



Opportunity Virginia

A Virginia Community Capital & LOCUS Initiative



ROANOKE
REGIONAL
PARTNERSHIP

OPPORTUNITY ZONE WORKSHOP

JULY 16, 2020

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Melinda Payne, City of Salem

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OPPORTUNITY VIRGINIA

WHO WE ARE



- Opportunity Virginia is an initiative led by [Virginia Community Capital](#) and [LOCUS Impact Investing](#)
- Funded by a grant from Virginia Housing (formerly Virginia Housing Development Authority)
- We work in partnership with VHDA, the Department of Housing and Community Development (DHCD), and the Secretary of Commerce and Trade



OPPORTUNITY VIRGINIA

WHAT WE DO

Amass an inventory of potential OZ projects:

- Real estate projects
- Operating businesses
- Spanning Virginia
- Impact potential (e.g. jobs, housing units, renewable energy)
- Broad scope of sectors (e.g. education, manufacturing, healthcare, housing)

Institute a clearinghouse:

Real and virtual
matching of investors
and projects

Pool inventory of potential investors:

Sources:

- OZ funds
- Family offices
- Individuals
- Intermediaries

Profiles:

- Real estate / business
- Geography
- Check size
- Impact focus
- Sector interest
- Return expectations

OPPORTUNITY ZONE BASICS

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

- Designed to spur economic resurgence, job creation, and wealth building in low income and distressed communities
- Opportunity Zones are low income census tracts located in every state; there are **212** Opportunity Zones in **Virginia**.
- Both **businesses** and **real estate** projects may be eligible Opportunity Zone investments
- Tax incentive program without limits that can supplement/pair with virtually all other tax credit and incentive programs



INVESTOR

Individual or corporate taxpayer with capital gains from the sale of an asset (ex. securities, real estate, business, art)



QUALIFIED OPPORTUNITY FUND (QOF)

Investors get tax benefits from investing capital gains via a “Qualified Opportunity Fund” (an entity, e.g. LLC)



QUALIFIED OPPORTUNITY ZONE BUSINESS PROPERTY (QOZBP)

- Used in OZ trade or business
- Obtained (by purchase or lease) on or after 12/31/17
- Project is new or substantially improved

Link: [Final IRS OZ Regulations](#)

OPPORTUNITY ZONE BASICS

WHAT'S IN IT FOR ME?

Investors → Tax benefits on capital gains

Real Estate Project Sponsors
Entrepreneurs / Business Owners → Access to wider pool / different types of investors
Additional capital stacking tool

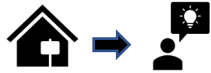
Owners of Property for Sale or Lease → Marketing tool

All Stakeholders → Participation in community-serving project

OPPORTUNITY ZONE PROGRAM

BENEFITS TO OZ INVESTORS – ALL ABOUT CAPITAL GAINS

1. Immediate Benefit: **Deferral** of capital gains from sale [until 2026]



- Becca sells house in 2020; realizes \$100K in capital gains; within 6 months, invests cap gains in a Qualified OZ Fund (project = tech company)
- Cap gains tax bill (est. 25% or \$25,000) is deferred

2. Medium-Term Benefit: 10% **discount** on capital gains tax bill from original sale [5-yr hold by 2026]



- Becca's deferred tax bill from appreciation on house sale comes due in 2026
- OZ investment in tech company is > 5 years old, so Becca's tax bill is reduced by 10% or \$2,500

3. Long-Term Benefit: **NO capital gains tax** due on realized appreciation in OZ investment [min 10-year hold]



- In 10 years since Becca's investment, tech company doubled in value; Becca liquidates her shares and earns \$100K on top of \$100K original investment
- Cap gains tax bill due to IRS = \$0
- Becca saves approximately \$25K in cap gains taxes on OZ investment

OPPORTUNITY ZONE PROJECTS

HIGHLIGHTS OF REQUIREMENTS TO QUALIFY

Operating Business

- **> 70% of the tangible property** owned or leased by the business is in an OZ
- **Gross Income** (must satisfy at least one test):
 - **Services Test:** > 50% of services are performed (based on hours) in the OZ by employees and contractors
 - **Compensation Test:** > 50% of amounts paid are for services performed in the OZ
 - » **HQ Test:** Tangible property and management or operational functions performed for the business in the OZ are each necessary to generate 50 percent of business' gross income
- No sin businesses

Real Estate / Property

- Obtained (by purchase or lease) on or after **January 31, 2018**
- New construction or
- **Substantially improved** existing building (building is improved by at least same amount paid for building)

OPPORTUNITY ZONE PROJECTS

CAPITAL STACKING

Capital Stacking: Combining different types of funding to fully finance a project

Capital stack component examples

- » OZ Equity
- » Non-OZ Equity
- » Debt Component(s)
- » Local Incentive(s)
- » State Incentive(s)



Example Capital Stack

OPPORTUNITY ZONE PROJECTS

INCENTIVE PROVIDERS: STATE AGENCIES



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



*VIRGINIA DEPARTMENT
OF AGRICULTURE AND
CONSUMER SERVICES*



Link: [2019-2020 Virginia Guide to Incentives](#) by VEDP

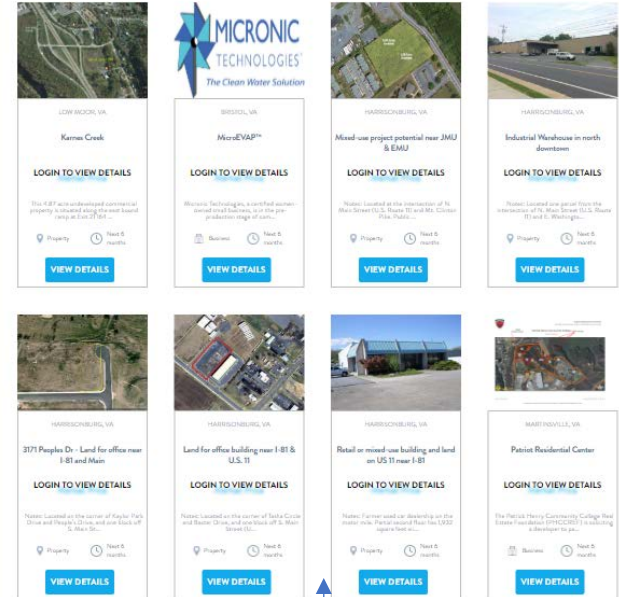
OPPORTUNITY ZONES ONLINE MARKETPLACE



[HOME](#) [ABOUT](#) [SERVICES](#) [RESOURCES](#) [IMPACT](#) [CONTACT US](#)



We're connecting investors from across the United States to business and real estate opportunities that help to revitalize under-resourced Virginia communities.



Q&A

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ROANOKE
REGIONAL
PARTNERSHIP

ROANOKE REGION OPPORTUNITY ZONES

ALLEGHANY COUNTY & CITY OF COVINGTON

Census Tracts 51005080202 and 51005080200



HIGHLIGHTS OF THE HIGHLANDS

- Quality of life ... you can work, live and play here ... the Highlands has it ALL
- [Broadband access](#) rivals most any area of SWVA or Roanoke Valley
- Capacity for logistics support; proximity to I-64, I-81 and CSX and NS rail lines
- Burgeoning arts community, microbreweries popping up and local eateries expanding "farm to table" efforts
- Great opportunities for redevelopment and high-density rental housing of publicly owned surplus schools
- Several sites part of [EPA Brownfield Site Program](#), [Enterprise Zone](#), Historic Districts and part of our Joint Revenue Sharing Agreement
- Traditional incentives relating to permitting, developer assistance, utility connections and grants for development

Alleghany Highlands

HIGH DENSITY DEVELOPMENT OPPORTUNITY

Old Clifton Forge High School

- 10 acres
- R1
- Walking distance to downtown Clifton Forge and Restored Historic Masonic Theatre



Alleghany Highlands

HIGH DENSITY DEVELOPMENT OPPORTUNITY

Former Boiling Spring Elementary

- 10 acres
- Served by fiber
- Zoned agricultural/rural residential
- 11 miles south of Interstate 64 on SR18



Alleghany Highlands

HIGH DENSITY DEVELOPMENT OPPORTUNITY

Former Edgemont School

- 2 +/- acres
- M1
- Enterprise Zone
- All utilities/rail spur/near Interstate 64 Exit 14 and Jackson River Sports Complex



Google Earth

Alleghany Highlands

HIGH DENSITY DEVELOPMENT OPPORTUNITY

Former Rivermont School

- 3.5 +/- acres
- R4
- All utilities



Alleghany Highlands

COMMERCIAL DEVELOPMENT OPPORTUNITY

Highland Centre

- 16 acres
- Enterprise Zone
- B1
- Adjacent to Exit 16 on Interstate 64



Alleghany Highlands

COMMERCIAL DEVELOPMENT OPPORTUNITY

Karnes Creek

- 4.87 acres
- B1
- Adjacent to Exit 21 on Interstate 64
- Near hospital, schools, WestRock education facility, county government, Garten Trucking, and Schaefer Rolls



Alleghany Highlands

INDUSTRIAL SITE DEVELOPMENT

Rail Over River

- 136 acres
- Enterprise Zone
- 6 mgd water source
- M2
- All utilities/rail spur/near Interstate 64



ALLEGHANY COUNTY & CITY OF COVINGTON

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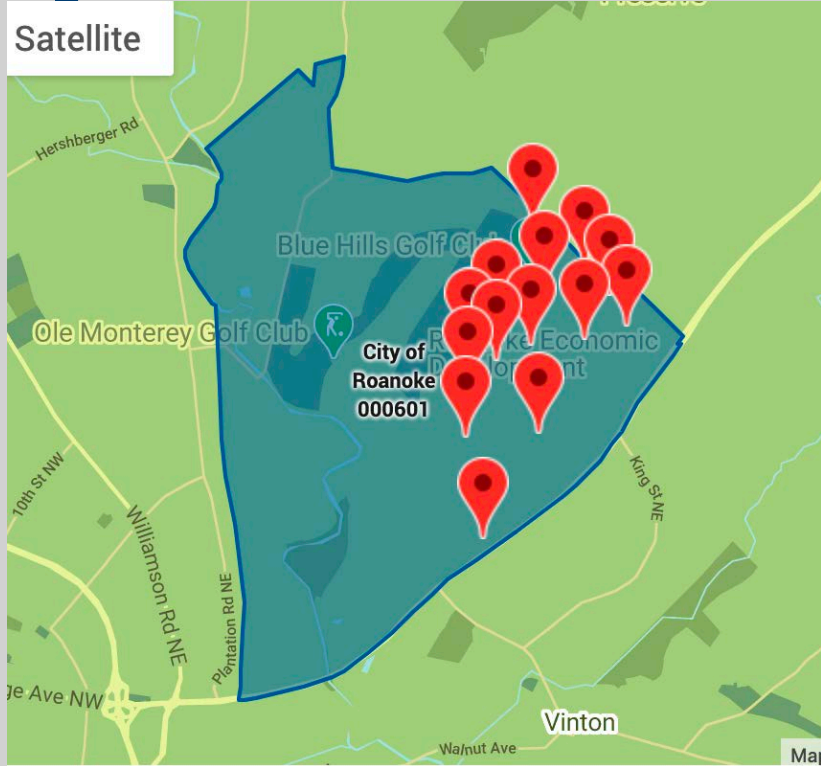
CITY OF ROANOKE



City of Roanoke

ROUTE 460 CORRIDOR NORTH

- Census Tract 6.1
- Enterprise Zone
- [Roanoke Centre for Industry and Technology](#) & Statesman Industrial Park
- E811/911 Center, Orvis, Advance Auto Parts, Eaton, Revlon/Elizabeth Arden, FedEx Ground, Grand Home Furnishings Distribution Center



City of Roanoke

ROUTE 460 CORRIDOR NORTH

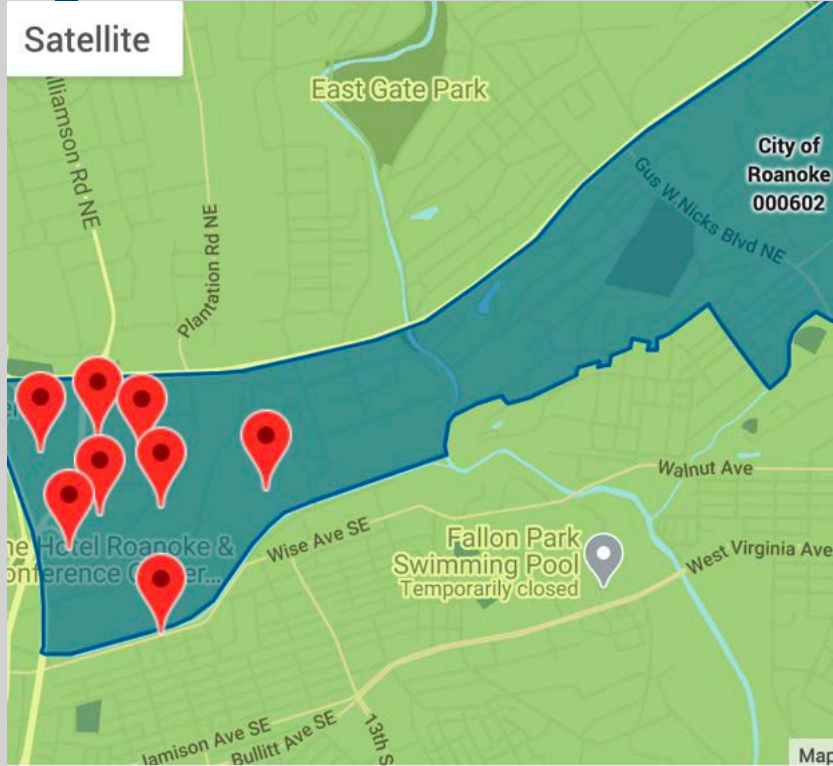
- Recent Investment:
 - E-811/911 Center
 - District Vue Apartment Homes
- Available:
 - [RCIT Tract A](#) (12 acres)
 - [1936 Blue Hills Dr.](#) (59,520 square feet/2 floors)
- Properties in Statesman Industrial Park



City of Roanoke

ROUTE 460 CORRIDOR SOUTH

- **Census Tract 6.2**
- Adjacent to Opportunity Zones in Census Tracts 6.1 and 11
- [Enterprise Zone](#)



City of Roanoke

ROUTE 460 CORRIDOR SOUTH

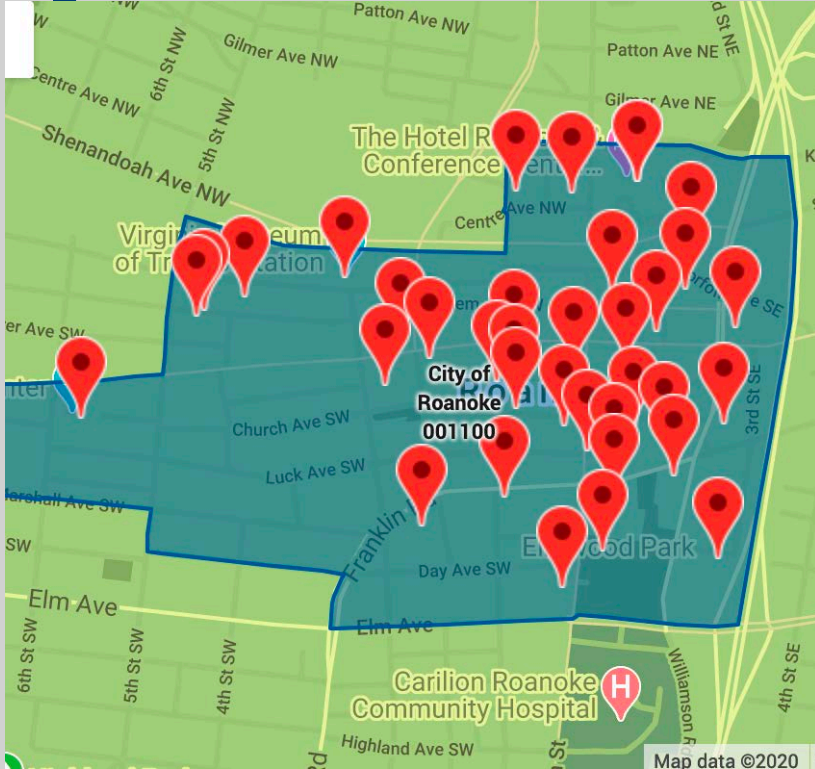
- Contains Norfolk Southern Railroad, U.S. Postal Service, Berglund Center
- Available Properties:
 - [3353 Orange Ave.](#) (39,861 square feet)
 - [830 Campbell Ave., SE](#)
 - [435 Kimball Ave., NE](#)



City of Roanoke

DOWNTOWN DISTRICT

- **Census Tract 11**
- Adjacent to Opportunity Zone (Tract 12)
- [Enterprise Zone](#), [Tourism Zone](#)
- Passenger Rail Station
- Historic City Market
- Roanoke Higher Education Center
- Hotel Roanoke & Conference Center
- Elmwood Park Amphitheater



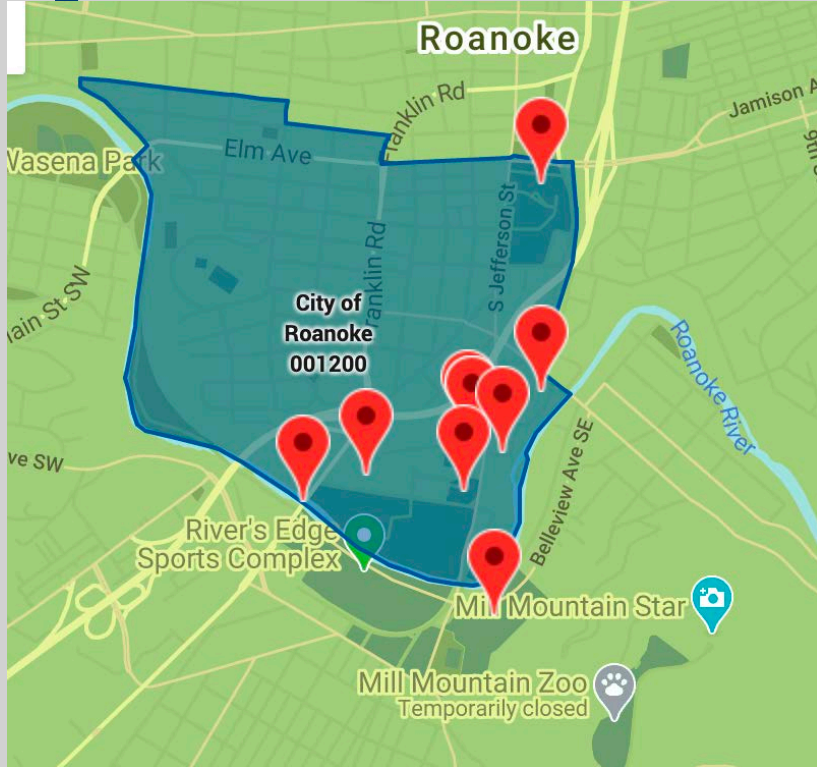
City of Roanoke

DOWNTOWN DISTRICT

Recent Investment

- Hampton Inn and Suites
- Grammercy Row Apartment Homes
- Lofts at West Station
- Boxley Building Apartments
- Mast General Store
- Liberty Trust Boutique Hotel





City of Roanoke

INNOVATION DISTRICT

- Census Tract 12
- Carilion Clinic
- Virginia Tech Carilion School of Medicine
- Fralin Biomedical Research Institute at VTC
- Radford University Carilion
- River's Edge Sports Complex
- Regional Acceleration and Mentoring Program (RAMP)
- The Bridges Mixed Use Development

City of Roanoke

INNOVATION DISTRICT

Recent Investment

- [Expanded Fralin Biomedical Research Institute at VTC](#)
- [Carilion Roanoke Memorial Hospital expansion](#)
- [Carilion Clinic Cancer Center](#)
- South 16 Apartments

Multiple properties available



CITY OF ROANOKE

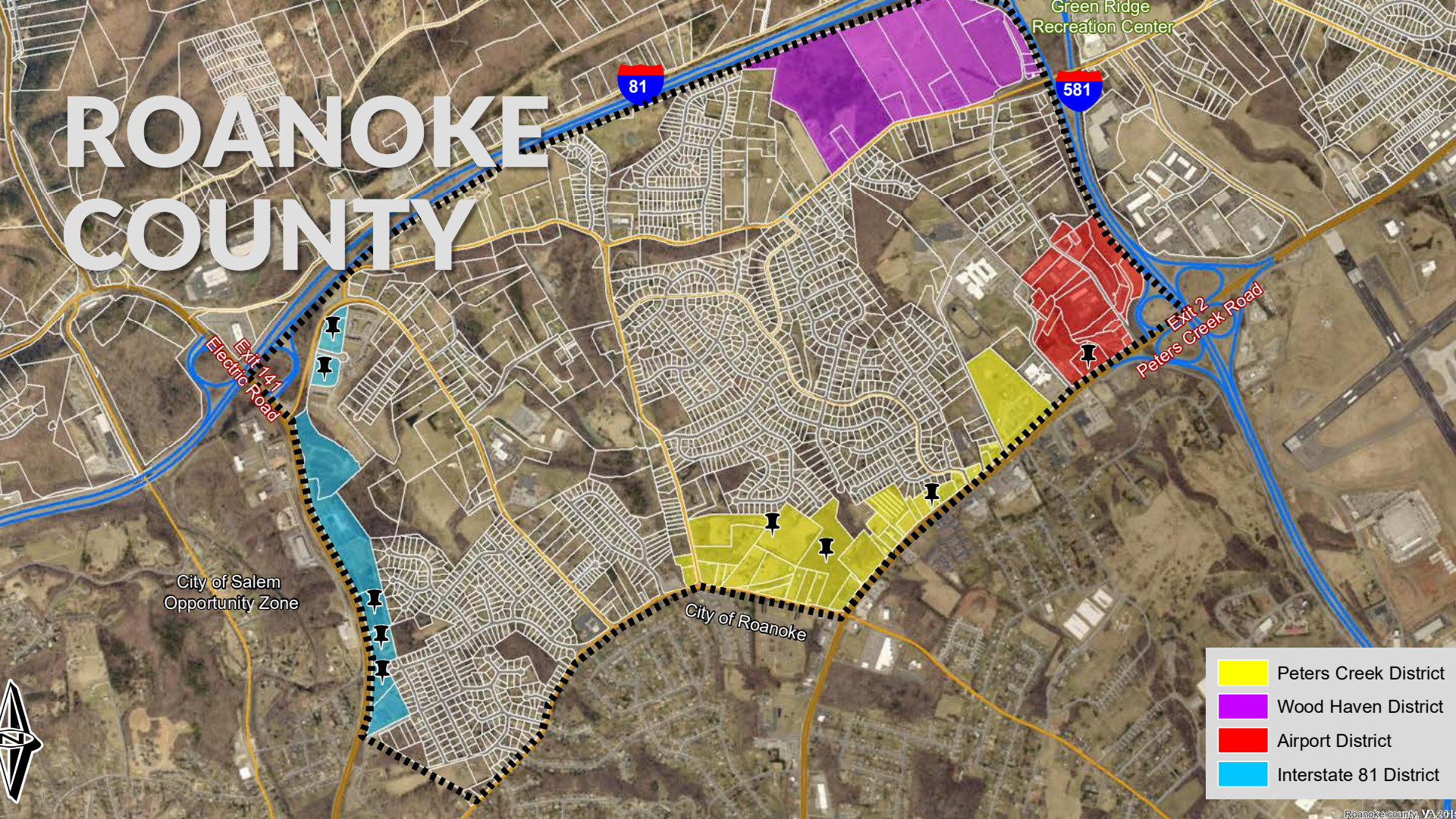
CONTACT:

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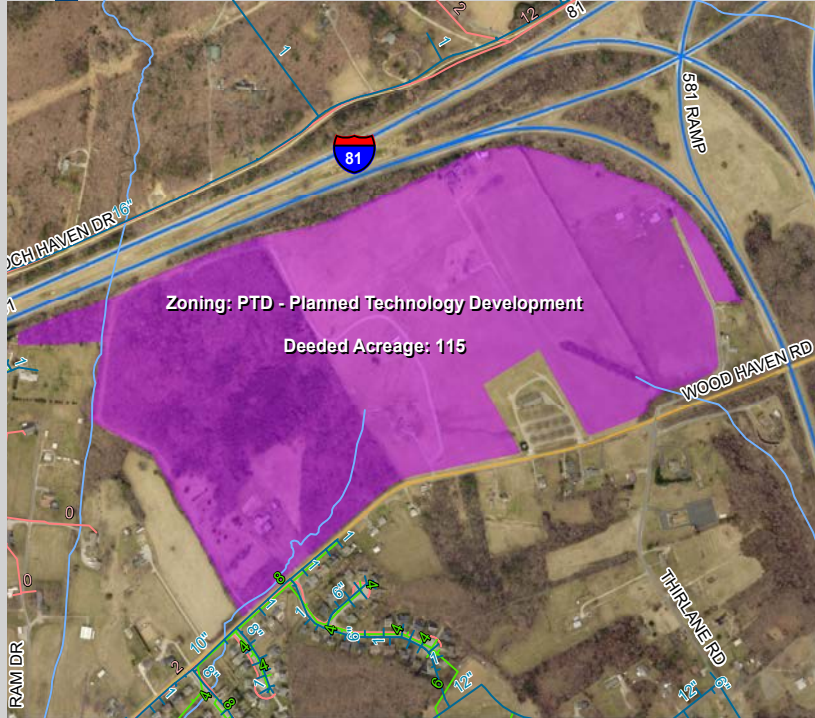
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ROANOKE COUNTY



- Peters Creek District
- Wood Haven District
- Airport District
- Interstate 81 District



Opportunity Zone - Wood Haven District

Roanoke County

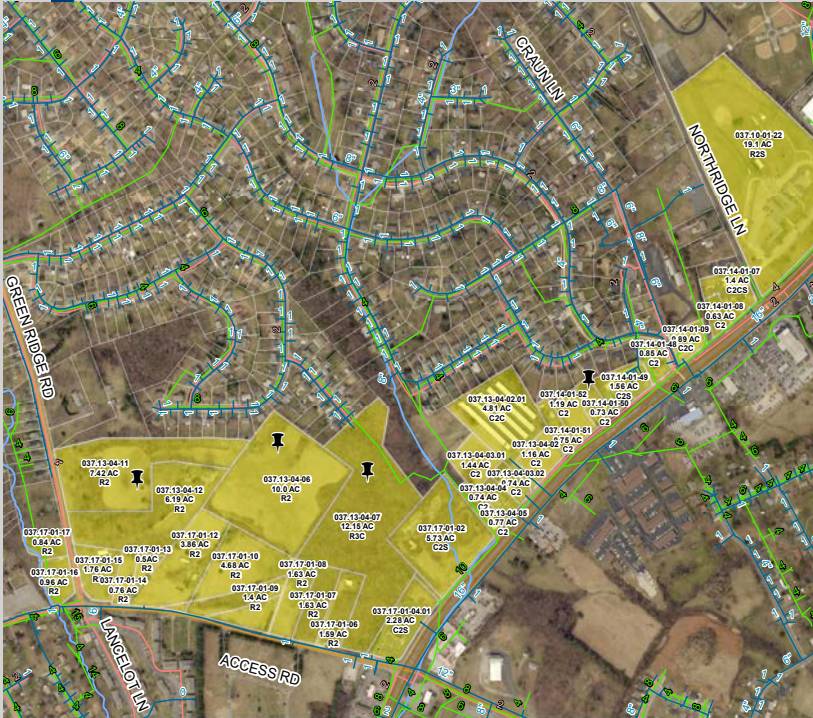
WOOD HAVEN DISTRICT

- Zoned for high technology uses-- advanced manufacturing, professional office and research and development
- 115 acres
- Adjacent to I-81/I-581
- Publicly owned
- Opportunity for large acreage development

Roanoke County

PETERS CREEK DISTRICT

- ADT of 21,000 on four-lane road
- Excellent fit for general commercial, office and multi-family residential
- Properties currently listed
 - [Green Ridge Road Multi-Family Residential Property](#)
 - [Cove Road Multi-Family Residential](#)
 - [3024 Peters Creek Road Office Building and Commercial Land](#)



Property Currently Listed

Opportunity Zone - Peters Creek District

Roanoke County

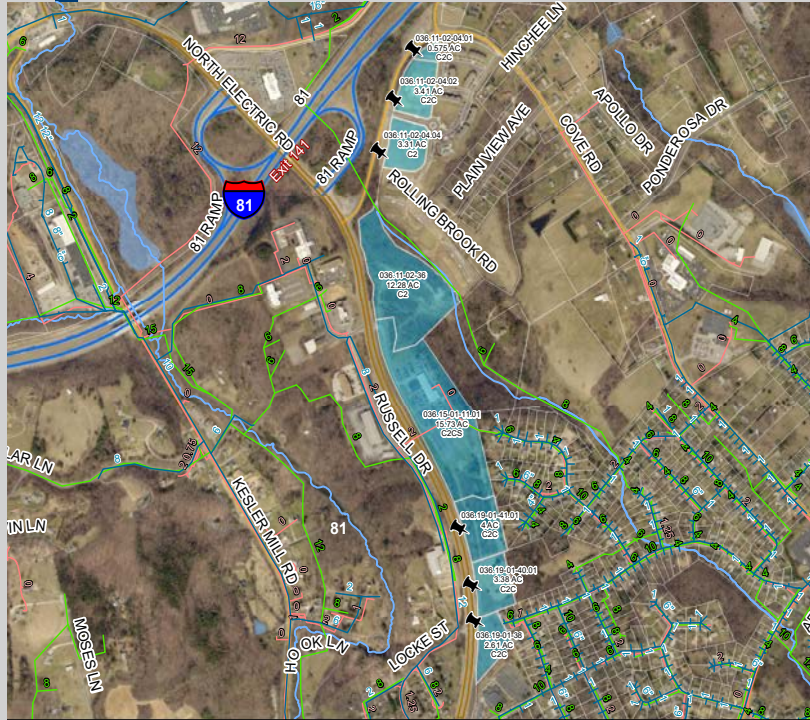
AIRPORT DISTRICT

- Heavily traveled interchange with Interstate 581
- Ideal for office, hotel, restaurant, multi-family residential and light industrial development and redevelopment
- Near largest commercial airport in Western Virginia
- Properties currently listed:
 - [3812 Peters Creek Road Commercial Site](#)
 - [6760 Thirlane Road Commercial Site](#)



Property Currently Listed

Opportunity Zone - Airport District



Property Currently Listed

Opportunity Zone - I-81 District

Roanoke County

INTERSTATE 81 DISTRICT

- Southeastern corner of heavily traveled Interstate 81 at Exit 141 with ADT of 73,000 (north) to 67,000 (south)
- Potential for office, multi-family residential and general commercial
- Properties currently listed:
 - [Cove Road Commercial Sites](#)
 - [Electric Road Commercial Sites](#)

Roanoke County

POTENTIAL INCENTIVES

Typically, Roanoke County incentives are direct grants, to a company to offset development costs, or for associated public infrastructure improvements:

- Utility Extension / Connection Assistance
- Site Preparation Assistance
- Site Acquisition Assistance
- Expedited Permitting, 5-day turnaround for plan reviews
- Local Permit & Application fee Waivers
- Developer Connections - Will identify developers to deliver a turn-key project
- Talent acquisition and resource connections
- Bond financing through the Economic Development Authority

ROANOKE COUNTY

CONTACT:

Jill Loope, Director of Economic Development

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CITY OF SALEM

East Main Street

Electric Road

- Area 5
- Area 4
- Area 3
- Area 2
- Area 1

OpportunityZone_Parcel

CensusTract_51375010100



Salem

AREA 1

East Main-Thompson Memorial

- Publicly Owned Property
- Great for Restaurant or Retail
- 1.86 acres w/2 residences
- Zoning - DBD
- Gateway into Downtown Salem
- Signalized Intersection
- Daily Traffic Count - 15,000



1 inch = 300 feet
150 300

Opportunity Zone Area 2

JULY 2020

CITY OF SALEM
Community Development Dept
Geographic Information Systems Office

Salem

AREA 2

Commerce Park at Salem Civic Center

- Medical or Office Facilities
- Parcel 148-1-2 (Vacant Land)
- 7.4678 acres
- Zoning: BCD/RSF (publicly owned)
- Parcel 149-1-4 (Vacant Land)
- 2.1872 acres
- Zoning: HBD

Salem

AREA 2

Office Building

Commerce Park at Salem Civic Center

- Parcel 147-3-2 (616 Idaho Street)
- 48,580 sq. ft. of office
- 190 parking spaces
- Built 2006
- Acreage - 4.950
- Zoning: HBD/CBD





Salem

AREA 3

Layman Candy/Givens Books Property
“Whole Northeast Corner,” East Main
and Virginia 419

- Great Retail/Restaurant Location
- Daily Traffic Count – 23,000
- Acreage - 1.67
- Zoning - HBD/LM

Salem

AREA 4

East Main Between Brand Avenue and Kesler Mill Road

- Restaurants/Retail/Offices
- Acreage – 1.76
- Zoning – HBD/CBD



1 inch = 200 feet
100 200

Opportunity Zone Area 4

JULINE 2020

CITY OF SALEM
Community Development Dept
Geographic Information Systems Office

**Opportunity Zone Area 5**

JUNE 2020

CITY OF SALEM
Community Development Dept
Geographic Information Systems Office

Salem

AREA 5

Potential Land/Buildings

“Southeast Corner,” East Main and Virginia 419

- Traffic Count 25,000
- Acreage – 1.76
- Zoning – HBD/CBD

Salem

POTENTIAL INCENTIVES

The City of Salem does not have a standard list of incentives. However, incentives may be provided based on the total investment and the overall economic benefit of the proposed project to the city.

CITY OF SALEM

CONTACT:

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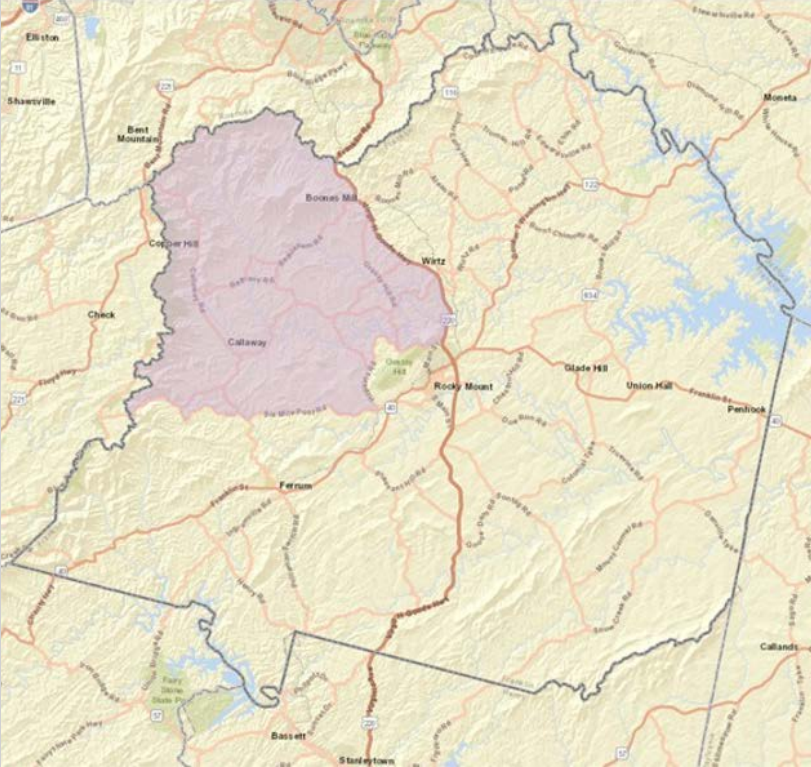


FRANKLIN COUNTY

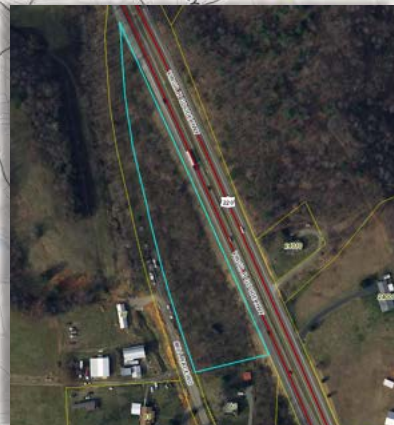
Franklin County

OPPORTUNITY ZONE

- Encompasses northwest quadrant of County
- Large residential subdivision opportunities
- Retail/commercial opportunities along U.S. Route 220
- Includes Summit View Business Park



Jameson Site
Parcel:
0260007800
2.48 Acres
\$115,000



Farrell Lease Site
Parcel:
0440100400
0.91 Acres
LEASE ONLY

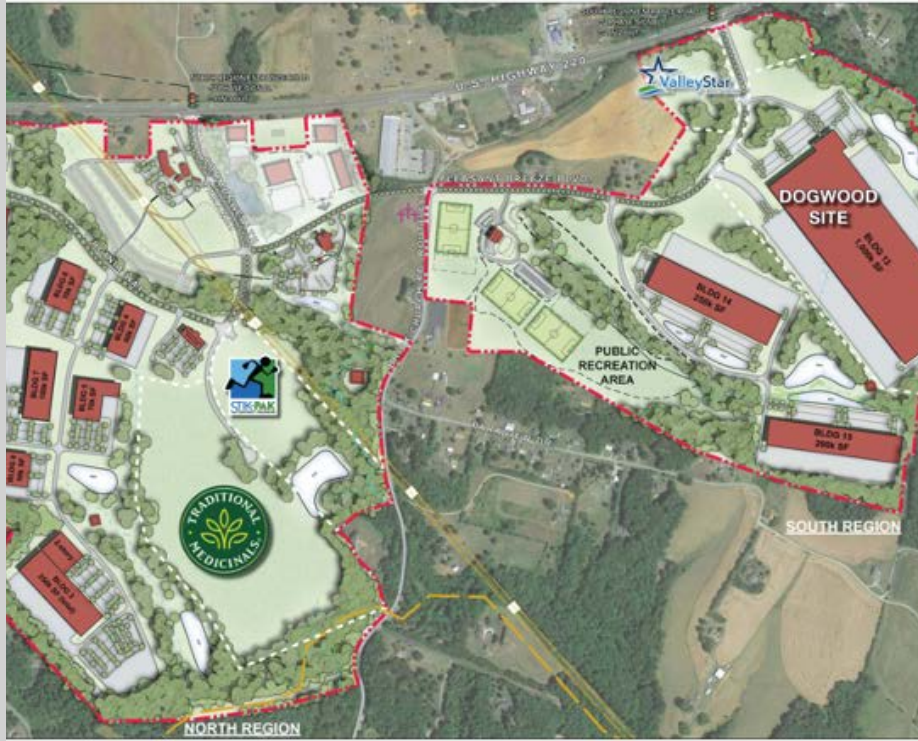
Farrell Site
Parcels:
0440102100
0440102300
0440102307
16.01 Acres
\$3,199,000



Motel/Restaurant Site
Parcels:
0440013600
0440013601
9.76 Acres
\$700,000

122

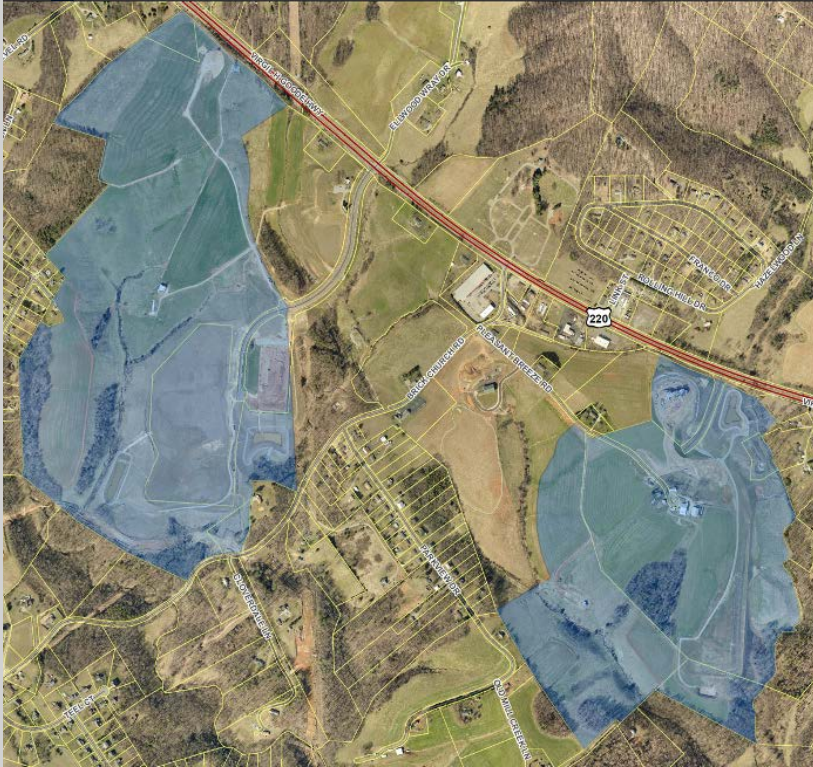




Franklin County

SUMMIT VIEW BUSINESS PARK

- 550-acre, County-owned business park
- Planned for industrial/commercial, retail, recreation, and event spaces
- Three business announcements to date, totaling over \$51 million in investment and 186 jobs
- At completion, Summit View is expected to bring \$300+ million in new investment and 2,000+ jobs



Franklin County

SUMMIT VIEW BUSINESS PARK

- Industrial /commercial areas
- Financial administration campus, food packaging & internationally known tea brand announced
- New pad site under construction Fall 2020
- Opportunities for manufacturing, distribution, scientific/technical, and professional companies

Franklin County

SUMMIT VIEW BUSINESS PARK

- Retail / Commercial
- Huge opportunity to serve employees within the park, recreation/entertainment users, and 22,000-28,000 ADT
- 18-acre tract being jointly marketed (16 publicly-owned, 2 privately-owned)
- Full public utilities



Franklin County

LOCAL SUPPORT

- Local and state cash grants
- Discounted industrial land
- Virginia Tobacco Commission grants
- Workforce training assistance



FRANKLIN COUNTY

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Franklincountyva.gov



ROANOKE
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ROANOKE REGION OPPORTUNITY ZONES