



OPPORTUNITY  
INVESTMENT  
CONSORTIUM  
INDIANA

**LAUNCH A CONSORTIUM:**  
A RAPID DEAL ADVANCEMENT AND  
CONNECTIVITY HUB FOR  
INDIANA'S OPPORTUNITY ZONES



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- Historical Context
- Overview
- Building the Consortium
- Activating Portal

# INITIATIVE ANNOUNCEMENTS AND THE HISTORIC SCRAMBLE

- ... Urban Enterprise Zones
- ... White House Faith-Based Initiative
- ... New Markets Tax Credits
- ... Promise Zones
- ... Social Innovation Funds
- ... and ... and ....



## NEWS

## PRESS RELEASES

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# Treasury, IRS Announce First Round Of Opportunity Zones Designations For 18 States



APRIL 9, 2018

**Washington** –The U.S. Department of the Treasury and the Internal Revenue Service (IRS) today designated Opportunity Zones in 18 States. The Tax Cuts and Jobs Act created Opportunity Zones to spur investment in distressed communities throughout the country. New investments in Opportunity Zones can receive preferential tax treatment.

## NEW MARKET TAX CREDIT EXAMPLE



## NMTC ANNOUNCED IN 2000

- Indiana responded immediately, setting up the appropriate new bodies predicated
- Early deals surfaced but came to a halt, awaiting clarifications at Federal level
- It took years before there was a clear sense of how the program was best utilized
- While the initiative continues today, it remains complex to deploy
- And unfortunately, Indiana ranks near the absolute bottom for direct allocation over the course of its history

BROOKINGS  
INSTITUTION'S  
LEADING URBAN  
INNOVATION  
EXPERTS CITE  
INDIANAPOLIS  
AS AMERICA'S  
LEADING PLACE  
FOR  
"PERFECTING A  
CULTURE OF  
COLLABORATIVE  
ACTION"

*At our best, Hoosiers have a notable capacity to combine forces and share tables – particularly when the results mean our families and **communities are better off***

THE CONCEPT

# OPPORTUNITY ZONE BASICS

**Goal:** To encourage long-term private capital investment in low-income urban and rural communities

**Incentive:** Long-term tax deferral on capital gains invested in Opportunity Zones and tax exclusion from new capital gains achieved from those Opportunity Zone investments

**Eligibility:** Equity investments

**Timeline:** Set to sunset in 2022



# Eligible Investments

*Only equity investments are eligible for the Opportunity Zone tax incentive.*

- 1 Business investments**  
can include investments in new stock issuance for corporations and ownership interests in partnerships and LLCs.
- 2 Investments in real estate**  
must include an ownership interest of new construction or assets that will be **"substantially improved"** within 30 months of acquisition by the Opportunity Fund.
- 3 New equipment and other assets**  
are also eligible investments.

# Economic Development Examples

**1** Business infrastructure real estate funds:

*Industrial*

*Retail*

*Mixed use*

*TOD*

**2** Venture capital funds:

*Seed stage investments*

*Series A investments*

**3** Operating business private equity:

*Equity recapitalizations*

*Growth capital investments*

**4** Enhancement for other federal tax credit transactions:

*NMTCs*

*Historic Tax Credits*

# Specific Affordable Housing Examples

## 1 **Twining with the LIHTC or the HTC**

Potential for developing housing for families at or under 60% AMI.

Can provide a higher yield to investors depending on deal structure

Issues: Do institutional investors have capital gains that they want to use to invest in LIHTC?

Will this bring additional investors to the marketplace?

Can this benefit high loss deals?

## 2 **Workforce Housing**

Providing housing for families at 80 – 120% AMI

Anticipate 10 year investments

Opportunity Zone benefits are a shallow subsidy, most effective in conjunction with tax abatements or other subsidy sources

No ongoing compliance regulations unless required through local funding or zoning

Ability to attract high net worth individuals or corporations as investors.

# Strengths

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## Local

Designations are made by states and localities, rather than Federal agencies, ensuring more local buy in and coordination.

## Flexible

The flexibility of the investment tool can support investments in any type of asset class.

## New Investor Class

The incentive has the ability to attract high net worth individual investors to community development finance.

## Potential

The incentive could attract hundreds of billions of private sector capital into low-income communities (compared with about \$10 - \$12 billion annually under LIHTC and \$3.5 billion annually under NMTC).

## Straightforward

The tool is relatively straightforward from an investment and compliance standpoint, in comparison to LIHTC and NMTC.

# Potential Concerns

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## Lack of Oversight

Lack of oversight from government entities could lead to program abuses.

## Lack of Impact Incentives

Incentives focus on back-end returns, rather than investments that will result in community impacts.

## Gentrification and Displacement

The tool might aid in the gentrification and displacement of residents and businesses in Opportunity Zone communities.

## Future of Other Tax Incentives

The new incentive might be used as an excuse to diminish or eliminate other community development tax incentives, such as the NMTC program.

CONSORTIUM  
SERVES AS  
FRONTLINE FOR  
INFORMATION  
AND  
INVESTMENT  
CONNECTIVITY



SUPPORT PEOPLE & PLACES



# TARGETED OUTCOMES FOR OUR APPROACH

Transform places, support businesses and drive system innovation through smart collaboration and deployment



## Support jobs

- Connect to ready workforce
- Supports for training and job placement



## Transform places

- Support investments in commercial, industrial, retail, residential & community facilities
- Broker complementary investment brokering such as infrastructure improvements



## Support business

- More ready access to capital pairing
- Technical assistance



## Drive system innovation

- Partnership facilitation across sectors – public, private and nonprofit
- Integration of support for people, places and small businesses

# THE CONSORTIUM BASICS

**The Goal is Identical:** To encourage long-term private capital investment in Indiana's low income urban and rural communities

**Incentive for the Consortium's Existence:** Pool knowledge and assets to more strategically build capacity and pipeline across all stages of a deal, then actively help facilitate investment and information pairing through an online portal as OZ funds begin to flow

**Membership:** Intended as a table for investors and coinvestment partners to connect with communities

**Outcomes:** Rapid deployment and more refined pairing of investment to propel difficult projects towards the finish line



# EARLY LEADERSHIP



# CONSORTIUM INFRASTRUCTURE

## Investor Members

Financial Institutions, Venture/Equity Funds, Impact Investors, CDFIs, government finance agencies, & other funds

- Access to portal and co-investor table
- Early look at deals; able to follow up with LOIs
- Benefit from immediate intel on the program

## Education & Resource Partners

State Agencies, Associations, Foundations, Local Government, Chambers

- Partner to build pipeline and deliver capacity building services
- Help cultivate and market portal and information sharing

## Professional Service Members

Legal, accounting, site selection, wealth management consultancy firms

- Source for referrals and expert technical services
- Available to assist with trainings and workshops

## Backbone

State of Indiana, LISC, Cinnaire, Indy Chamber, Indiana Bond Bank, IEDC, OCRA and IHCDA.  
LISC will house the online portal.

# EARLY ADOPTERS – INVESTOR SPONSORS



# EARLY ADOPTERS – PROFESSIONAL SERVICES

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**PORTAL**

[WWW.OPPORTUNITYINVESTMENTCONSORTIUM.COM](http://WWW.OPPORTUNITYINVESTMENTCONSORTIUM.COM)



*Encouraging investment in  
Indiana communities*

- ABOUT
- POST AN OPPORTUNITY
- MEMBER INVESTORS
- PROFESSIONAL SERVICES
- TRAINING AND RESOURCE PARTNERS

Opportunity Zones were designated throughout the country in 2018 in response to bi-partisan legislation at the federal level. The goal of the Opportunity Zone initiative is to encourage long-term private capital investment in low-income urban and rural communities. The program offers long-term federal tax deferral on capital gains for investments in designated Opportunity Zones, with additional tax exclusion from new capital gains achieved from those investments.

The goal of the [Opportunity Investment Consortium of Indiana](#) is to help more intentionally encourage the transformation of Opportunity Zone neighborhoods into vibrant places for residents and businesses. The consortium is comprised of a public/private collection of investors and co-investors poised to support and invest in Opportunity Zones through the facilitation of this online pairing tool.

In addition, member round tables meet regularly to discuss support for advancing projects, and the training and professional resource partners further assist the effort by providing access to critical legal and financial services, training and information.

**UNIQUELY COLLABORATING  
TO MORE STRATEGICALLY  
PROPEL PROJECTS TO  
ACTUALIZATION**





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