



Waterloo Opportunity Zone Presentation and Workshop



Today's Outcomes

- **Informed** about Opportunity Zones
 - *And what they mean for Waterloo*
- **Inspired** to take action
- **Ready** to take our collective next steps

We are exploring this new program **together**

Today's Presentation & Workshop

- Reflecting on Waterloo's Investment Prospectus (discussion)
- Identifying Zone Priorities (breakout)
- Building our OZ Toolkit (discussion)
 - *Case Study: Birmingham Inclusive Growth Partnership (Discussion)*
- Measuring Success (breakout)
- Next steps (discussion)

WSP & Opportunity Zones

We are....

- A leading global professional consulting firm
- Technical leadership in Transportation, Civil Infrastructure and Buildings
- Operational solutions in all areas of management, investment and development of a project

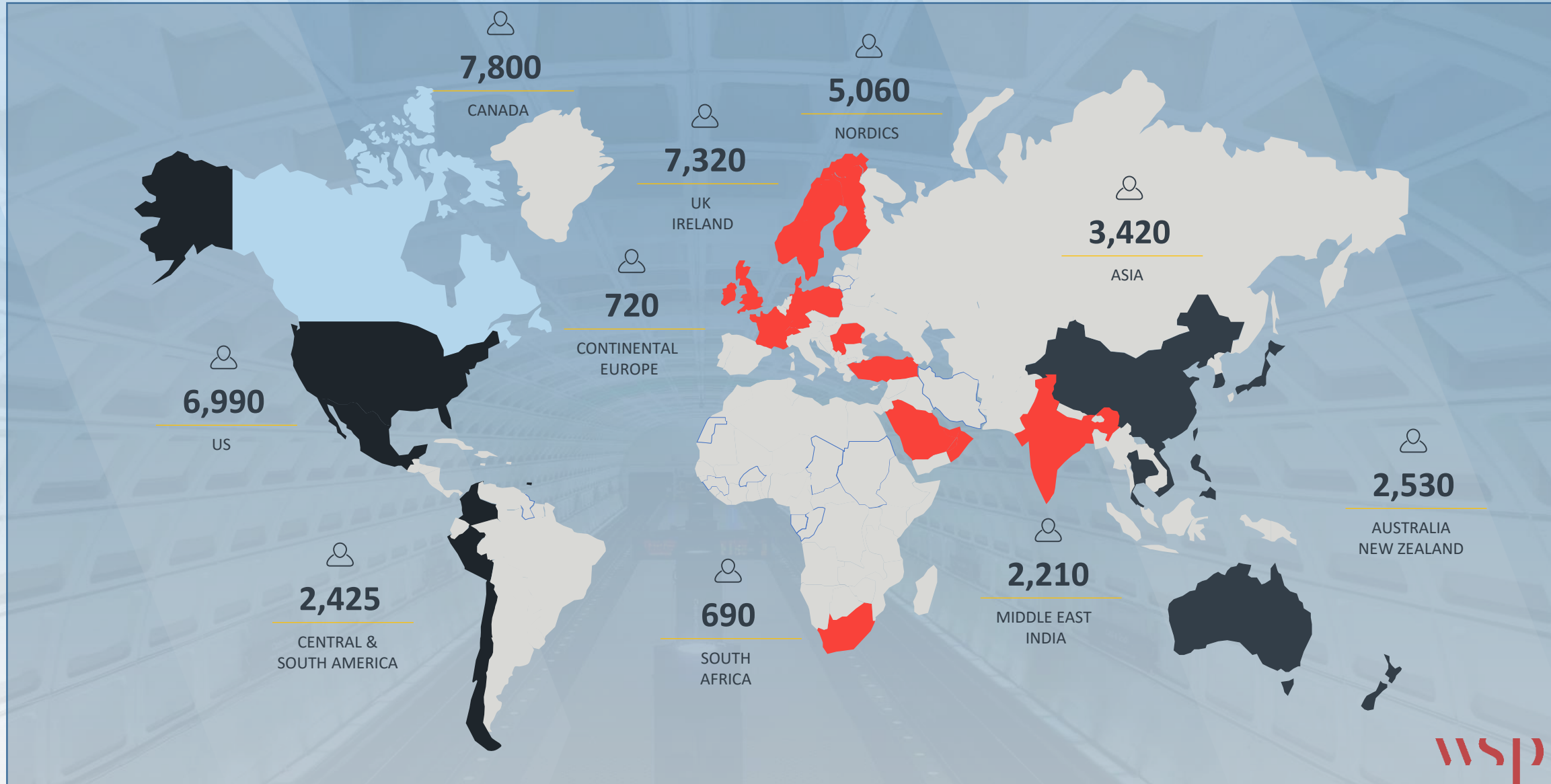
How we can Support

- **Policy Evaluation and Recommendation:** Development of incentives, policies, and process improvements, such as fee waivers, expedited permit approvals, and pink zones, that could attract development to station-area QOZs
- **Grant Support:** Support pursuit of OZ-related funding. OZs will be included in major federal programs moving forward. For example, 2019 BUILD grant applications that address OZs will meet the Economic Competitiveness criterion.
- **Financial Modeling:** WSP can support cities and counties in performing financial analyses to ensure that OZ projects will be financially feasible. This may include evaluating expenses, revenue, and performing feasibility/planning studies. Cities and counties may need to make public investments in the capital stack, creating a more public-lead mixed funding source as early project develop.
- **Community Engagement/Equitable Planning:** Work with members of the Waterloo community to determine community needs and equitable planning practices.

How we can Support

- **Program Management:** We can help local governments attract investors and development, serve as a “one-stop shop” for developers, coordinate with local agencies for consistent, singular response, and perform analyses required to inform decision-making and budgeting related to major redevelopment projects, and infrastructure financing.
- **Infrastructure Development:** To attract and support investment in OZs, local governments may need to add or augment existing infrastructure (e.g. utilities and transportation facilities).
- **Procurement/RFP Support:** When shovel-ready projects are identified, the city will need to procure the correct services to initiate project. WSP can help cities and counties that need a “go-to” person for managing procurement for OZ development.

International Agility – 500 Offices Globally Across 6 Continents



A Brief about OZs

What do we know collectively about OZs?

- Introductions
 - *What you know about the OZ program*
 - *How you see yourself as a part of the solution*

Opportunity Zones Overview

- Federal tax incentive structure established in 2017
- Drive private capital gain into census tracts across the US
- 8,700 US census tracts
 - *3 in Waterloo*
- Qualified Opportunity Fund
 - *133 funds seeking \$29B*

Opportunity Zone Stakeholders

- Communities
 - *Development of properties in OZs*
 - *Spur small business growth*
 - *Connect community assets*
- Investors
 - *Deferred capital gains tax until 2026*
 - *Lowered capital gains tax after 5 and 7 years in OZ fund by 10% and an additional 5%, respectively*
 - *No tax on gains made within the fund, if left in for 10 years*

What steps can Waterloo take?

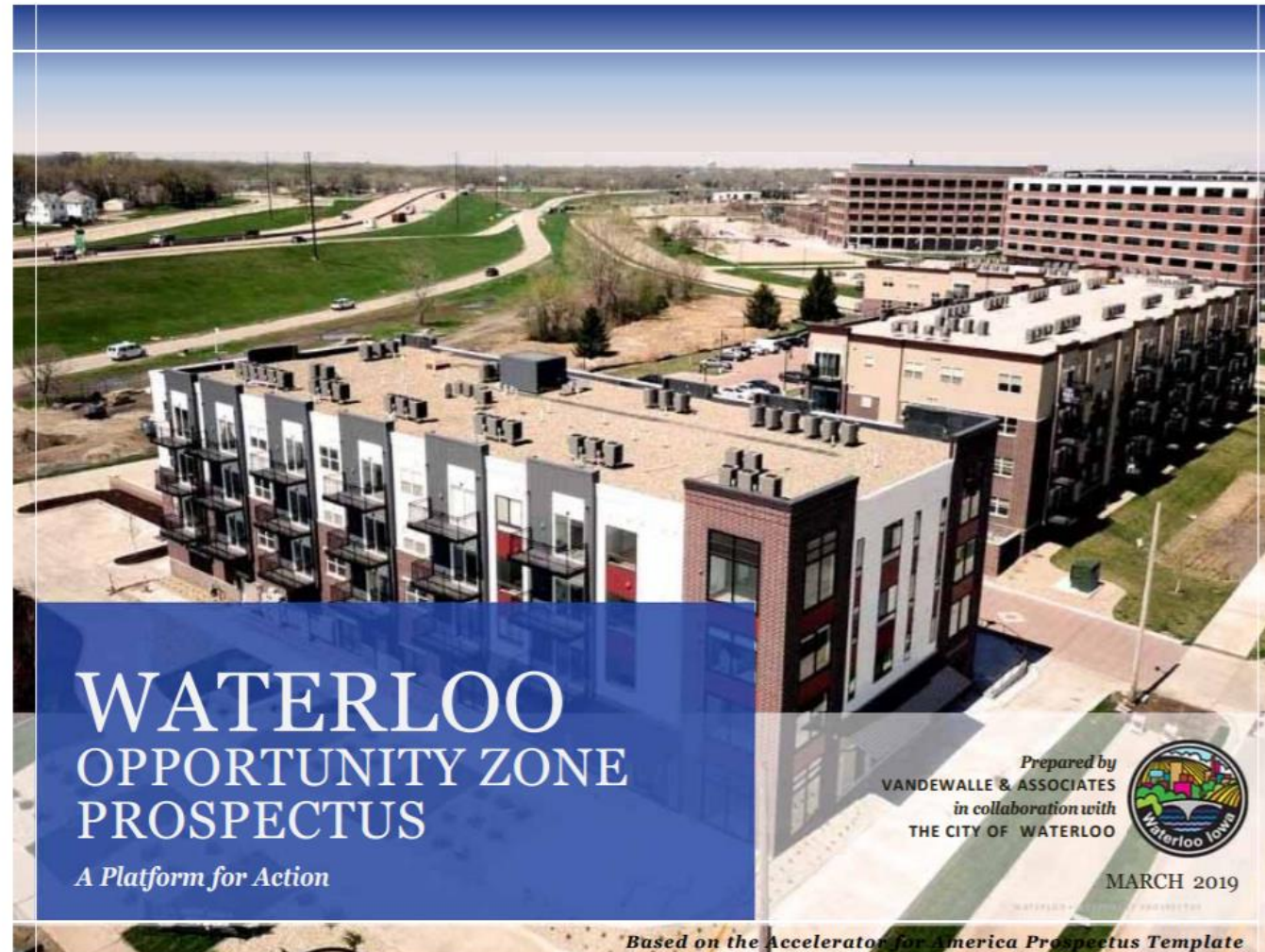
Steps	Complete?
Draft Investment Prospectus and Vision	✓
Identify Zone Needs and Priorities	Today
Build a Community Toolbox	Today
Connect Needs and Resources	<i>Future</i>
Build a Business Case	<i>Future</i>
Develop RFP	<i>Future</i>

*Modeled from The Governance Project

Reflecting on the Prospectus

Open Dicsussion

Reflecting on the Prospectus



Reflecting on the Prospectus



The graphic is a vertical rectangular poster titled "WATERLOO MOMENTUM" in white serif font against a blue gradient background. Below the title are three circular icons: a calculator, a diamond, and a target. Each icon is followed by a section header in green: "BY THE NUMBERS", "BY THE ASSETS", and "BY THE OPPORTUNITY ZONES". Each section contains a bulleted list of key facts. The background of the lower half of the graphic shows a blurred image of a city street with buildings and a river.

WATERLOO MOMENTUM

BY THE NUMBERS

- **Investing Impact:** \$100 million invested in Downtown Waterloo
- **Investment-Pipeline:** \$180 million investment planned
- **Corporate Leadership:** \$1.5 billion investment by John Deere Waterloo with pledged continued commitment
- **Strong Workforce:** national leader in heavy machinery advanced manufacturing, education/ knowledge creation, metalworking technology, and wood products

BY THE ASSETS

- **Riverfront Transformation:** Recreation of Cedar River from industrial use to community destination
- **Applied Education and Training:** University of Northern Iowa and Hawkeye Community College Downtown Facilities
- **Leadership with Integrity:** AA2 Bond Rating and government history with successful public-private partnerships

BY THE OPPORTUNITY ZONES

- **Core Strength:** 3 Opportunity Zone tracts located in the heart of Waterloo
- **Historic Downtown:** Continued Growth of new industries, venues, and businesses
- **Invest with Impact:** Investment in Waterloo Opportunity Zones will expand economic momentum and growth to vulnerable residents

WATERLOO • INVESTMENT PROSPECTUS

Reflecting on the Prospectus

- Process
- Lessons learned
- What questions rose to the top?

Waterloo's Priorities for OZs

Breakout Discussion

Identifying Zone Priorities and Needs



Reflecting on our Bus Tour: Downtown

- Identified needs and proposed projects
 - *Convention Center*
 - *Main Street*
 - *Walnut Neighborhood*
 - *Riverfront*

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Reflecting on Bus Tour: La Porte Road Revitalization

- Identified needs and proposed projects
 - *Commercial reinvestment*



The Municipal OZ Toolbox

Open Discussion

Opportunity Zone Municipal Toolbox

- Public Finance Support
 - *How can the city lower risk for developers and investors?*
- Project zoning and permitting
 - *Fast tracking inclusive OZ projects*
- Local capital
 - *The power of local investors and foundations*
- Community groups, developers, anchor institutions
 - *Working with community assets*
- Connecting with Investors
 - *Showing your projects and finding interested funds*

OZ Municipal Toolbox: Public Finance

- Bonds, TIFs
- Layering tax incentives (NMTC, LIHTC)
- Public land contributions
- Federal grants
 - A [\\$2.5 million grant to the city of Dubuque, Iowa](#), to help protect local businesses from flooding

WSP Support: Grant Writing, Financial Modelling, Federal funding support

OZ Municipal Toolbox: Zoning and Permitting

- Reduce permit times for OZ projects
- Equitable transit oriented development (TOD)
- Allow for zoning variances
- Waive developer fees for OZ projects
- Inclusionary zoning requirements

WSP Support: Policy Evaluation and Recommendation, TOD best practices

OZ Municipal Toolbox: Local Capital

- Local investors and foundations
 - *Support in developing and tracking metrics, stakeholder interviews*
 - *Work on behalf of community to minimize displacement risk*
 - *Work with investors to minimize investor risk*
 - *Coordination and communication within community, “open source” solutions*
- Examples:
 - *Kresge foundation providing first loss guaranteed capital*
 - *Rockefeller Foundation supporting cities by funding city positions and community engagement specialists*

WSP Support: Program Management, Equitable planning strategies

OZ Municipal Toolbox: Engaging the Community

- Engaging local economic development groups
- Developing technical assistance programs
- Marketing and communicating projects
- Local advisory board
- Working with anchor institutions

- Examples:
 - *Erie Community Foundation creating the Flagship Opportunity Zone Development Company to be a one-stop shop for investors*



WSP Support: Community Workshops/Charrettes, Impact evaluations, Technical Assistance Services

OZ Municipal Toolbox: Engaging Investors

- Engaging investors
 - *Funds listed in online databases*
 - *List projects on a third-party marketplace*
 - *Formalizing initiative and/or website*
- Databases
 - *Novogradac, OpportunityDB*
- Marketplaces:
 - *Opportunity Exchange*
- Midwest funds
 - *Connect UP! Integrated Capital Fund (specifically mentions Iowa)*
 - *Activated Capital OZ Fund II*
 - *Decennial OZ Fund LLC*
 - *Usonian Housing Fund*

WSP Support: “One Stop Shop” Establishment, investor relations, enhanced project marketing

BREAK (15 min.)

Case Study: Birmingham Inclusive Growth Partnership

Open Discussion

Case Study: Birmingham Inclusive Growth Partnership

- Organization and Oversight
 - *Community Investment Board (CIB)*
 - *Investment Board (IB)*
- Statewide collaboration
 - *Opportunity Alabama*
- Education
 - *Empowering city residents*

BIG Partnership: Organization and Oversight

- City Department of Innovation and Economic Opportunity
- Community Investment Board (CIB)
 - *11 civic leaders from all 9 council districts*
 - *Identify projects that align with their community's needs and priorities*
 - *Bring residents' voices to the table*
- Investment Board (IB)
 - *Business leaders who are deeply invested in Birmingham.*
 - *Oversee the Public Benefit Organization (PBO)*
 - Privately managed and autonomous
 - Facilitate projects that improve Birmingham's standard of life through the BIG Fund

BIG Partnership: Statewide Collaboration

- Opportunity Alabama
 - *Supporting Birmingham with strategy, marketing, and asset analysis*
- Other States
 - *Colorado; OZ coordinator and technical assistance grants*
 - *Maryland; legislation expanding OZ tax credits*
 - *Ohio; central information exchange, marketing campaign*
- Possibilities for Iowa
 - *Iowa League of Cities Metro Coalition*
 - *Iowa Economic Development Authority*

BIG Partnership: Education

- Enhance community understanding of OZs
 - *Educational campaign to empower residents to participate in the BIG Partnership*
 - *The city will train 500 residents on the fundamentals of Opportunity Zones*

Measuring Success

Breakout Discussion

Policy Gaps: Impact Evaluation

- Federal Reporting Requirements (not yet law)
- Best practices at the municipal level
 - *The U.S. Impact Investing Alliance*
 - *Beecker Center for Social Impact and Innovation, Georgetown*

Impact Evaluation: Federal Reporting Framework

- General
 - *Number of Qualified Opportunity Funds (QOF)*
 - *Amount and composition of assets held in QOFs by asset class*
 - *% of Qualified OZs that have received investment*
 - *Impact and outcomes; job creation, poverty reduction, new business starts.*

Impact Evaluation: Federal Reporting Framework

- Investments

- *Total amount investment and date investments were made*
- *Type/location of investment (existing business, new business, real property)*
- *Type of activity supported (single-family, multi-family, commercial, economic sectors of businesses)*
 - If business, approximate number of full-employees at the time investment was made
 - If property, total square footage and approximate number of residential units

Impact Evaluation: Local Reporting Framework

- Investment Intention and Community Engagement
 - *Prospective Information*
 - Intended investment focus (housing, small business, growth business, etc.)
 - Mission statement or impact objective
 - *Basic Fund Demographics*
 - *Community Engagement*
 - Community support indicators
 - Community engagement narrative
 - Community needs assessment
 - NGO partnership
 - Public notice of development
 - Engagement with regional economic development strategies

Impact Evaluation: Local Reporting Framework

- Impact Measurement and Reporting
 - *Transaction Data Reporting*
 - Size of investment
 - Location of investment (census tract or address)
 - *Core Community Impact*
 - Jobs
 - Entrepreneurship
 - Real estate
 - *Investment Thesis Reporting*
 - Measurements specific to fund

Impact Evaluation: Local Reporting Framework

- Lasting Community Impacts
 - *Responsible Exits*
 - Stakeholder first right of refusal
 - Employee stock ownership plans
 - Management continuity

Impact Evaluation: How do we measure success?

- Small group discussion
 - *What does success look like to you?*
 - *How do you know you've achieved it?*

Next Steps

Open Discussion

New Regulations: 2nd Round of Regulations

- Operating Business
 - *50% of income derived from*
 - Hours
 - Amount paid
 - *50% of Tangible property in OZ*
- Qualified Opportunity Fund
 - *6 months before asset test*
 - *Assets values determined by original cost of purchase*
- Operational
 - *12 month reinvestment period for interim gains*
 - *Can distribute cash to investors in QOF, won't trigger deferred gain unless in excess of basis*

What steps can Waterloo take?

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Moving forward

- Key takeaways from workshop?
- Next steps we want to see taken?