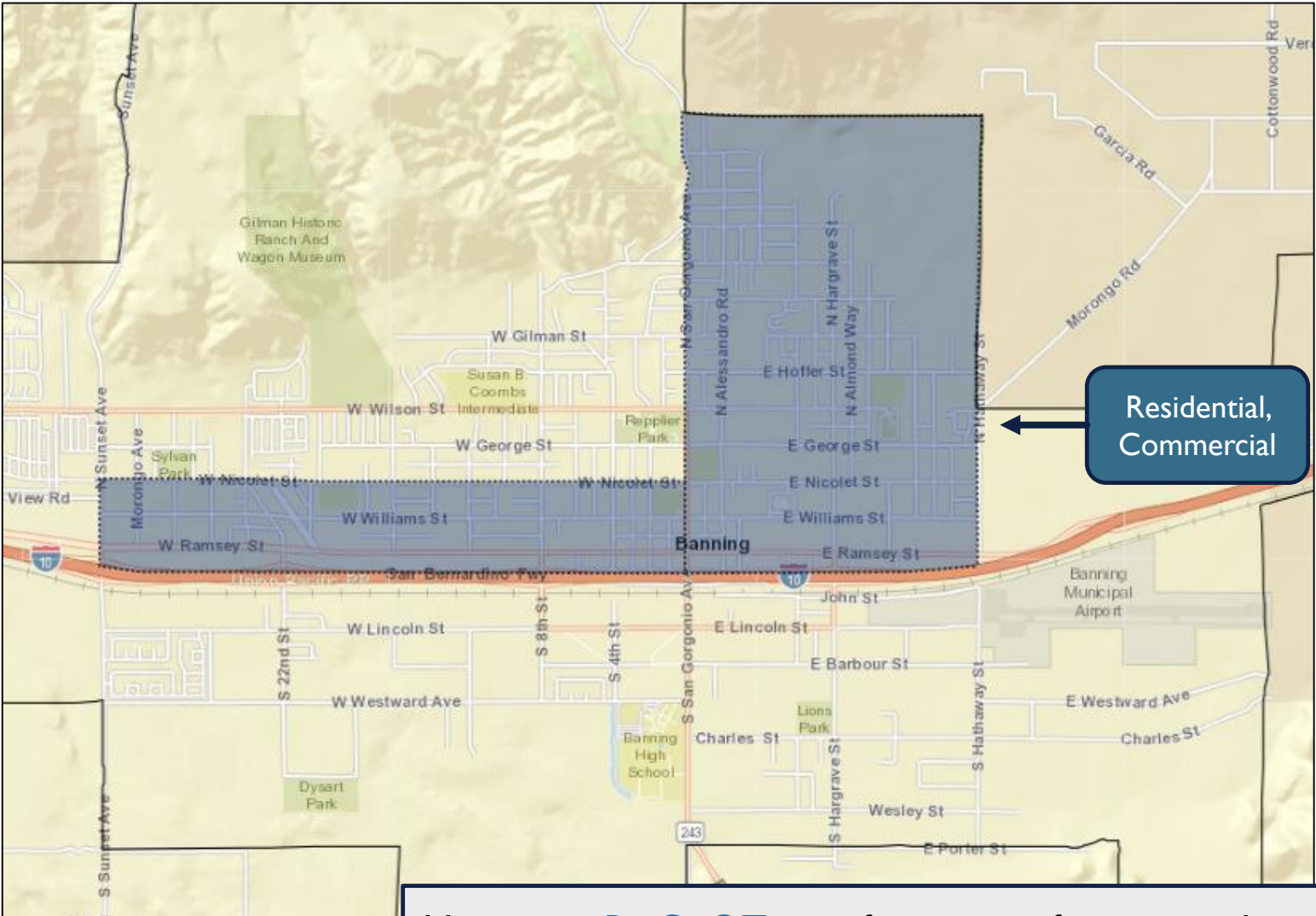
OPPORTUNITY ZONES

CITY OF SAN JACINTO; CITY OF HEMET; COUNTY AREAS

Tract	Jurisdiction	Acres
427.23	Hemet; County	8,730
433.07	Hemet	902
433.1	Hemet; County	416
434.01	Hemet	800
434.03	Hemet	243
434.05	Hemet	429
436.01	San Jacinto	307
436.02	San Jacinto	474

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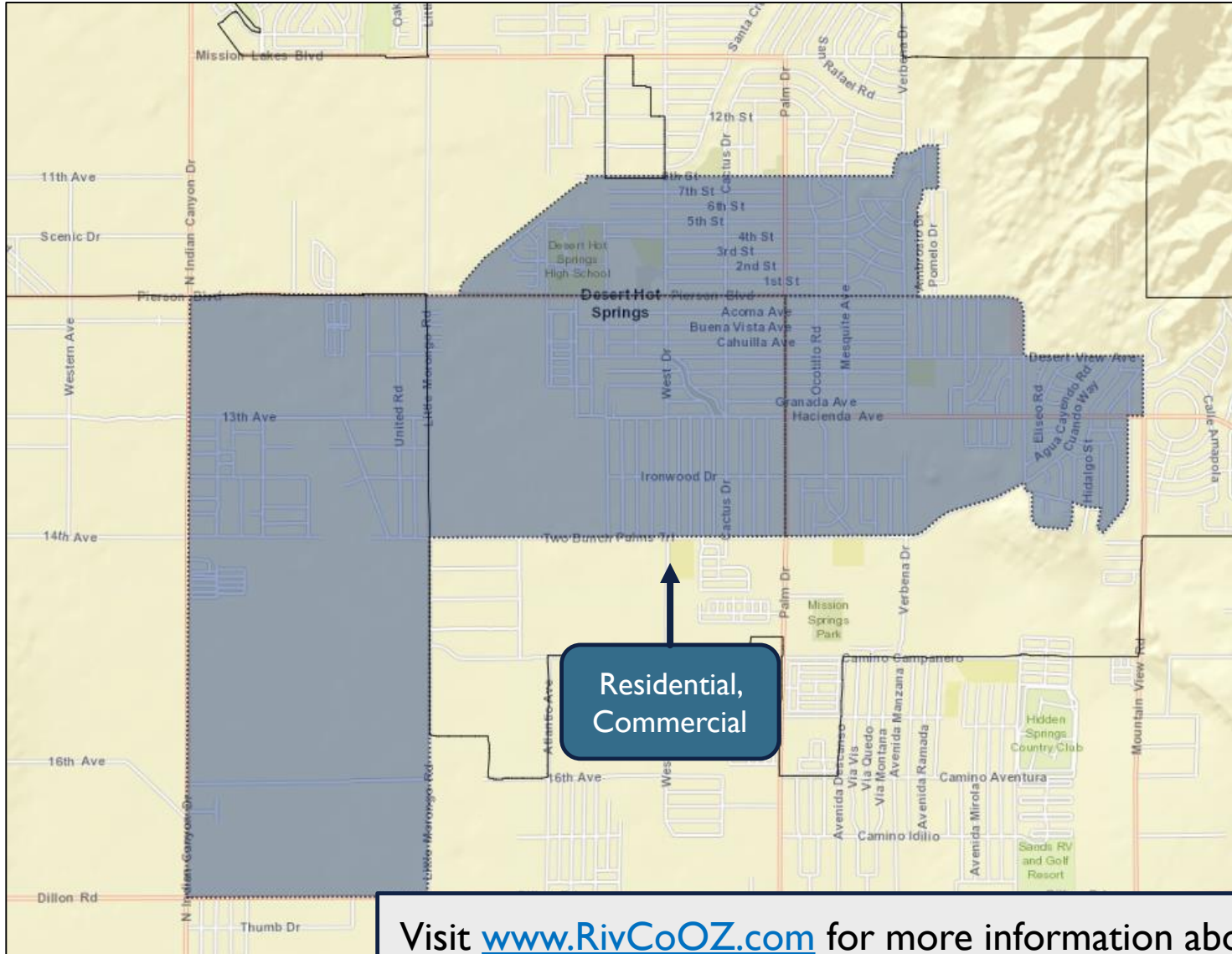
OPPORTUNITY ZONES CITY OF BANNING



Residential,
Commercial

Tract	Jurisdiction	Acres
441.01	Banning	403
442	Banning	1,011

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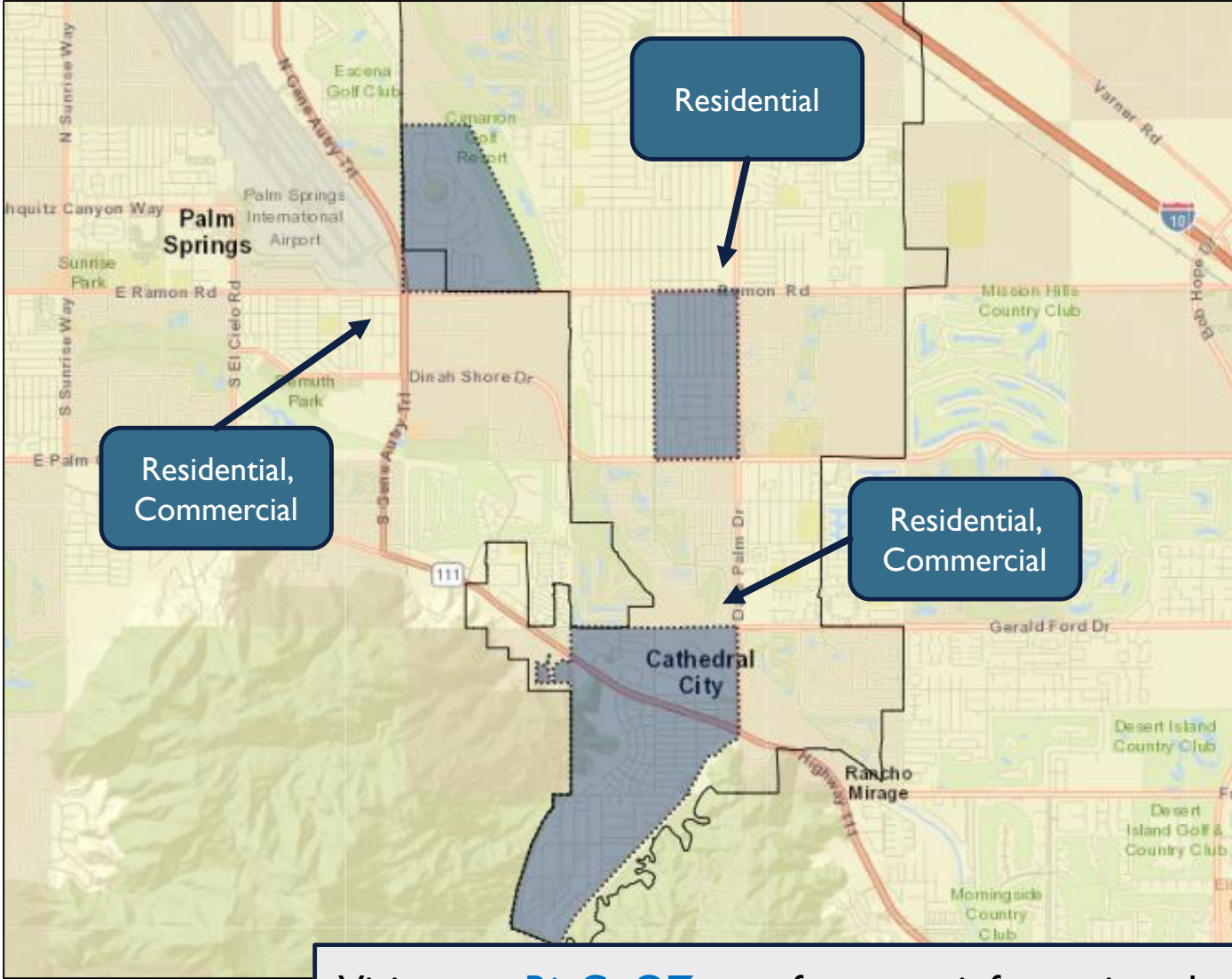


OPPORTUNITY ZONES CITY OF DESERT HOT SPRINGS

Tract	Jurisdiction	Acres
445.07	Desert Hot Springs; County	2,611
445.09	Desert Hot Springs	563
445.1	Desert Hot Springs	813

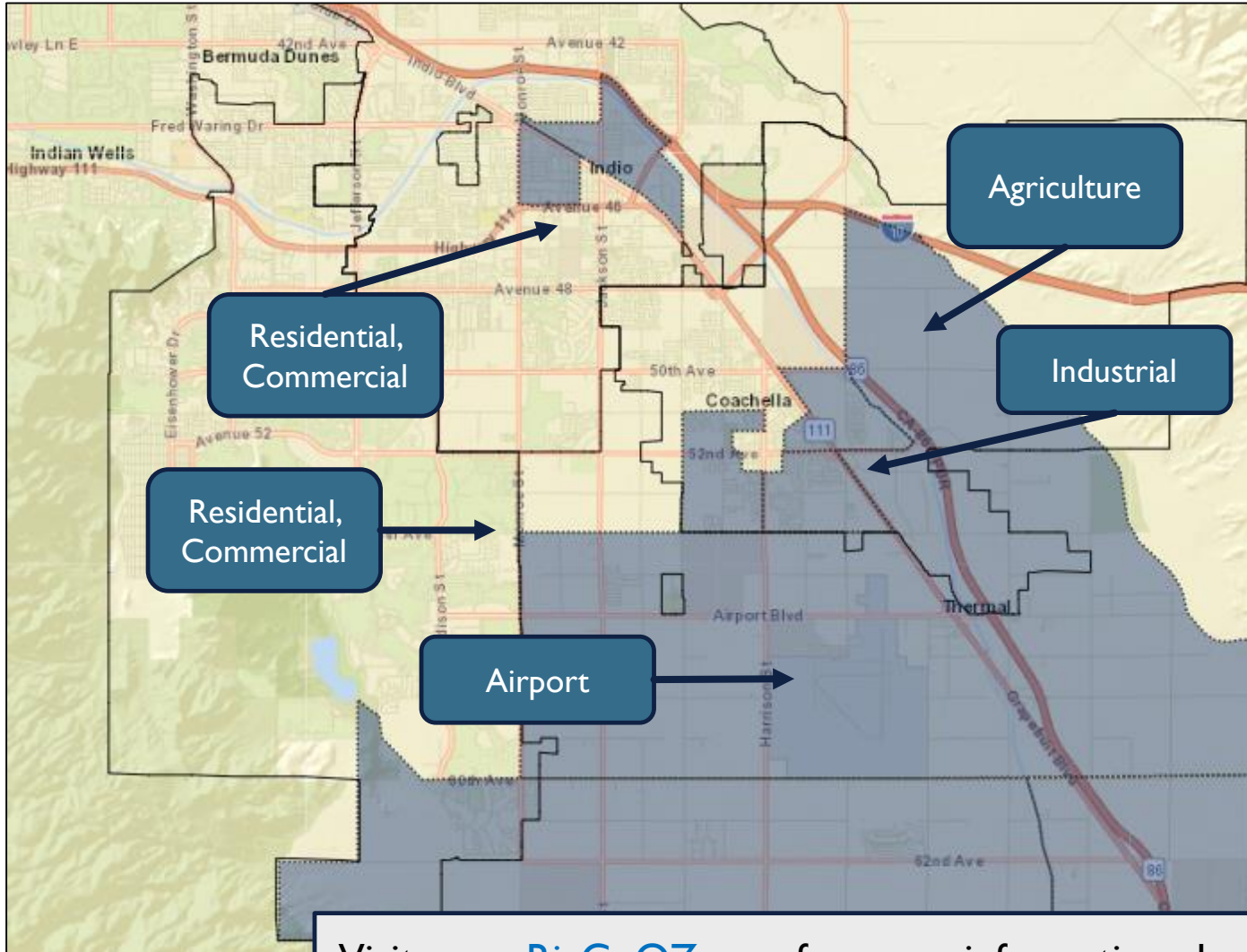
Visit www.RivCoOZ.com for more information about Riverside County Opportunity Zone Investing

OPPORTUNITY ZONES CATHEDRAL CITY, PALM SPRINGS



Tract	Jurisdiction	Acres
447.02	Cathedral City; Palm Springs	403
449.15	Cathedral City	320
450	Cathedral City	877

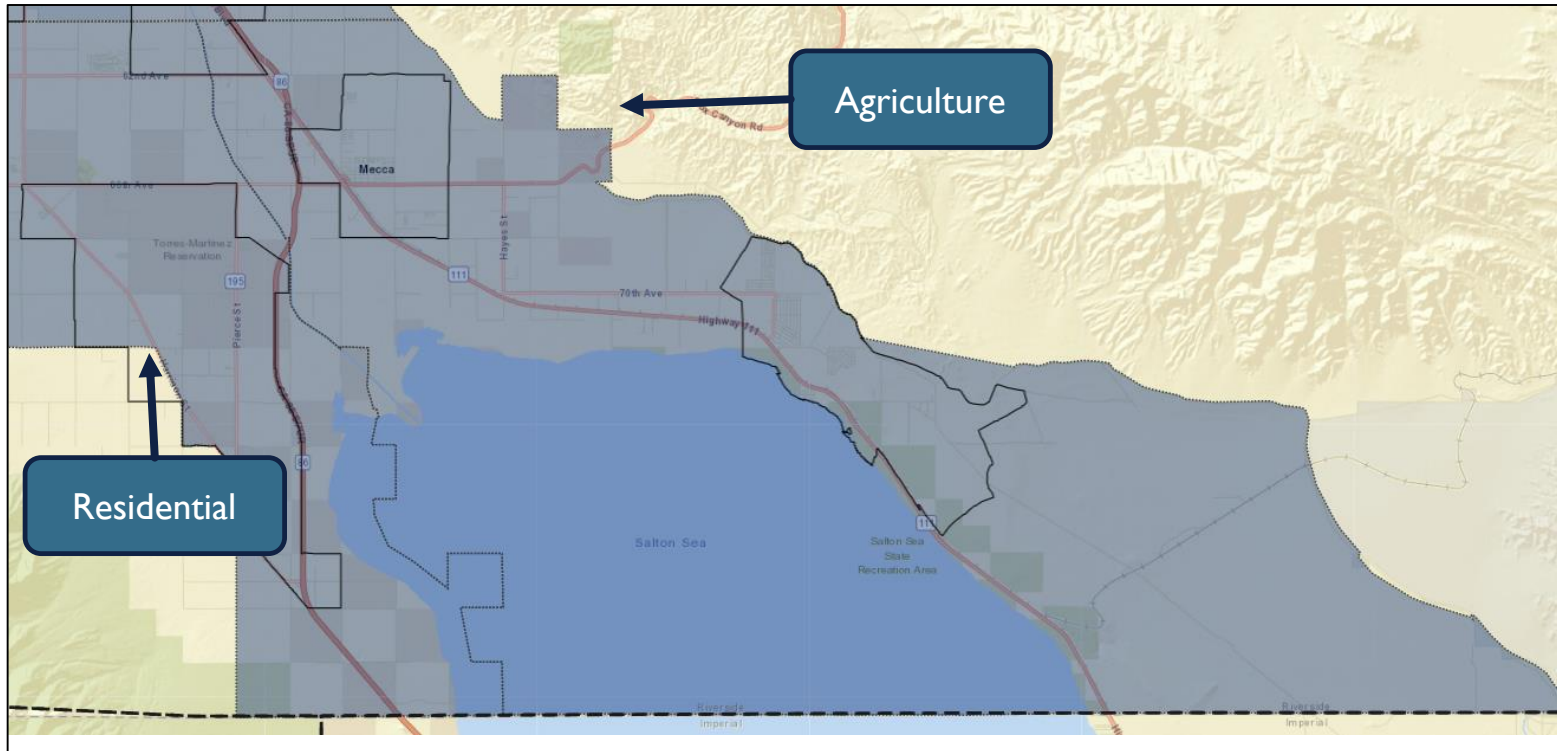
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OPPORTUNITY ZONES INDIO, COACHELLA, LA QUINTA, COUNTY

Tract	Jurisdiction	Acres
453.03	Indio	800
455.02	Indio	397
456.09	Coachella; County	22,502
457.05	Coachella	858
457.06	Coachella	685
457.03	Coachella	762
456.05	La Quinta; County	44,282

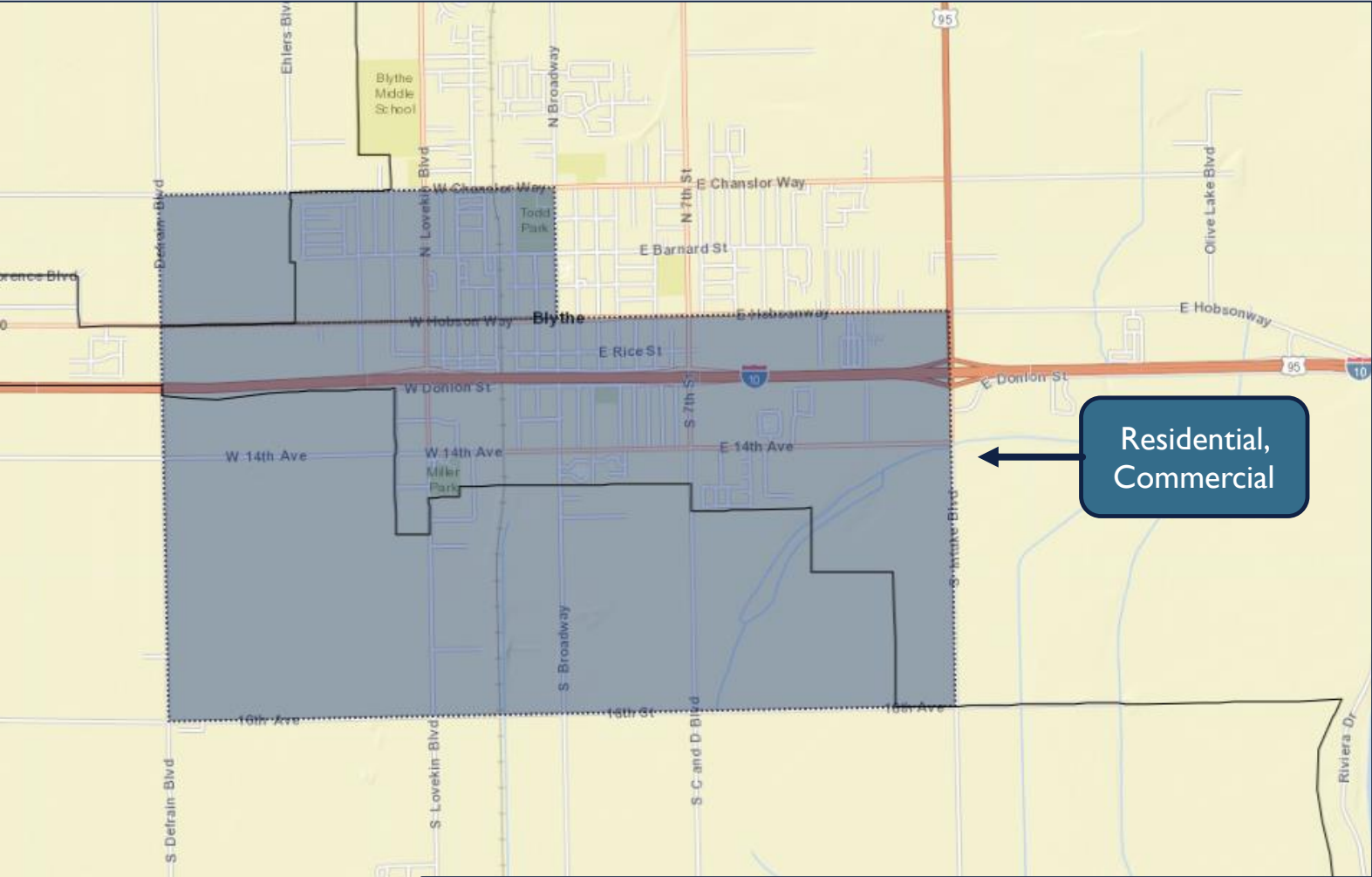


OPPORTUNITY ZONES MECCA / SALTON SEA AREA

Tract	Jurisdiction	Acres
456.05	La Quinta; County	44,282
456.04	County	64,493

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OPPORTUNITY ZONES BLYTHE



Residential,
Commercial

Tract	Jurisdiction	Acres
461.02	Blythe; County	486
462	Blythe; County	2,906

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RIVERSIDE COUNTY

OZ OPPORTUNITY: COMPELLING STRATEGIES AVAILABLE

- Riverside County has 49 Opportunity Zones, totaling 188,700+ Acres across 15 cities and county areas
- Land and infrastructure investment required to help stimulate OZ projects
- Numerous OZ opportunities for multi-jurisdiction cooperation through joint economic development approaches
- Can blend EIFDs (*Tax Increment Financing*) with OZs
 - EIFDs project sub-areas **do not have to be contiguous**
 - EIFD project sub-areas **can be in multiple jurisdictions**
 - EIFDs are 45-year Districts which **can benefit from & leverage OZ projects** which must occur in early years
- EIFDs can access OPM (Other Public Money \$\$)

1. *OZ 101: Program Background & Basics*

2. OZ Transactions: Basics & Regulatory Changes

- BREAK -

3. Utilizing OZs for Economic Development

4. What's Next? How Cities & Investors Can Prepare in Riverside County



*FEDERAL AND STATE TAX ASPECTS OF THE
OPPORTUNITY ZONE PROGRAM AND BEST PRACTICES FOR REAL ESTATE,
OPERATING BUSINESSES AND PPP'S*

Blake Christian, CPA/ MBT Long Beach & Park City



ABOUT HCVT CPAS

- Los Angeles Based
- 12 Offices – 9 in CA, Phoenix, Park City, Fort Worth
- Tax/ Real Estate/ Private Equity and Serial Entrepreneur Focused
- 700+ Team Members
- HCVT OZ Practice –
 - 6 members
 - 30 client QOF's formed and many more QOZB's
 - Also consult on other Funds nationally – 500+ consultations
- Articles/ Podcasts/ Etc. at back of presentation

TWO YEARS INTO OZ PROGRAM - WHERE ARE WE?

- 502 QOF's formed by Dec 31, 2019
- 297 Received Equity by Year-end
- \$6.7 Billion in Equity
- \$2 Billion in Equity in December alone – Approx. 50% increase
- *Numbers are likely grossly understated*
 - Voluntary reporting
 - Large numbers of PRIVATE QOF's/ Family office
 - Year-end rush of formations - likely **not reported** yet
- Clarity in regulations should open the floodgates
- Active businesses are gaining momentum
- Public – Private Partnerships getting traction

OPPORTUNITY ZONE FUNDS – THE BENEFITS

Federal tax savings related to capital gains portion of investment:

- Deferral of Capital Gains Taxes
 - Until the earlier of 12/31/2026 or exit from Fund – **2026 CG Tax Rates??**
- Step-up in Tax Basis – Fund Tax Basis starts at \$0 due to deferred gain
 - 5 year hold – basis increased 10%
 - 7 year hold (or more) – basis increased another 5% - **deadline was 12/31/2019.**
Minor Difference – 1.2%
- Elimination of Post-Reinvestment Appreciation
 - 10 year hold – no capital gains tax on **post- re-investment gains**
- Cumulative tax depreciation permanently excluded from recapture due to 100% basis increase after 10 years

5 MYTHS ABOUT THE OZ PROGRAM

1. Only taxpayers with long-term capital gains can participate in the OZ Program.
2. The 180-day reinvestment period required to transfer funds into a Qualified Opportunity Fund (QOF) begins to run on the date of sale.
3. Taxpayers can invest into an existing business located in an OZ and the business will automatically be eligible for all the OZ benefits.
4. A taxpayer owning existing OZ land and building(s) can make significant improvements within 30 months, which will make the entire OZ project qualified.
5. As long as a taxpayer invests in an OZ census tract, they will benefit under the OZ Program for both federal and state purposes

FINAL OZ REGULATIONS ISSUED DECEMBER 18, 2019 – TOP THINGS YOU NEED TO KNOW

Two Sets of Proposed Regulations Issued in 2018 and 2019; Final Regulations are Generally Very Taxpayer-Friendly

BASIS

- 1) **GROSS** IRS §1231 gains
- 2) Flow-through gains 180-day's start at **ORIGINAL** due date of the entity's tax return

TRANSACTION STRUCTURE

- 3) "Aggregate" approach to the "Substantial Improvement" test **ALLOWED**
- 4) Related Party rules – Con: a QOF sells property and cannot invest gain in related QOF
- 5) Allows a secondary QOF investor to invest before 12/31/2026
- 6) Assets in lieu of cash are **Non-Qualified** OZ property for purposes of the 90% and 70% test
- 7) Specific Identification is allowed – EXCEPT FOR QOF'S FORMED AS PARTNERSHIPS – due to basis complexities. An unfortunate conclusion.

DEVELOPMENT

- 8) Vacant building is now **3 years** or less
- 9) Beginning the 30-month improvement period for tangible assets, self-constructed assets will be treated as "acquired" on the date "physical work of a significant nature begins"
- 10) 24-months of relief for delays in construction, and self-constructed assets are treated as "acquired" when work started

OTHER

- 11) 6-month "**cure period**" to fix non-compliance
- 12) The Regulations introduced a Self-De-Certification option for taxpayers who choose to opt-out of the OZ program
- 13) Anti-abuse examples included

OPPORTUNITY ZONES & TRIBAL LANDS

- Tribal Governments located in one of the 50 states are eligible jurisdictions in which a QOF can be formed. However, the entity will be subject to federal income tax during operating period.
- Leases of tribal lands can be established at less than fair market value without violating the OZ lease provisions.
- Businesses located on Tribal Lands can also achieve other benefits including hiring credits, subsidies, etc.

OPPORTUNITY ZONE VS 1031 EXCHANGES

Opportunity Zones

- **Federal tax (but possibly not state) deferral and permanent tax savings. Only capital gains** must be reinvested –so possible **liquidity**
- No 3rd party intermediary required
- **Real, personal and intangible assets qualify**
- **Only capital gains** can be deferred
- 5, 7, or 10 year holding period required
- **No step-up in tax basis to heirs** if investor dies prior to end of holding periods
- Can only defer tax until 12/31/2026
- **Requires full 10 year holding period for full benefit**
- After 10 years, any post-investment appreciation in value gets a 100% step-up - **forever**
- After 10 years, no taxes paid under recapture rules

1031 Exchanges

- **Federal and state tax deferral only**
- **All proceeds** must be reinvested
- 3rd party intermediary required
- **Only real estate** assets qualify
- No mandatory holding period
- **Full step-up in tax basis** for heirs if investor dies at any time
- Unlimited deferral period
- Requires larger total capital investment to ensure full deferral – ties up more capital
- No step-up in basis for any appreciation in value
- Subject to 1245 recapture rules

WHICH GAINS ARE ELIGIBLE FOR OZ RE-INVESTMENT?

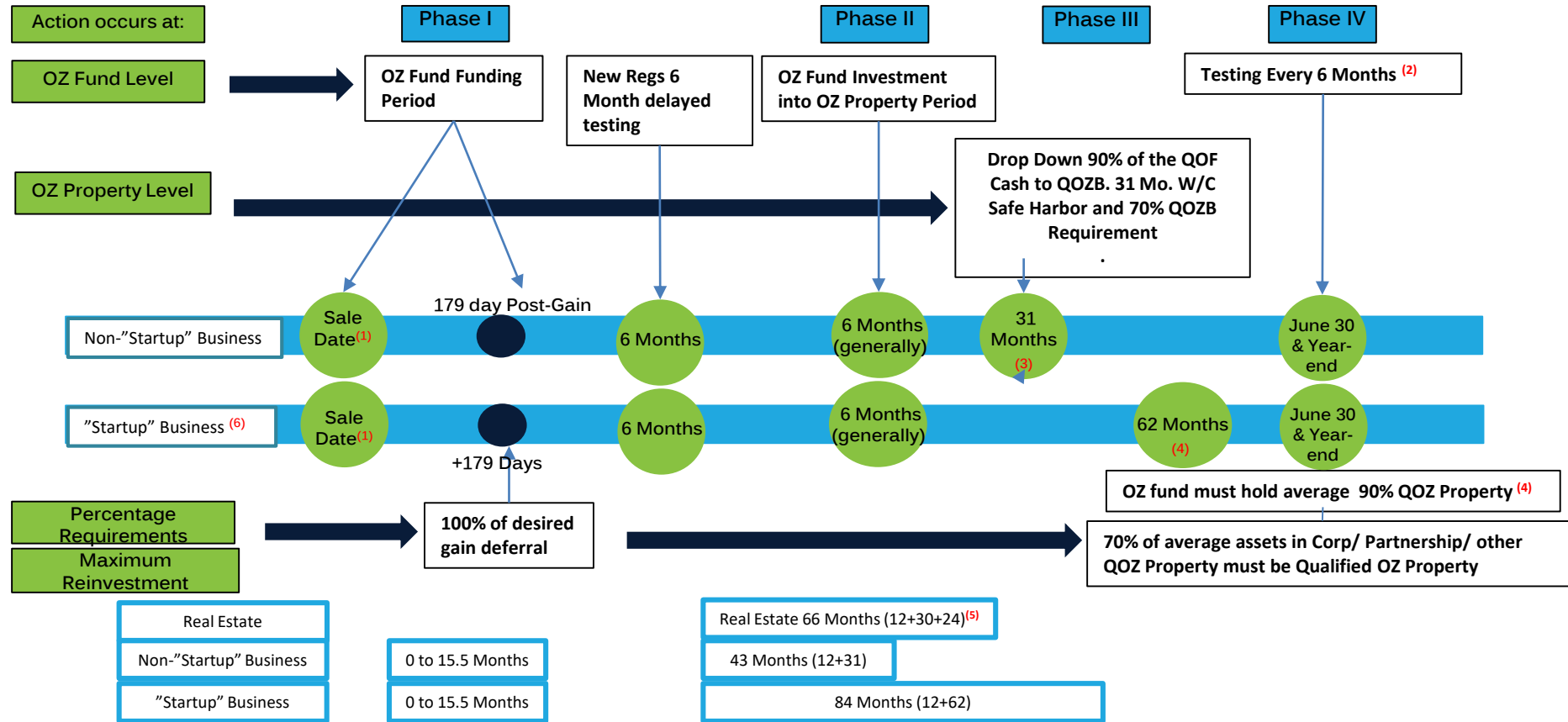
1. Any Long-Term **OR** Short-Term Capital Gains. Stocks, Collectibles, Real Estate, Businesses, Crypto, Intangibles, etc.
2. 180-Day Reinvestment Requirement – Tricky
 - i) Stocks and other assets held directly – 180 days begins on sale date,
 - ii) **1231/ Business Assets/ and K-1 Gains begin at year-end (12/31) or later (see next slide)**
 - iii) Election for **entity re-investment** vs. equity owners
3. Special Rules for REIT and RIC dividends
4. New Installment Sale rules

GETTING STARTED : OZ 180-Day Reinvestment Matrix (Final Regulations)

	Start of the 180-Day Period						
	Proposed Regs (Thru Feb 16th, 2020)		Final Regs (Effective Feb 17th, 2020)				
	<u>Date of Sale / Collection</u>	<u>Investor Year-End</u>	<u>Date of Sale / Collection</u>	<u>Date of Div Pymt</u>	<u>Investor Year-End</u>	<u>Business Year-End</u>	<u>Due Date of Business return (Not Including Any Extensions)</u>
A. Direct Capital Gains							
Non-K-1/ Non-1231	X		X	N/A	N/A	N/A	N/A
B. K-1 Reported Capital Gains	X (Entity Election)	X	X (Entity Election)		X	X	X
Reported @ Equityholder Level, but entity can elect to invest at entity level						@ Investor Election	
C. IRC §1231 Gains							
Netting Required	N/A	X	N/A	N/A	N/A	N/A	N/A
Gross Gains Allowed	N/A	N/A	X	N/A	X	X	X
						@ Investor Election	
D. REIT/ RIC Dividends							
Cash Dividends	N/A	X		X	X	X	N/A
Undistributed Capital Gains	N/A	X		N/A	X	X	N/A
						@ Investor Election	
E. Installment Sales							
Direct Installment Sale	X		X		X	N/A	
K-1 Reported Installment Sale	N/A	X	X		X	X	X
1231 Related Installment Sales	N/A	X	X		X	X	X
						@ Investor Election	

*This is a general overview. OZ rules are very fact specific, so consult with your tax advisor to confirm gain eligibility and 180-day reinvestment window.

OPPORTUNITY ZONE GATING TIMELINE



⁽¹⁾ The 180-day period starting date may be delayed until the end of a flow-thru entity's (e.g. Partnership/ S Corp/ Trust/ REIT) year-end (generally December 31st).

⁽²⁾ 1st measurement period is 6 months after OZ Fund self-certification date.

⁽³⁾ Assumes investment relates to the improvement of QOZ property and working capital is supported by business plan and actual spending pattern.

⁽⁴⁾ Failure to meet the 90% QOZ Property test will result in a monthly penalty for the dollar amount under 90% of the value. Penalty is based on section 6621(a)(2) underpayment rate which is currently 5%.

⁽⁵⁾ Maximum Regulatory Approval Period.

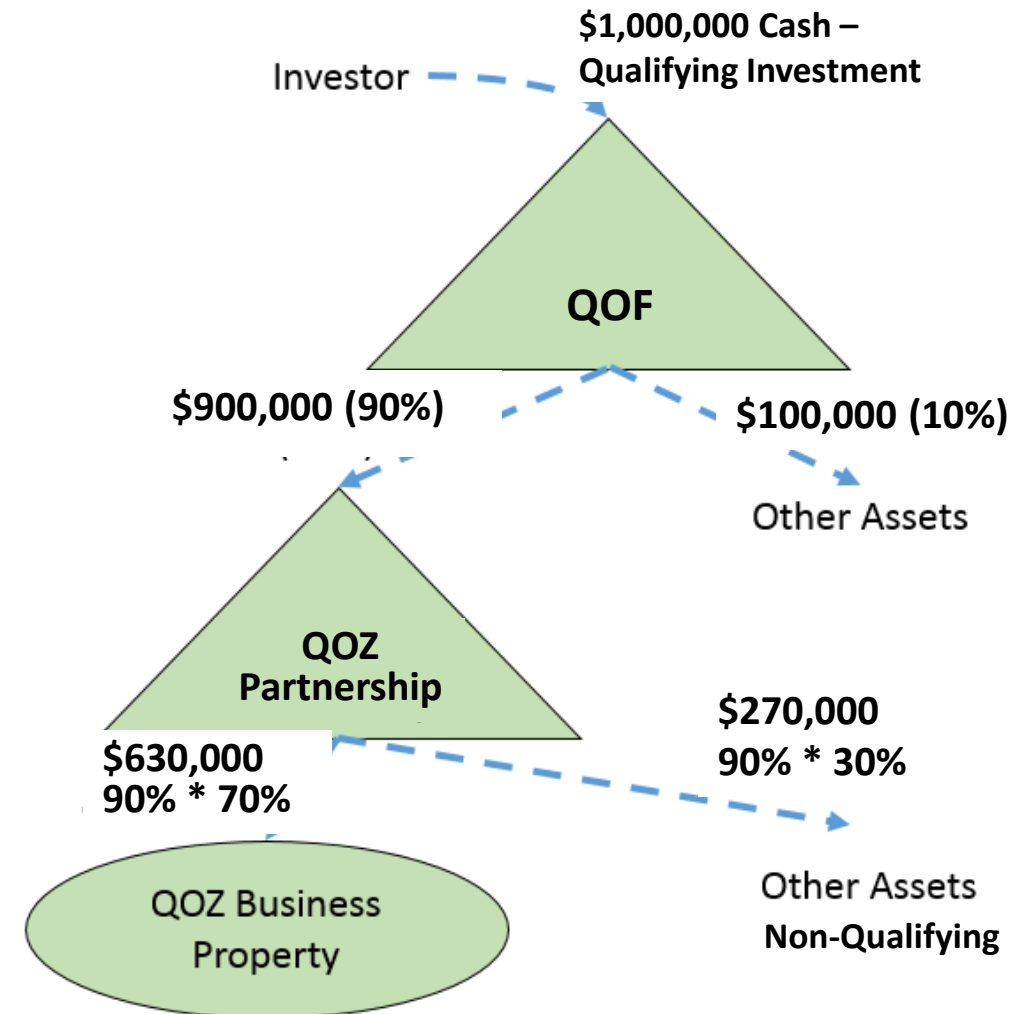
⁽⁶⁾ Start-up" Business – requires at least two material funding infusions.

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 Alejandra Lopez (562) 216-5516
 Abi Yanke (435) 200-9267

Note: The OZ rules are very complex and fact-specific and this timeline represents a general overview.

DIRECT VS. TWO TIER STRUCTURE: TWO TIER IS TYPICALLY THE WINNER

- Only 63+% of assets need to be QOZ Business Property
 - 90% of assets of QOF's property must be QOZ Business Property, 70% of tangible personal property owned or leased by QOZ Partnership must be QOZ Business Property
- 31-month/ **62-month** working capital safe harbor for **active businesses**
- If partnerships used, liabilities increase equityholders' outside basis
- Sale of 100% of QOZ Partnership treated by purchaser as asset purchase – benefit of stepped-up basis in asset-



STRUCTURING ISSUES- EXISTING OWNERS NEED TO BEWARE

1. When the assets are already owned by one or more of the investors
2. Related-Party provision kicks in at a relatively low >20% common ownership
3. Treasury did not back-off on the Related Party (20-percent equity/ income participation) Rules
4. Under the new interpretation two things happen:
 - The tax gain is not triggered and is therefore not an eligible source for reinvestment into ANY QOF and
 - The property which is now treated as NOT purchased by the QOF or QOZB is not treated as Qualified Opportunity Zone Property for purposes of the 90-percent QOF and 70-percent QOZB tests
5. Asset will be a non-qualified OZ asset; however, if the value is less than 30% of the total QOZB assets, no harm
6. Gain triggered on Related-Party sale is not eligible for reinvestment into QOF
7. If the gain is immediately reinvested into a QOF or QOZB - IRS treats as a tax-free transaction under 351(Corp) or 751(Pts)
8. Work-Arounds

GENERAL OPTIONS & COMMON ISSUES FOR CURRENT OWNERS

General Options for Current Landowners

1. Sell the Land to a Qualified Opportunity Fund (QOF) or a Qualified Opportunity Zone Business (QOZB);
2. Contribute the Land to the QOF
3. The Landowner can Enter into a Ground Lease with the QOF or QOZB
4. Land Swaps / Section 1031 Like-Kind Exchanges

Common Issue

Landowner has held property before 2018

- OZ Program Requires Property to be Acquired by Purchase After December 31, 2017
- If the Property Owner Owns More Than 20% of the QOF That Buys the Property
 - Generally no Gain Triggered on Transfer so Ineligible Gain to Reinvest
 - If Taxpayer Has Gain From Another Investment – May Work
 - QOF can Have 10% “Bad Assets” and Subsidiary QOZB can have to 30% “Bad Assets”
- Complicates Development, but Various Structures Can Allow OZ Participation

GENERAL FUNDING OPTIONS FOR QOFS

QOF REAL ESTATE FUNDING OPTIONS

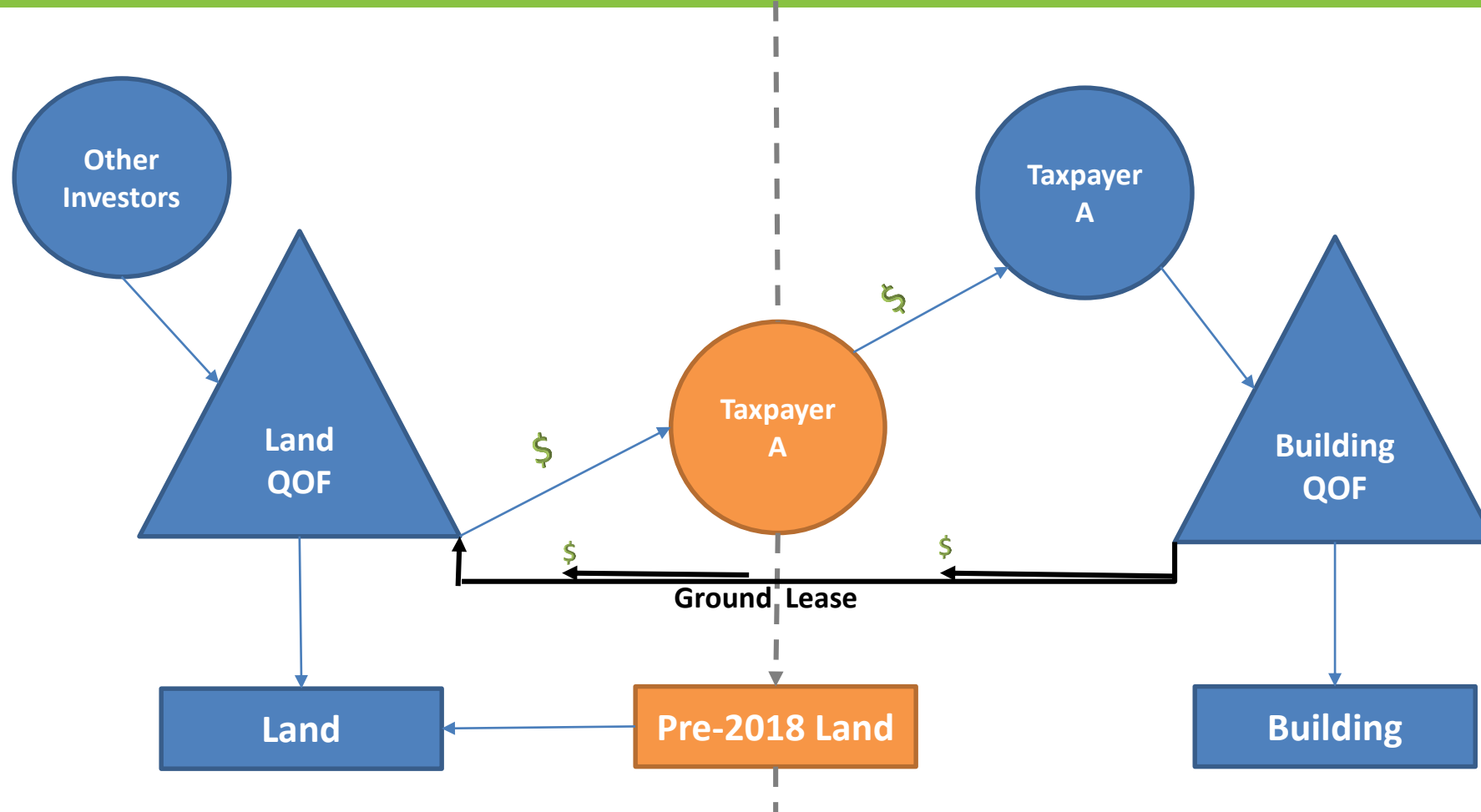
Fund Investor's Property Use

	SALE	CONTRIBUTION	LEASE
GAIN TRIGGERED?	Yes	Generally No*	No
ELIGIBLE FOR OZ REINVESTMENT?	Yes - Cash	Yes - Property Value up to Tax Basis	No
ELIGIBLE FOR OZ STEP-UPS?	Yes to Extent of Gain –Need to watch 20% Related-Party Rule	To the extent FMV > Tax Basis, that portion creates an OZ Mixed Fund	Underlying property gets no step-ups in years 5, 7 and 10
Eligible as QOZB Property? **	No	No	Yes
OTHER ISSUES	Evaluate State OZ Conformity	1) Must generate gain from another asset 2) To the extent FMV > Tax Basis, that portion creates an OZ ineligible Mixed Fund 3) Side-steps Related Party Rules	1) Underlying property gets no step-ups in years 5, 7 and 10 2) Complicates Economics

* Unless Liabilities exceed Tax Basis

** Consider installment sale

POSSIBLE SPLIT QOF'S TO AVOID RELATED PARTY RULES



*** Uncertain whether Anti-Abuse provisions would preclude such structures.**

OPERATING BUSINESSES VS. REAL ESTATE PROJECTS

1. **Trump Administration and State and City agencies view operating businesses as An OZ priority**
2. Investors/ Funds will be looking for “shovel ready” projects in order to meet the 90% rule
3. Investors/ Funds will also be looking for the highest after-tax ROI, so both federal and **state tax impact** will be evaluated. **CA residents will still be taxed on out-of-state re-investments.**
4. After-tax ROI on OZ investments can easily double or triple ROI, as compared to non-OZ investments. **However, 10-year hold is needed** to justify making the investment.
5. While **Real Estate** investments will likely represent the lion’s share of dollar investments, entrepreneurs should view **OZ Census Tracts as ideal places to start new businesses.**
 - I. A business can **be started much more quickly than a real estate project**
 - II. **Appreciation of a business** will often outpace a real estate project – higher ROI
 - III. New or existing OZ operating businesses (e.g. mfg., distr., tech., etc.) will create **more permanent jobs** and also generate a multiplier effect in the community
 - IV. Acquiring or starting OZ-based operating business will require **less capital outlay** from investors.

LEGAL STRUCTURING ISSUES FOR OZ OPERATING BUSINESSES

1. The tax step-up in years 5, 7 and 10 take place at the **OZ Fund level vs. operating entity** level; therefore, multiple OZ Funds for each specific investments will likely be optimal.
 - I. Establish Separate OZ Funds for:
 - Each Real Estate **location**
 - Each Operating Entity – **possibly split-up intellectual property and operating entities**
 - This will allow more flexibility upon disposition and also potentially offer more legal protection
 - LLC Taxed as a partnership will allow various tax deductions and credits to flow to OZ Fund owner(s). Future step-up potential of assets held by OZ Fund on change in ownership.
 - S Corp creates many issues, including **tax basis problems** if entity-level debt is added and there is generally no tax step-up potential for assets held by the OZ Fund.
 - **Operating Businesses meeting the IRC Section 1202 Qualified Small Business Stock tests - C Corp can be evaluated** from an international planning perspective. Start-up losses trapped, but may allow more deferral of income during profitable years.

QOF SELF-CERTIFICATION

QOFs must file Form 8996 annually

Purpose of the form:

1. **Certify** that organized to invest in qualified opportunity zone property
 - I. C or S Corporation, or
 - II. Entity taxed as partnership
2. To report **semi-annually** that the QOF either:
 - I. Meets the investment standard, or
 - II. Calculate the penalty for failing to meet investment standard – **5% current annualized penalty**

OZ PUBLIC / PRIVATE CASE STUDY – LONG BEACH

\$500 Million Downtown Long Beach Mixed-Use Project

Boutique Hotel

Student Transportation

Condominiums

Innovation Space

Student Housing

Retail

University Museum

Office Space

5 WAYS TO LEVERAGE THE OZ PROGRAM

1. Safety Net For a "Blown 1031 Exchange"-- A Four-Year Replacement Window
2. Holders of Investments in Dysfunctional Partnerships/ Real Estate Trapped in S Corp
3. Ideal Entity Choice - Not What it Used to Be
4. Operating Businesses - Potential Exit in 5 Years Rather Than 10 – IRC Section 1202 – Qualified Small Business Stock
5. Leveraging is Your Friend in the Land of OZ

BREAK

QUESTIONS?

Up Next –

- Utilizing Opportunity Zones and Layering Other Tools for Economic Development
- What's Next for Opportunity Zones in Riverside County

RIVERSIDE COUNTY, CA
JANUARY 2020

PRESENTED BY:

LARRY J. KOSMONT

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Riverside County, CA
January 2020



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1. *OZ 101: Program Background & Basics*

2. *OZ Transactions: Basics & Regulatory Changes*

- BREAK -

3. Utilizing OZs for Economic Development

4. **What's Next?** *How Cities & Investors Can Prepare in Riverside County*

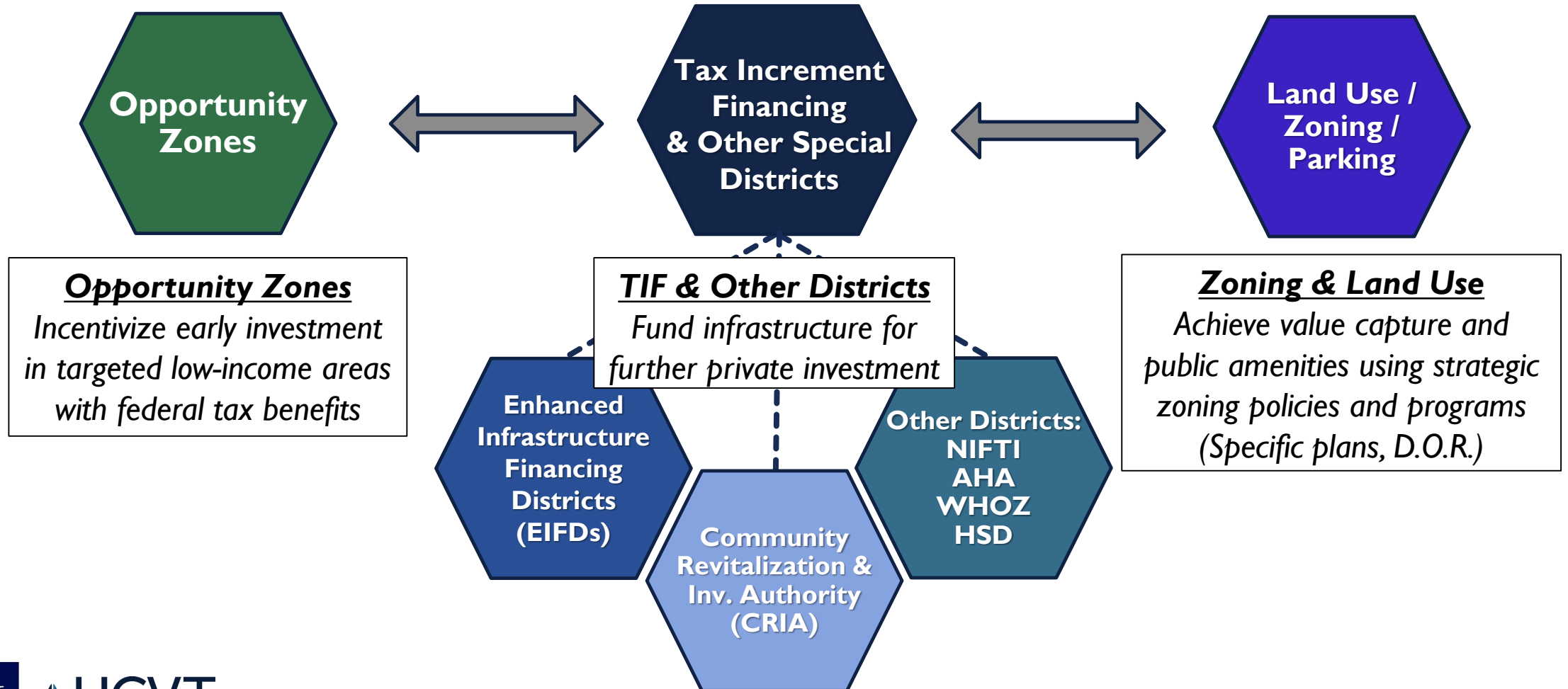
OPPORTUNITY ZONES



**“WE ALSO WANT TO PAIR EIFDS
WITH THE OPPORTUNITY ZONES.
THIS IS THE BIG IDEA.”**

— Gov. Newsom
January 10th, 2019
2019-2020 State Budget Release

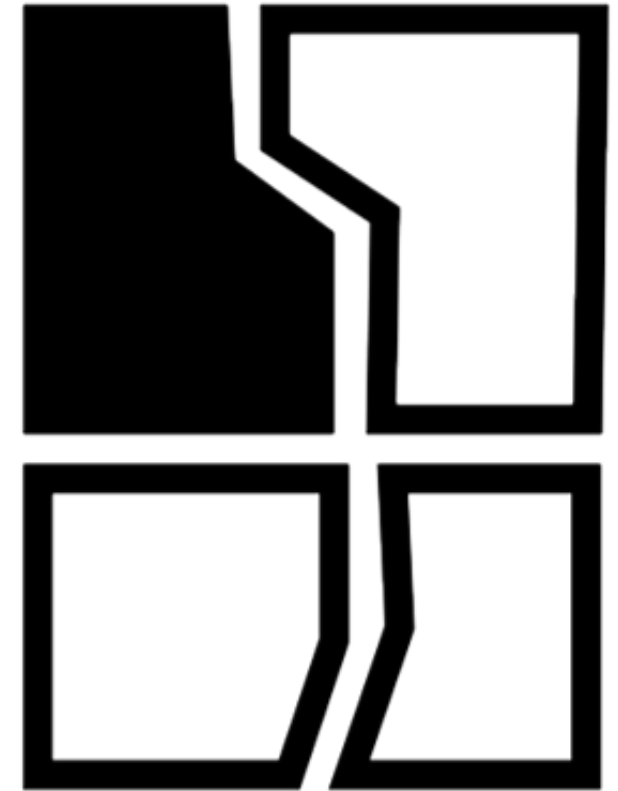
RIVERSIDE COUNTY'S ECONOMIC DEVELOPMENT TOOLKIT LAYER OZs, TIF DISTRICTS & ZONING



TAX INCREMENT DISTRICTS USED FOR ECON. DEV.

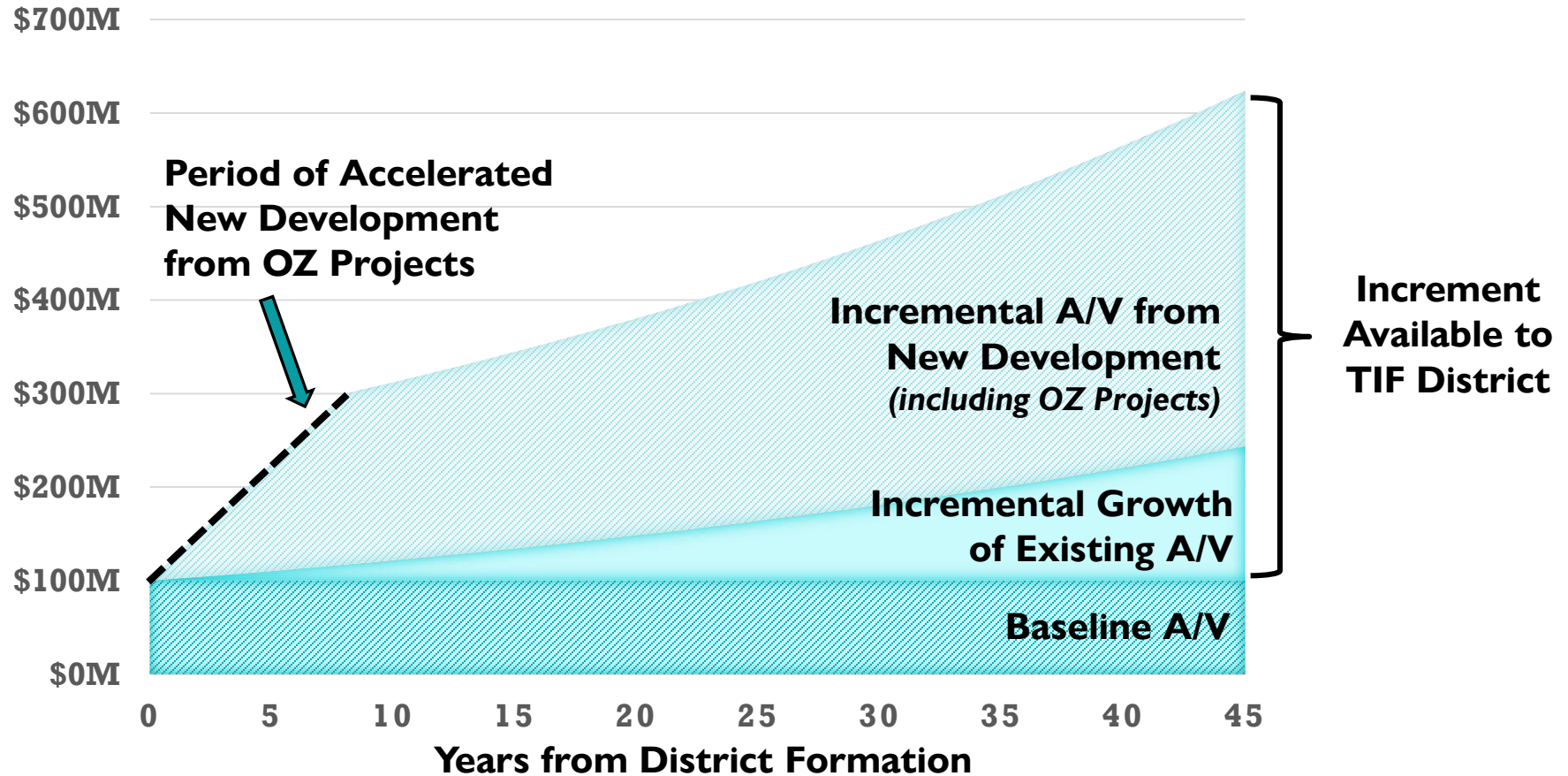
EIFD & CRIA

- **Enhanced Infrastructure Financing Districts (EIFDs) and Community Revitalization and Investment Authorities (CRIAs)** are TIF tools used by cities and counties to fund infrastructure projects, sustainability and both market rate and affordable housing
- These districts can last for up to 45 years and are governed by a public authority and a financing plan
- These districts work by dedicating a portion of future property tax revenue (tax increment) in the district to specific infrastructure projects that will drive additional economic growth
- Eligible Infrastructure Projects: useful life of 15+ years, community-wide significance
- Formation process includes public hearings and majority protest opportunity (process and other rules/requirement differ significantly based on specific District)



EIFD TAX INCREMENT MECHANICS

Assessed Value (A/V) within TIF District Boundaries



Note: Illustrative. Conservative 2% growth of existing assessed value (A/V) shown; does not include mark-to-market increases associated with property sales.

OZs & EIFDs ARE VERY COMPATIBLE AND CAN ATTRACT OTHER FUNDING SOURCES



Enhanced Infrastructure Financing Districts (EIFDs) can fund needed infrastructure, but lack front-end capital. **OZ Projects** can fill that gap & reap the benefits of tax-exempt infrastructure financing



EIFDs improve eligibility for Federal and State **grant and loan monies (DOT, EPA, EDA funds, and more...)**



Many Opportunity Zones are **SB535** eligible (disadvantaged census tract areas) and may also be eligible for **New Market Tax Credits (NMTC)**



Other Funding Sources: Cap & Trade proceeds, HCD grant / loan program, Prop 1 bond funds, SB 2 funds, Development Agreement / impact fees, benefit assessments, etc.

TAX INCENTIVES TO COMBINE WITH OPPORTUNITY ZONE PROGRAM



Federal and State Grants/ CA Competes Program



New Market Tax Credit Program



State and Federal Hiring Credits – WOTC / Enterprise Zone Programs



Green Credit / LEED Incentives



State Training Program Funds



Equipment Credits / Manufacturing Exemption



Research & Development Credit Programs



IRC Section 1202 Qualified Small Business Stock (N/A for CA)

OZ PROJECTS AS PUBLIC / PRIVATE PARTNERSHIPS: CONSIDERATIONS

- 1) Consider Front-end Timing Pressures and deadlines for QOFs/OZ investors
- 2) Prioritize City / County Projects
- 3) Market to Proper OZ Funds/ Developers /Businesses who are positioned to act
- 4) Evaluate Pre-Development entitling / Infrastructure investment to fast-track
- 5) Consider waiving or reducing development fees
- 6) Consider contributing land / property or deferred payment on sale.
- 7) **Watch IRC Section 118 re tax subsidies as reportable income to **Non-Corp** taxpayers.**
- 8) **Evaluate projects such as water-treatment / co-generation plants / projects with high percentage of fast-depreciating equipment.**

OZ CASE STUDY KOKOMO, INDIANA

- City of Kokomo is Building a New Convention Center:
 - Conference Center
 - Hotel
 - Parking Garage
- City is Incentivizing QOF (Hotel) by Providing:
 - Free Land
 - Various Local Tax Incentives
- **Caution:** IRC Section 118 Can Generate Taxable Income to Developer Unless Structured as a Corporation (S or C). Can create tax issues for OZ investors.



OZ'S AS PART OF YOUR ECONOMIC DEVELOPMENT PLAYBOOK

OFFENSE

Opportunity Zones

Opportunity Zones
Incentivize early investment in targeted low-income areas w/ federal tax benefits

Special Districts Tax Increment Financing CFDs

TIF & Other Districts
Fund infrastructure for future private investment with EIFDs, CRIAs, other state special districts

BENCH: "OPM: Other Public Money"
Cap & Trade, Prop 68, State Housing Funds

DEFENSE

Land Use Zoning Parking

Zoning & Land Use
Guide value capture & overhead management with strategic policies and programs such as "Development Opportunity Reserve"

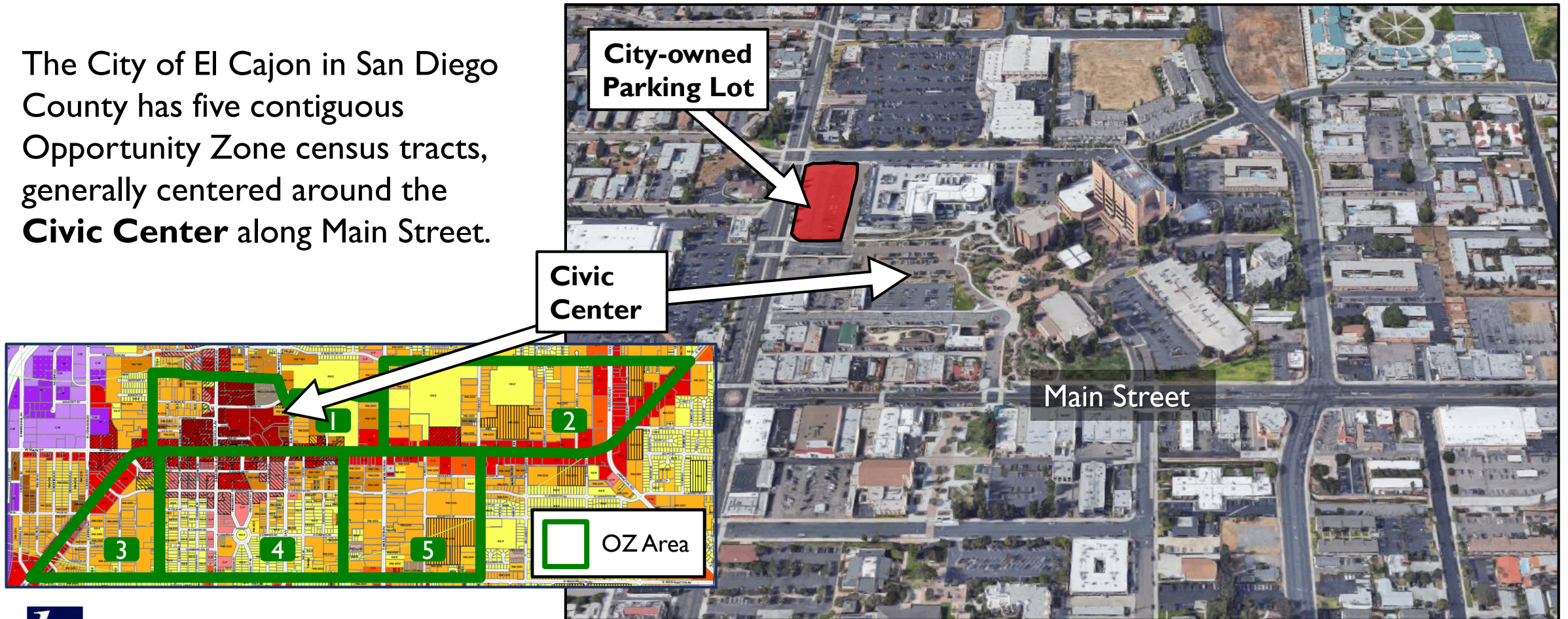
Reduce Debt & Asset Sales

Reduce Debt Costs & Asset Sales
Enhance liquidity by **Refinancing** and **Pension Obligation Bonds**: take advantage of lower interest rates/payments
Excess properties can be sold or put into real estate transactions to create liquidity and leverage; **new Surplus Land Act** requirements

OPPORTUNITY ZONE CASE STUDY

CITY OF EL CAJON

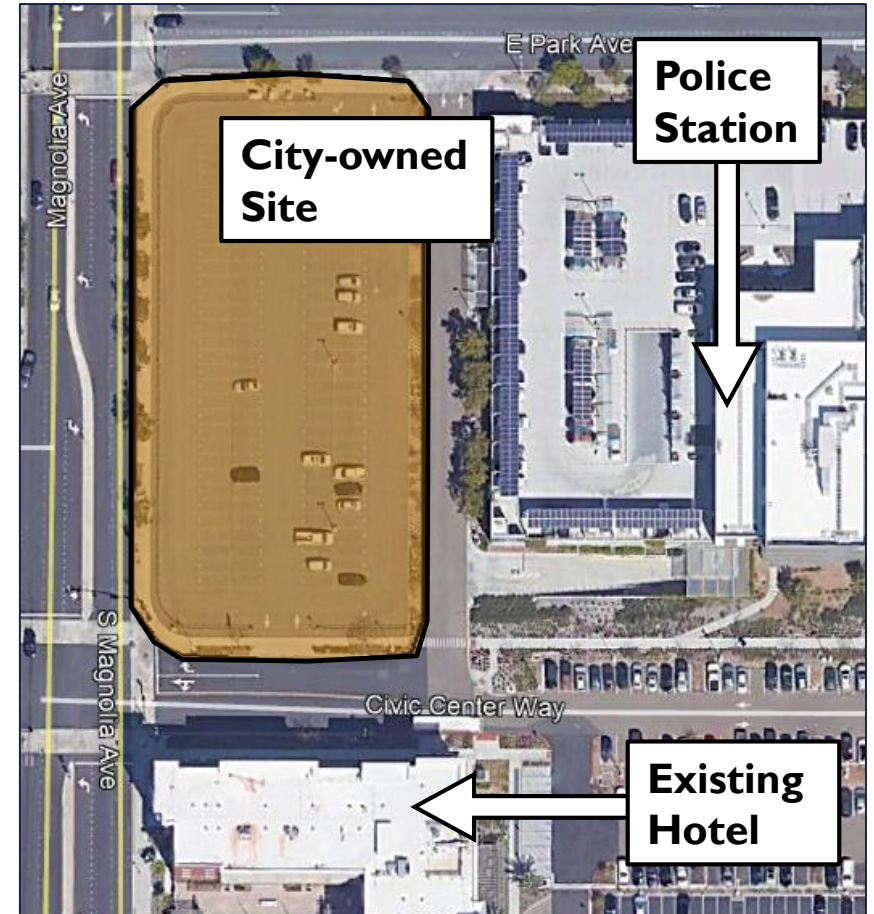
The City of El Cajon in San Diego County has five contiguous Opportunity Zone census tracts, generally centered around the **Civic Center** along Main Street.



OPPORTUNITY ZONE CASE STUDY

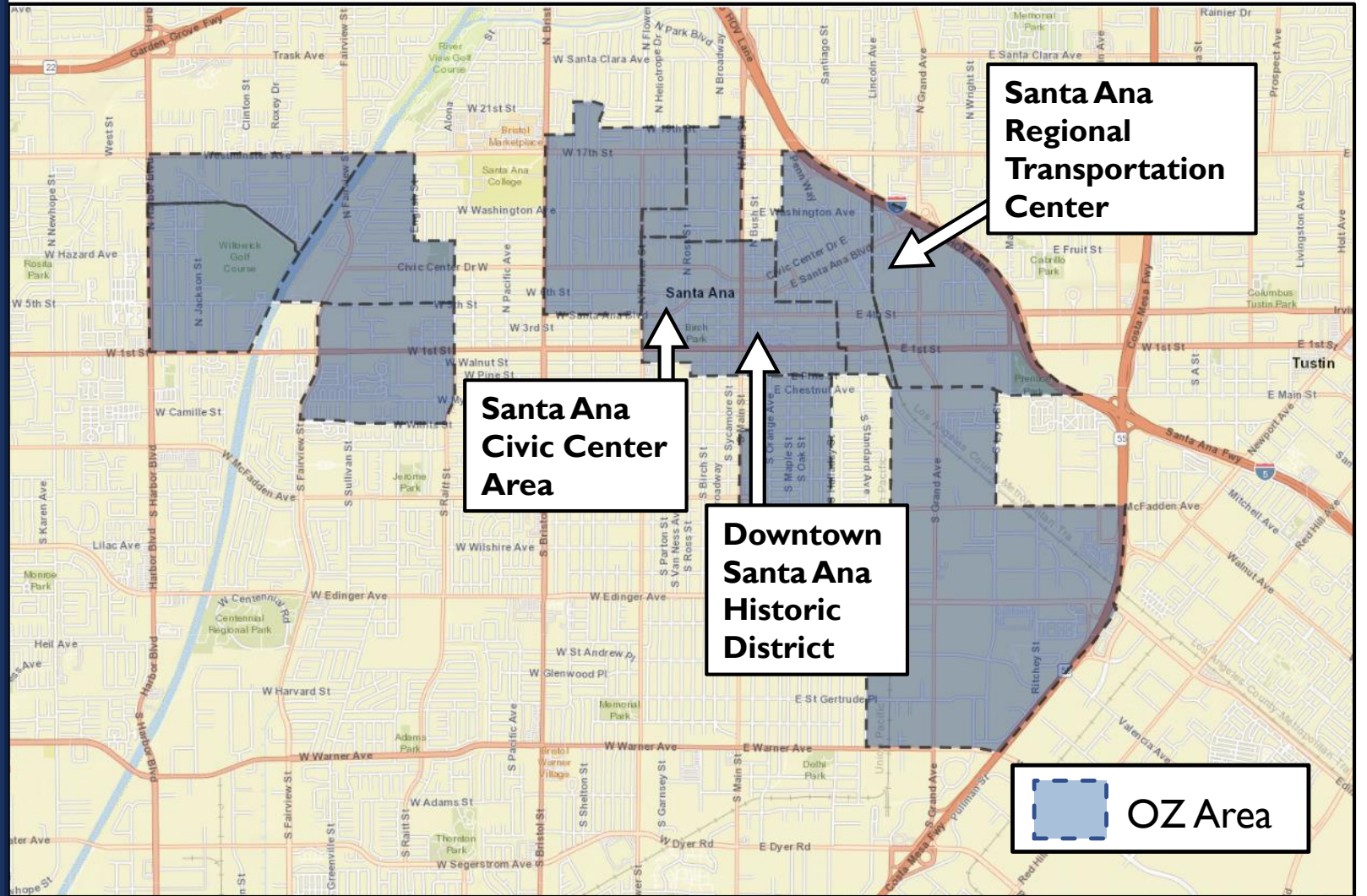
CITY OF EL CAJON-CIVIC CENTER OZ PROJECTS

- City is seeking Civic Center improvements as well as private sector investment; City wants revitalized commercial and blended-use developments to occur along Main Street / El Cajon Blvd. Corridor & connectivity to El Cajon Transit Center
- Kosmont developing City Approach to OZ Civic Center Projects:
 - **Layer** OZ incentives, EIFDs, state/federal grants, and other E.D. tools to catalyze development in Civic Center / Downtown area
 - **First, select** private sector hotel expansion as initial effort:
 - City controls land
 - Hotel generates TOT revenue
 - Creates jobs / stimulates economic activity
 - **Also, consider** public facility improvements (such as City Hall) via P3 transaction structure
- **Next Step:** Council Workshop to consider options



OZ CASE STUDY SANTA ANA

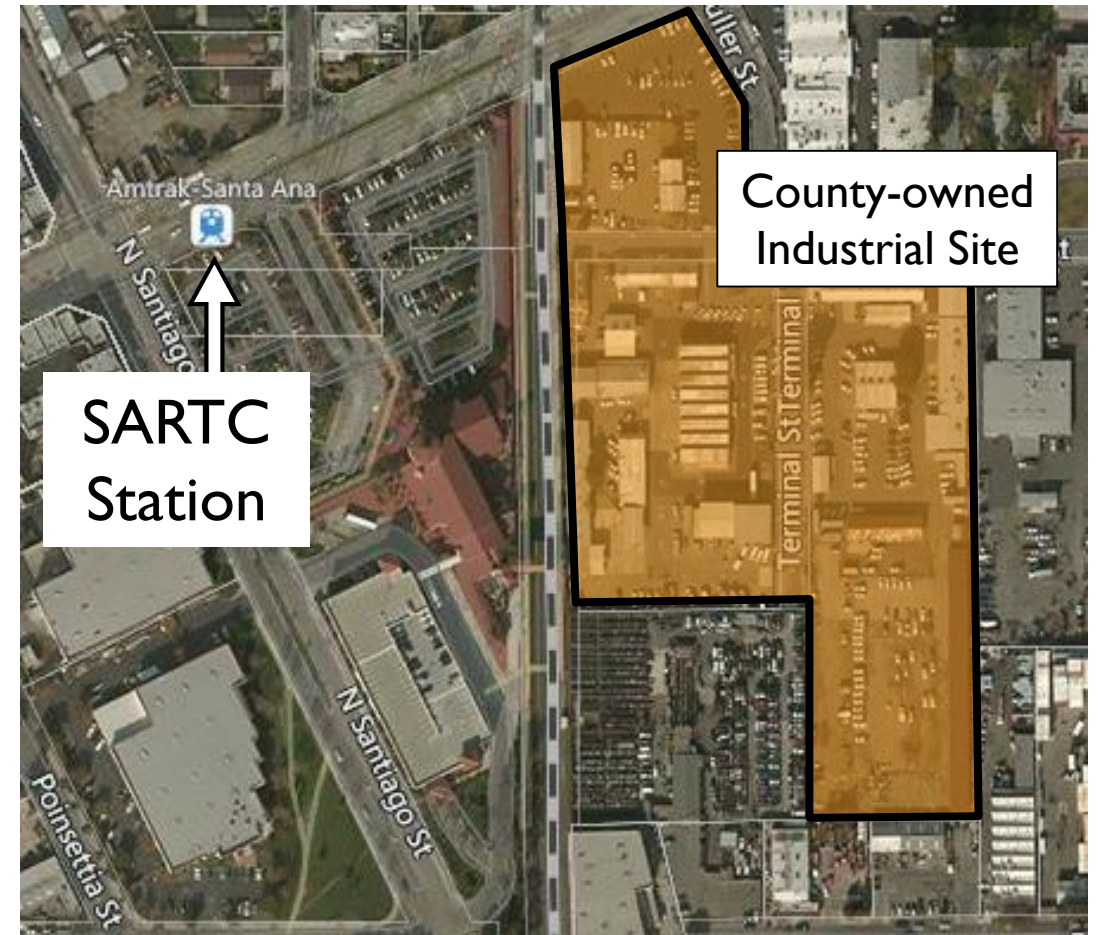
The City of Santa Ana in Orange County has eleven Opportunity Zone census tracts, running along 1st St and Grand Ave., including the Civic Center area.



OPPORTUNITY ZONE CASE STUDY

SANTA ANA

- The City wants to see transit-oriented residential and blended-use developments occur, particularly the Santa Ana Downtown / Civic Center / Transit areas.
- Kosmont is working with City to explore EIFD / OZ strategies:
 - Leveraging planning decisions
 - Educating and Connecting property owners & developers
 - Streamlining approval processes for preferred solutions
- One potential OZ public-private deal could involve County-owned land adjacent to SARTC, which is currently being promoted by County of Orange – County Executive Office Real Estate



OPPORTUNITY ZONE CASE STUDY

SANTA ANA

- City/County approved an affordable housing project; adjacent privately owned sites ready for redevelopment proximate to Santa Ana Regional Transportation Center.
- Kosmont has led outreach with property owners and developers and is in process of helping City screen multiple deals for the OZ marketplace.
- **Next Steps:**
 - Determine disposition / acquisition potential of OZ privately owned property & City support for project
 - Conduct Due Diligence on property and possible outreach to infill developer(s) / OZ investors
 - Follow up with Owner on next steps, sale requirements/exit strategy, and structure of participation in OZ investment (e.g. passive, active, real estate, business)



OPPORTUNITY ZONE CASE STUDY

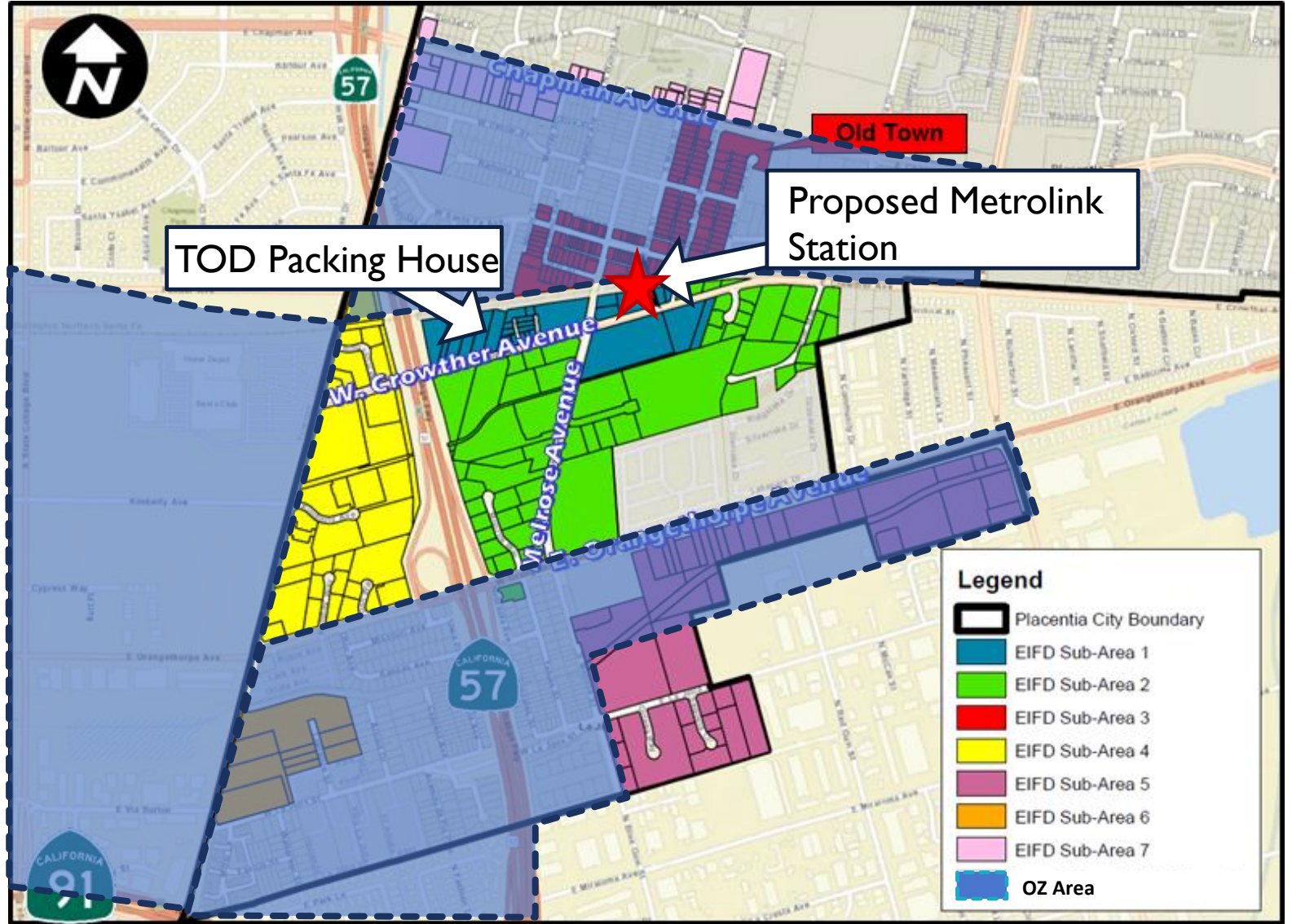
PLACENTIA



- City adopted an EIFD in July 2019, which includes strategic overlap with Opportunity Zone areas.
- The EIFD includes downtown commercial areas, transit stations, including Opportunity Zone areas:
 - 300+ acres; \$365M current AV: > \$460M new AV
 - County is a partner in the EIFD / Public Financing Authority
 - Net Fiscal Benefit: \$22M to City, \$15M to County
- Variety of OZ Projects Being Considered: residential, retail, restaurant
- The EIFD will fund vital local infrastructure improvements: street improvements, parking, transit station connectivity

OZ CASE STUDY PLACENTIA

City of Placentia and Orange County created an EIFD in Placentia's Packing House / Old Town Districts (forming in July 2019) that includes OZ areas.



1. *OZ 101: Program Background & Basics*

2. *OZ Transactions: Basics & Regulatory Changes*

- BREAK -

3. Utilizing OZs for Economic Development

4. **What's Next?**

How Cities & Investors Can Prepare in Riverside County

OZ FUNDS SEEKING INVESTMENTS OPPORTUNITY AND CHALLENGES IN CALIFORNIA

California is typically a strong investor market:

- Climate
- Labor Force
- Diversification
- Port Activity
- Quality of Life

California has some OZ challenges:

- OZ Competition in 49 States
- Slow/Costly Entitlement Process & Local Government Approvals
- CEQA Timing and Litigation Exposure
- State Tax Conformance with OZs

Communities are preparing for OZ investment through **education, engagement, and implementation**

STATE CONFORMITY WITH FEDERAL TAX BENEFITS

- 35 States have conformed to the federal OZ statute
- Non-Conforming states:
 - California – 13.3% Capital Gain Rate .> \$1M of Taxable Income (*Economic Development Disadvantage*)
 - Massachusetts (Pending)
 - Mississippi
 - North Carolina
- Consider 1031 for R/E transactions in non-conforming states. Contribute Property.
- Watch for some states that require “in-state” OZ replacement
- Consider tax impact from future change in residency
- If an active business – consider C Corp status – flat 21% federal rate and gain sourced to state of residency vs. corporate location
- *State issues for multi-asset public funds*

Partially Conforming	Non-Conforming	No Cap Gains
Arkansas*	California	Alaska
Hawaii*	Mississippi	Florida
Massachusetts*	North Carolina	Nevada
	Massachusetts (Individual)*	New Hampshire
		South Dakota
		Tennessee
		Texas
		Washington
		Wyoming

* Each Partially conforming state has unique criteria / elements of conformity; please refer to other resources for additional information.

CALIFORNIA RESPONSES TO OZ CHALLENGES

OZ Income Tax Conformity with Feds (**Failed in 2019**; Back in 2020 session?)

- **Challenge:** CA not aligned with Fed. OZ tax policy, limiting investor benefit of CA projects; most other states conform (*or do not have income tax*), limiting CA competitiveness
- **Solution:** Conforms CA personal income tax & corporation tax law to federal OZ tax treatment (possibly limited for state priorities: **green technology** & **affordable housing**). Criteria allows incentives to be layered with Infill Infrastructure Grants to incentivize housing development.

Streamlining CEQA for OZ Projects (**SB25 – Failed in 2019**; Sen. Caballero in 2020 session?)

- **Challenge:** CEQA process can exceed the 30-month timeline for OZ investment; investors hesitant to take on timing risks
- **Solution:** Fast-tracks CEQA procedures for OZ Projects: 270-day timeline; only appeal analysis
- *Revised working capital safe-harbor in Federal regs likely helps address this challenge*

Infill Infrastructure Grant Program (2019/20 Budget)

- \$500 million for infrastructure gap funding, to support higher-density affordable/mixed-income housing. Focus on infill areas in OZs to guide investment toward housing

FEDERAL LEGISLATIVE / REGULATORY ACTIVITY

■ Potential Federal Legislation

- **Reporting / Transparency**: Multiple bills proposed to increase transparency and add reporting requirements; gather information on number of QOF investments, assets held in QOFs, impact of OZ designation on economic indicators (job creation, poverty reduction, etc.)
- **Technical Correction Legislation**: Zone designations, technical cleanup needed for regulations, etc.

■ Federal Regulations

- **Final Regulations**: Issued by Treasury / IRS on December 19th; provide clarity on key regulatory areas
- **Ongoing Regulatory Actions**: Some minor regulatory changes / guidance likely as the program matures

OZ INVESTMENT IN 2020

- Final Regulations Generally Provide More Flexibility to Both R/E and Operating Business Projects
- Public QOF's Will Likely Continue to Struggle
- Private QOF's Will Continue to Thrive
- PPP are Ripe for Development – But The Fast Will Eat The Slow
- Be Proactive/ Identify Desired Projects / Fast-Track

OZ FUNDS SEEKING INVESTMENT OPPORTUNITIES

Opportunity Zone Funds are Forming Across the Country

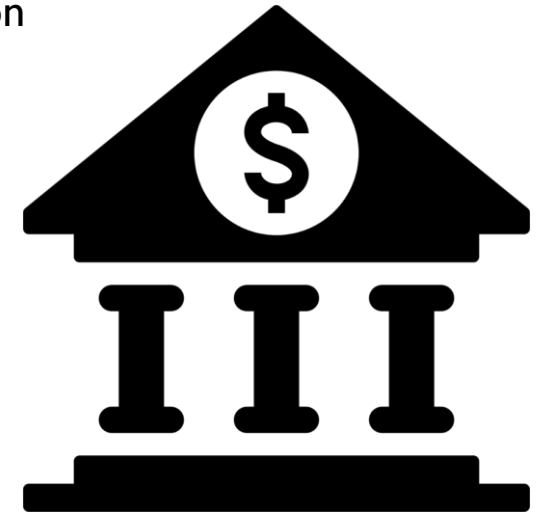
- *Novogradac*: \$6.72 billion of reported equity raised; \$68.55 billion of community development investment capacity across 502 tracked funds¹
- *NCSHA*: Over 190 OZ funds (~\$45 billion capacity) formed; of these, 77 funds (~\$32 billion capacity) have a nationwide or California focus²

Diverse Preferences for Investment Types

- Driven by Investment Certainty, best returns, and project timing
- Urban & Suburban
- Real Estate & Business Operations
- Residential & Commercial Development
- Existing & Emerging Businesses
- Community-based Investing

OZ Funds Preparing & Searching for Opportunities

- More funds are expected to form, along with private OZ investors
- Many funds developing investor prospectuses
- All funds are seeking investable projects – many using OppSites Marketplace



¹ <https://www.novoco.com/resource-centers/opportunity-zone-resource-center/opportunity-funds-listing>

² National Council of State Housing Agencies (NCSHA), Opportunity Zone Directory, Updated December 17, 2019

HOW CAN RIVERSIDE COUNTY COMMUNITIES ATTRACT OZ FUNDS?

Educate	city council, staff, and community on Opportunity Zones (Workshops
Identify	key projects, property owners, and stakeholders in OZ areas
Develop	an OZ investment strategy – <u>consider joint City/County Opportunities</u>
Update	Update SP plan and zoning to align with targets; create EIFDs/CRIAs
Streamline	local project approval processes and align with CEQA
Create	<u>OZ Workplan</u> to market target projects to OZ investors

KEY QUESTIONS FOR PICKING OPPORTUNITY ZONE PRIORITIES

1. Which OZ areas and potential projects have priority, in light of investor interest and development potential?
2. Are key infrastructure investments needed in these potential priority OZ areas?
3. Should any of these OZ areas be included in an EIFD/CRIA to fund needed infrastructure?
4. How should the County and Cities partner on OZs, EIFDs, CRIAs, and other Econ. Dev. Tools?
5. Are there additional / special considerations for these areas that impact priority or strategy?
6. Which opportunities are ready to be packaged and pitched to OZ funds?

COMMUNITIES NEED TO TARGET OZ INVESTORS BY DEVELOPING OZ PROSPECTUS

WITH OVER 8,000 APPROVED
OZs ACROSS THE COUNTRY,
COMPETITION FOR
OPPORTUNITY FUND
INVESTMENT IS HIGH

Top-level Storytelling

Highlight growth and vision for city's future

Regional Momentum

Discuss econ. & demographic indicators, recent & expected development/growth

Economic Development Planning & Zoning Updates

Show city's comprehensive preparation & commitment to OZ development

Streamlined Local Processes

Ease timing concerns and improve city's competitiveness

Other Funding Sources

Pair OZs to enhance economic viability of projects (e.g. EIFD, TIF, NMTC, etc.)

Target Areas

Describe key locations of growth in city

Target Projects/Sites

Provide descriptions of prime opportunities for OZ investment

OPPORTUNITY ZONE RESOURCES

OppSites – Opportunity Zone Marketplace

<https://oppsites.com/>

HCVT Opportunity Zone landing page

<https://www.hcv.com/services-Federal-Qualified-Opportunity-Zone.html>

Kosmont Opportunity Zone Landing Page

<https://www.kosmont.com/services/opportunity-zones/>

OZ Book – “How To OZ:A Guide to Opportunity Zones”

Novogradac Opportunity Funds Listing & Resources

<https://www.novoco.com/resource-centers/opportunity-zone-resource-center/opportunity-funds-listing>

Accounting Today Landing Page

<https://www.accountingtoday.com/author/blake-christian>

Las Vegas Opportunity Zone Investors

<https://www.meetup.com/Opportunity-Zone-Investing-Group/events/267281486/?isFirstPublish=true>

Opportunity Zone Marketplace

www.opportunityzonesauthority.com

www.QOZmarketplace.com



Riverside County OZ

www.RivCoOZ.com

U.S. Department of the Treasury

https://www.cims.cdfifund.gov/preparation/?config=config_nmtc.xml

IRS

<https://www.irs.gov/newsroom/irs-and-treasury-finalize-opportunity-zone-guidance>

IRS - Final Regulations FAQ

<https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>

California OZ Link

http://dof.ca.gov/Forecasting/Demographics/opportunity_zones/

Nevada OZ Link


http://business.nv.gov/Resource_Center/Access_to_Capital/Opportunity_Zones/

Community Development Financial Institutions Fund

<https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx>



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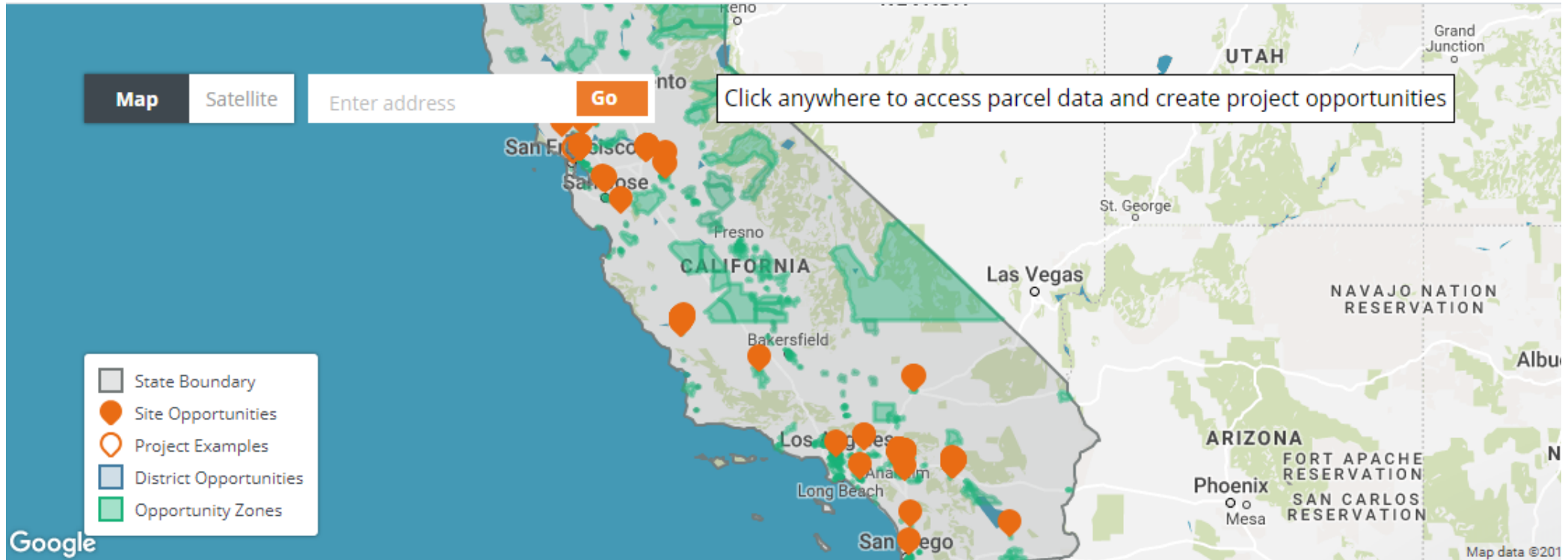
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Riverside County Opportunity Zone Resource

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Riverside County Opportunity Zones

Riverside County is the best investment opportunity in Southern California for purchasing land or a building, constructing a new building, or investing in a business. Acting as the gateway to Southern California and major U.S. markets, there are 49 Opportunity Zones spread over the county's 7,300 square miles in both large and small cities.

[View Investment Prospectus](#)

WHAT'S NEXT FOR OZ INVESTMENT

**California's Opportunity Zones are competing nationally for OZ Fund attention:
Counties & Cities need to work together to overcome challenges & attract investment.**

1. Prospectus & Analysis

Identify OZ Vision and Pursue Targets for
OZ Development

2. Active Marketing

Use OppSites & Other Services to Engage
Funds

**Counties & Cities Working to
Attract Investment**

3. OZ Fund Matchmaking Support

Connect Target Projects with Investors
and Funds

4. Negotiation/Transaction Support

Assist with OZ Fund Deal Structuring

THANK YOU QUESTIONS?

For information and assistance about Opportunity Zone Investment in Riverside County, visit www.RivCoOZ.com or call (951) 955 – 0493.

RIVERSIDE COUNTY, CA
JANUARY 2020

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Riverside County, CA
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