



VIRGINIA INITIATIVE FOR
**GROWTH &
OPPORTUNITY**
IN EACH REGION

Board Meeting

September 10, 2019



VIRGINIA INITIATIVE FOR
**GROWTH &
OPPORTUNITY**
IN EACH REGION

ADMINISTRATIVELY APPROVED PROJECTS UNDER \$100,000

2 PROJECTS APPROVED

ENHANCED CAPACITY BUILDING

- **2 proposals administratively approved**
 - **2 out of 9 regions participated**
 - **Total Request: \$135,117**
 - **Total Match: \$165,728**



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- **Project Oasis**
 - Region 1
 - Total Request: \$50,000
 - Match: \$50,000
 - Total Project Budget: \$100,000
- **GIG: Gather, Innovate, and Grow**
 - Region 5
 - Total Request: \$85,117
 - Match: \$115,728
 - Total Project Budget: \$200,845



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- Creating Region 4's Cyber Ecosystem
 - Region 4
 - Total Request: \$100,000
 - Match: \$100,000
 - Total Project Budget: \$200,000



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PER CAPITA APPS

PER CAPITA FUNDING

- **3 proposals submitted**
 - **2 out of 9 regions participated**
 - **2 Entrepreneurship & 1 Workforce Development**
 - **Total Request: \$646,800**
 - **Total Match: \$773,000**
 - **Includes \$ 145,000 Local Match**

RECOMMENDED APPROVALS

- Region 2 - Blockchain Ecosystem Catalyst
 - Total Request: \$246,800
 - Match: \$250,000
 - Local Match: \$60,000
 - Total Budget: \$496,800
- Region 2 - Developing a Destination for Talent
 - Total Request: \$300,000
 - Match: \$ 473,000
 - Local Match: \$85,000
 - Total Budget: \$773,000
- Region 3 - Entrepreneurship Innovation & Investment Strategy
 - Total Request: \$100,000
 - Match: \$50,000
 - Local Match: \$0
 - Total Budget: \$150,000



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RECOMMENDED MEETING DATES

Tuesday, March 17, 2020

Tuesday, June 23, 2020

Thursday, September 03, 2020

Tuesday, December 8, 2020



Opportunity Virginia

Our mission is to encourage & enable positive community impact investments by ensuring fair and equitable access to resources, facilitating productive connections between investors, project sponsors, & communities via an inclusive marketplace, & maintaining a pulse on socio-economic impact in Opportunity Zones throughout the Commonwealth

**GO Virginia
Board Update**

September 10, 2019

**Adam Northup
Executive Director**

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■ Executive Summary

The GO Virginia Board can amplify and support Opportunity Zone investing by referring projects to **Opportunity Virginia**

- Born out of the 2017 Federal Tax Act, the Opportunity Zone program is a tax incentive designed to spur economic resurgence, job creation, and wealth building in low income and distressed communities
- This market-driven program works by letting investors with capital gains defer, reduce and eliminate potential taxes by making long term equity investments in qualifying businesses and real estate projects in designated Opportunity Zones
- Virginia has 212 low income census tracts designated as Opportunity Zones across rural, urban, residential and commercial landscapes
- Governor Northam commissioned a program (**Opportunity Virginia**) to ensure Virginia takes a lead in obtaining and utilizing Opportunity Zone capital
- **Opportunity Virginia**, in partnership with the Virginia Housing Development Authority and Department of Housing and Community Development, encourages and enables a healthy Opportunity Zone market by providing access to tools, resources and incentives – as well as facilitating productive connections between investors, business & project sponsors, and communities
- The GO Virginia Board and Regional Councils can amplify and support Opportunity Zone investing in the Commonwealth by referring projects and business investments to **Opportunity Virginia**

Opportunity Zone Basics

Passage of the Tax Cut & Jobs Act in December of 2017 established the Opportunity Zone tax incentive program

- Designed to spur economic resurgence, job creation, and wealth building in low income and distressed communities
- Taps into trillions of passive wealth in the form of unrealized capital gains
- Tax incentive program without limits that can supplement/pair with other tax credit programs (e.g. NMTC, LIHTC, HTC, Empowerment Zones, etc...)
- First large-scale new community development policy enacted since the new millennium



Opportunity Zone Funds

Investors get tax benefits from investing via a “Qualified Opportunity Fund”:

- Deferral of a capital gains tax until 2026
- Reduction in the capital gains tax up to 15%
- Permanent exclusion of gains from initial investment if held for at least 10 years



Opportunity Zone Business & Property

Ninety percent of the funds must capitalize:

- Stock of qualified Opportunity Zone corporation
- Interest in a qualified Opportunity Zone partnership
- Tangible property used in an Opportunity Zone



Opportunity Zones

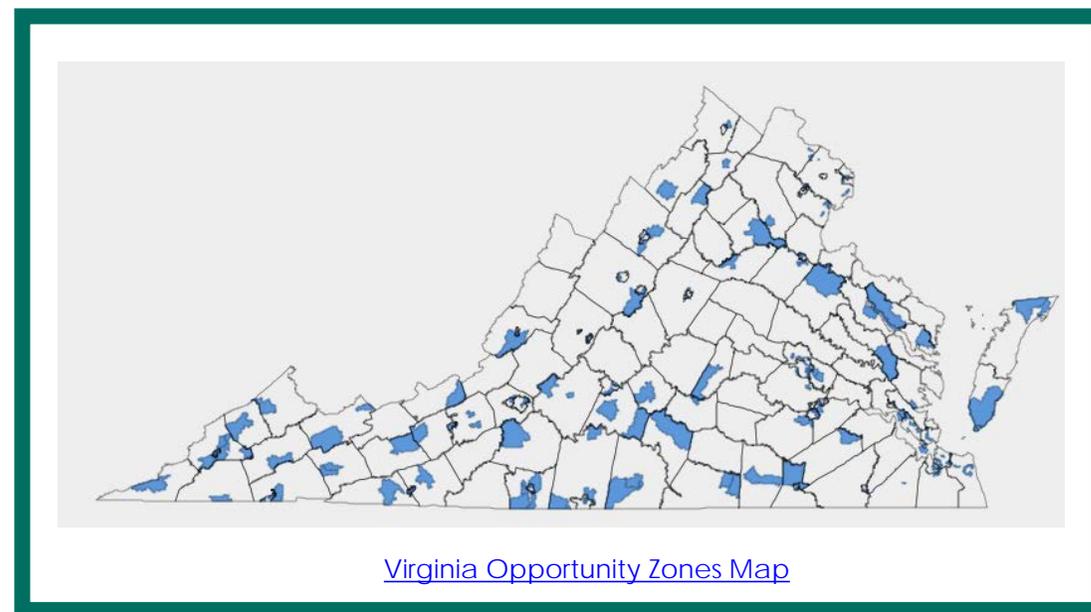
212 low income census tracts in Virginia

- Mix of rural and urban communities
- Tracts overlay with other place-based tax credit programs
- Designations remain in effect until 2028 and no ability to change designations

Opportunity Zone Footprint

Virginia took a deliberate and well-informed process to designate Opportunity Zones proportionally and fairly

1. Based on the Federal statute requirements for income levels, the Governor of Virginia determined 901 census tracts within the Commonwealth were eligible.
2. Governor sought input from Cities, Towns, Counties and investors, as well as general comment.
3. Localities submitted ranked order of eligible census tracts to the Governor with supporting information. This included:
 - Market conditions and revitalization efforts (rezoning, transit, infrastructure improvements, etc..)
 - Investment potential and capital readiness (project pipeline, incubators, venture capital, etc..)
 - Potential local business incentives (tax abatement, fast track permitting, fee reduction, etc...)
 - Contiguous zones that could magnify regional impact
4. DHCD and VEDP evaluated nominations to ensure fairness across the state among rural, urban and suburban localities - **including proportionality across Go Virginia and EDO regions**
5. Of Virginia's 901 eligible census tracts, the Governor nominated 212 opportunity zones (23.5% of total), the maximum number allowable. U.S. Treasury Secretary certified all these census tracts.



■ The Opportunity Virginia Program

Opportunity Virginia has three key functions activating the market for Opportunity Zone investing in the Commonwealth

Capital Attraction

Ongoing outreach and proactive information sharing to local government, community interests, businesses and investors

Large national convening in Virginia to build network of investors focused on inclusive model, with Virginia seeking to share best practices of inclusive opportunity zone marketplace

Periodic convenings across state to generate energy, educate, and help build working relationships between stakeholders

Jay Beekman

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Pipeline Development

Tools and investment resources for local community, business and economic development leaders to encourage and drive funding to Opportunity Zone projects

Identification of community impact investments and steering to additional non-profit, philanthropic, and technical assistance resources

Connections to Federal, Commonwealth, local incentives and complimentary programs

Rebecca Richardson

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Clearinghouse

Inventorying of project pipeline and investors with parameters to help matching

Online place for stakeholders to learn, interact and engage with projects

Tracking and reporting on Opportunity Zone impact & trends to inform additional market-making activities

Valerie Lee

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Supported by & in partnership with:

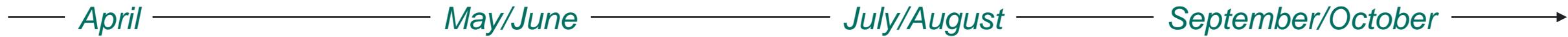


Office of the Secretary of Commerce and Trade



■ Implementation

Opportunity Virginia is tracking towards a formal and complete launch in the Fall



Announced

- ✓ Secure funds
- ✓ Align key partners
- ✓ Set strategy
- ✓ Plan initial milestones & timeline
- ✓ Commence hiring

Groundwork

- ✓ Conduct Townhall dialogues
- ✓ Establish team
- ✓ Select technology
- ✓ Build additional partnerships
- ✓ Initial inventory projects
- ✓ Initial investor identification of

Build

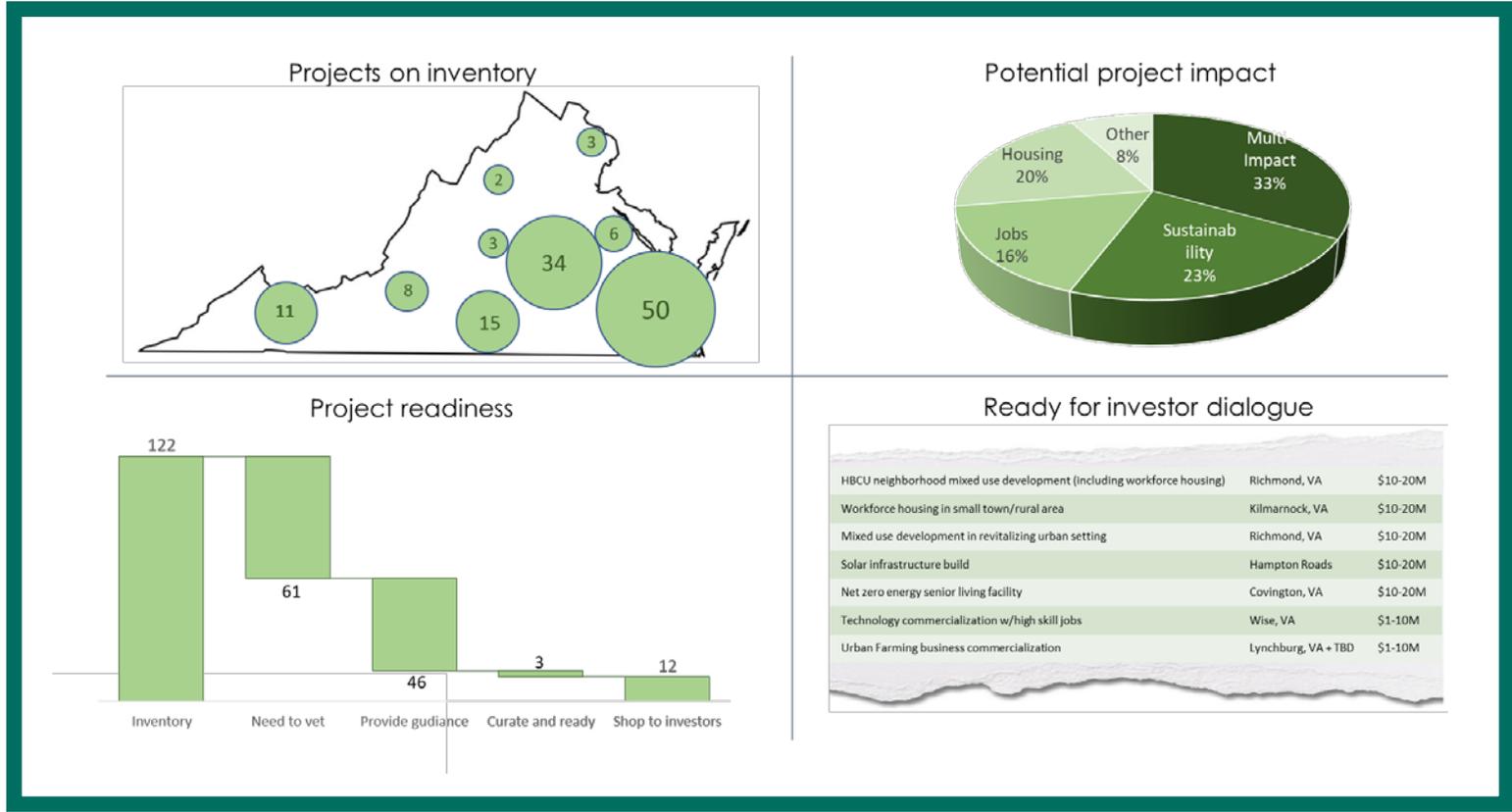
- ✓ Curate pipeline
- ✓ Release technology
- ✓ Provide tools and resources
- ✓ Assist prospectus development
- ✓ Outreach to investors

Full Launch

- Identify impact reporting
- Convene kick-off event
- Match investors and investees
- Provide technical assistance and transaction support
- Commence impact reporting

Project Pipeline

In just a few months, the prospective Virginia Opportunity Zone Market pipeline is deeper and more varied than expected



■ Launch Event

Opportunity Virginia completed the first wave of regional convenings and is now planning the state/national convening

SAVE THE DATE

Opportunity Virginia
A Virginia Community Capital & LOCUS Initiative

LAUNCH & SUMMIT

Join us as we introduce Virginia's Opportunity Zone market, amplify Opportunity Zone knowledge and activity in the Commonwealth, roll out enabling tools and resources, and build connective tissue between underserved communities, business interests, and capital.

Presented in partnership with the Virginia Housing Development Authority, Department of Housing and Community Development, and the Secretary of Commerce and Trade.

TUESDAY, OCTOBER 22, 2019
9AM TO 3PM

DARDEN SCHOOL OF BUSINESS
UNIVERSITY OF VIRGINIA

Objectives:

1. Generate impact investing enthusiasm, engagement, and action around the Opportunity Zone program with a special call to action for Virginia's communities to get wealth building and economic revitalization capital flowing.
2. Introduce the Opportunity Zone Market and the potential for Virginia to be a beacon for the nation.
3. Ensure community stakeholders are fully informed on the program, know the roles they can and need to play, and have access to the necessary tools and resources.
4. Share initial community prospectus and project pipeline with investors in the effort to build awareness and begin matchmaking.

Attendees:

- ~100 local, regional, and national investors (funds and high net worth individuals)
- ~100 representatives from businesses and/or developers with projects/investments
- ~100 community stakeholders (economic developers, philanthropy, financial intermediary state agencies, etc.)

Agenda:

Early AM: Keynote speakers + OZ market unveiling
 Late AM: Workshops for community stakeholders, investors, developers/businesses
 PM: "Shark Tank" breakouts/rotations

Q&A