



Whatcom County

# Opportunity Zones

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Possibilities for People &  
Place

## Purpose & Intent

Incentivize investment in underinvested rural and urban areas that will generate **meaningful, ongoing community returns** while also generating financial returns for investors.



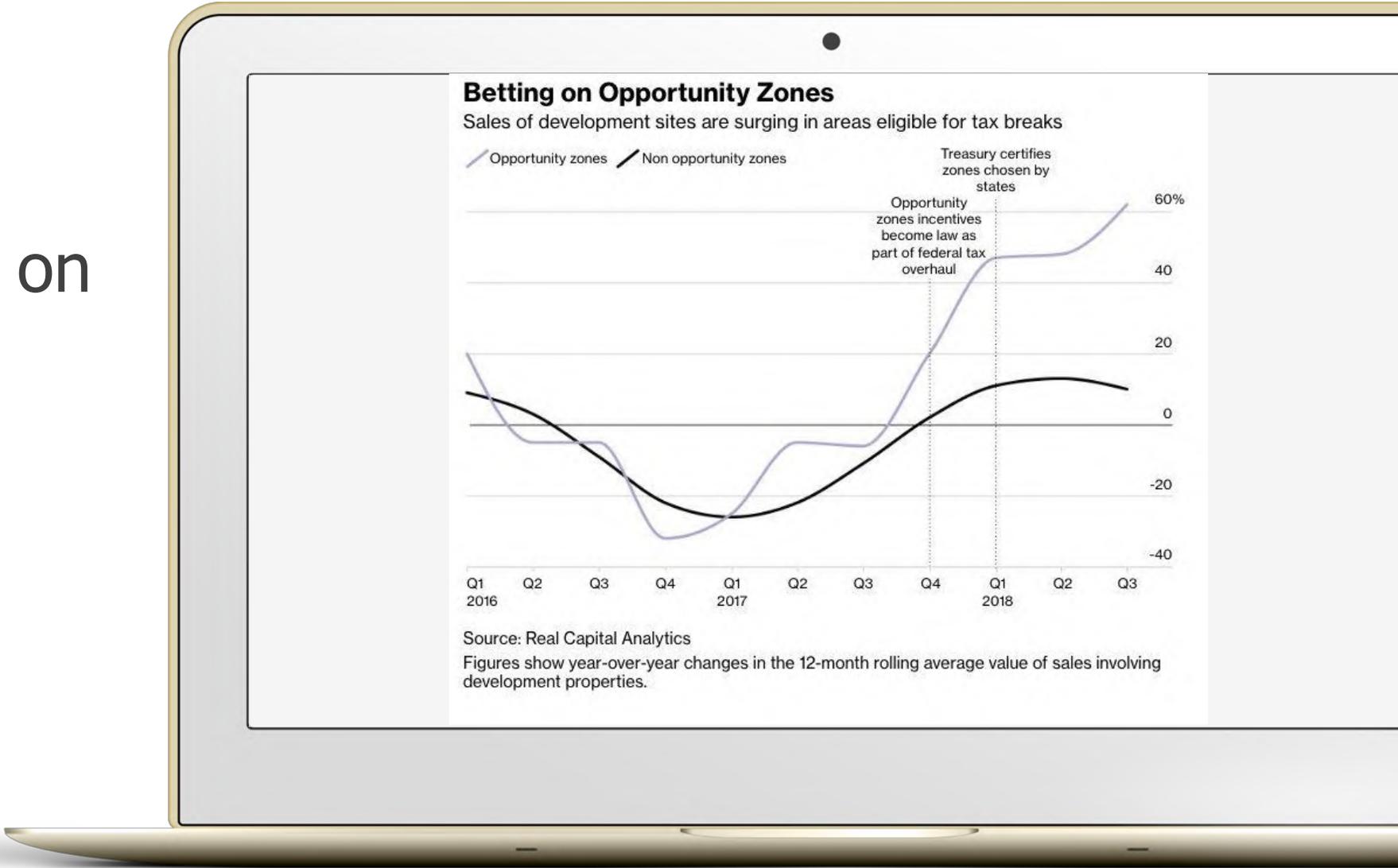
## Forbes on O-zones:

"...one of the greatest tax-avoidance opportunities in American history, **in the service of underperforming American cities and neighborhoods.**"

*July 18, 2018*

# What's Happening?

People are betting on O-zones



# The Opportunities



## Housing

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More people afford housing  $\leq$  30% of their income (& housing remains affordable)



## Job Creation & Entrepreneurship

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New and expanded job and ownership opportunities, including for un/underemployed



## Green Building & Renewable Energy

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Multigenerational investments in the future economy and the built environment



## Infrastructure

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New and improved necessities



## Accessibility

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People have easy access to employment opportunities, goods, services & recreation



## Design vs. Implementation

Steve Glickman, one of the architects and champions of the legislation, characterizes the optimal approach to O-zone investing



### **Steve Glickman** **Develop LLC**

“If you do this program right, you’re viewing it through the lens of what I call **place-based value investing** – making long-term bets on places that other people aren’t seeing.”

# The Risks



## Gentrification & Displacement

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People – individuals, families and even businesses – are forced to move because they can no longer afford to stay



## Missed Opportunities

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New property ownership models are not pursued

People with the potential to start, expand or reinvent a business are overlooked



## Unintended Consequences

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Increased demands on transportation infrastructure, increased housing instability and more



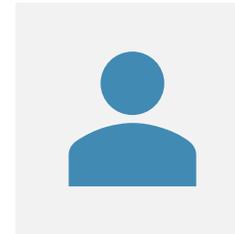
# Balancing Benefit & Returns





# Sean Parker, Tech Entrepreneur

"Instead of having government hand out pools of taxpayer dollars, you have savvy investors directing money into projects they think will succeed."



## Investors

Place-purposed resources...



## Local Context

Informed by community opportunities and needs...



## Local Knowledge

Matched with the right partners

# If you want to go fast, go alone. If you want to go far...



## Mission Investment ■

Investments that marry mission and a passion for place with financial return



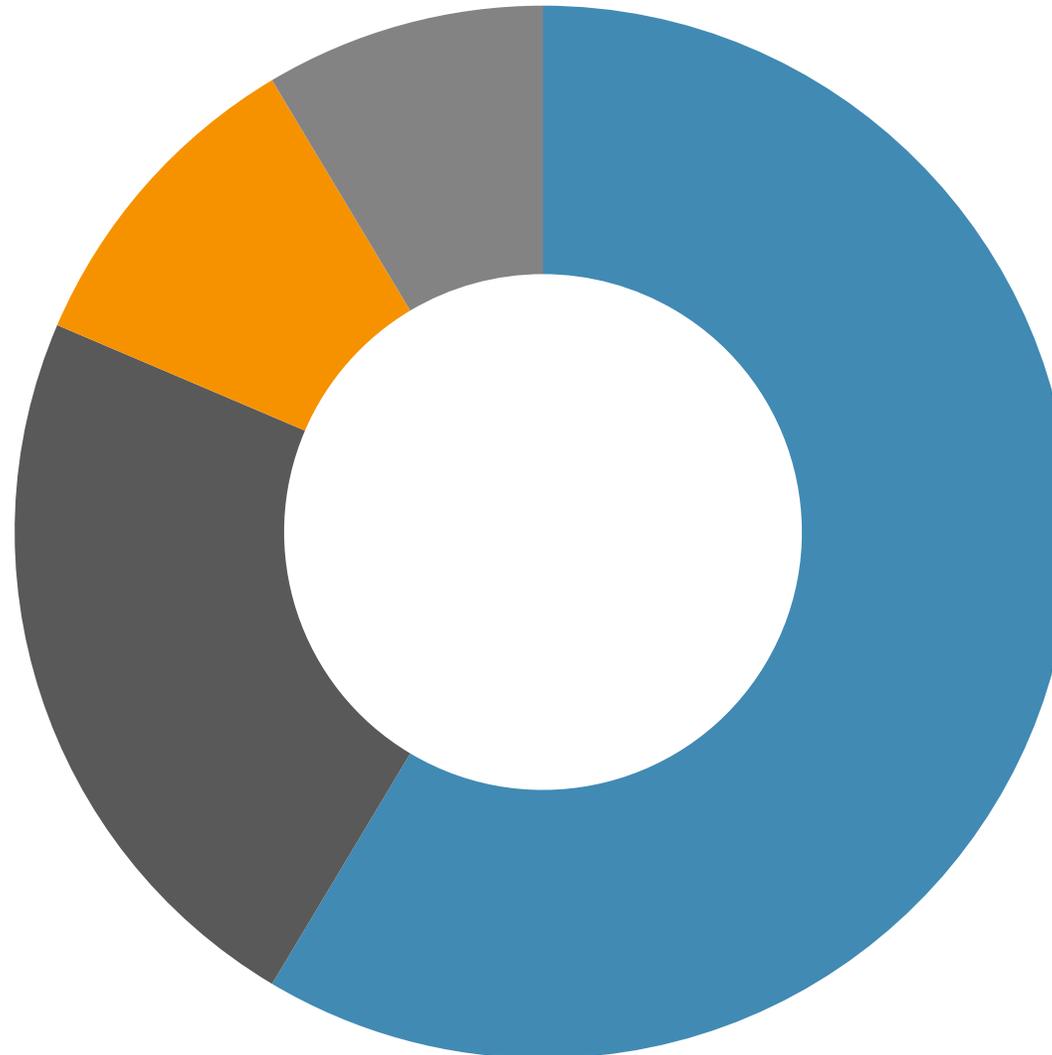
## Philanthropic Investment ■

Purpose-driven investments that may or may not generate a financial return



## Public Investment ■

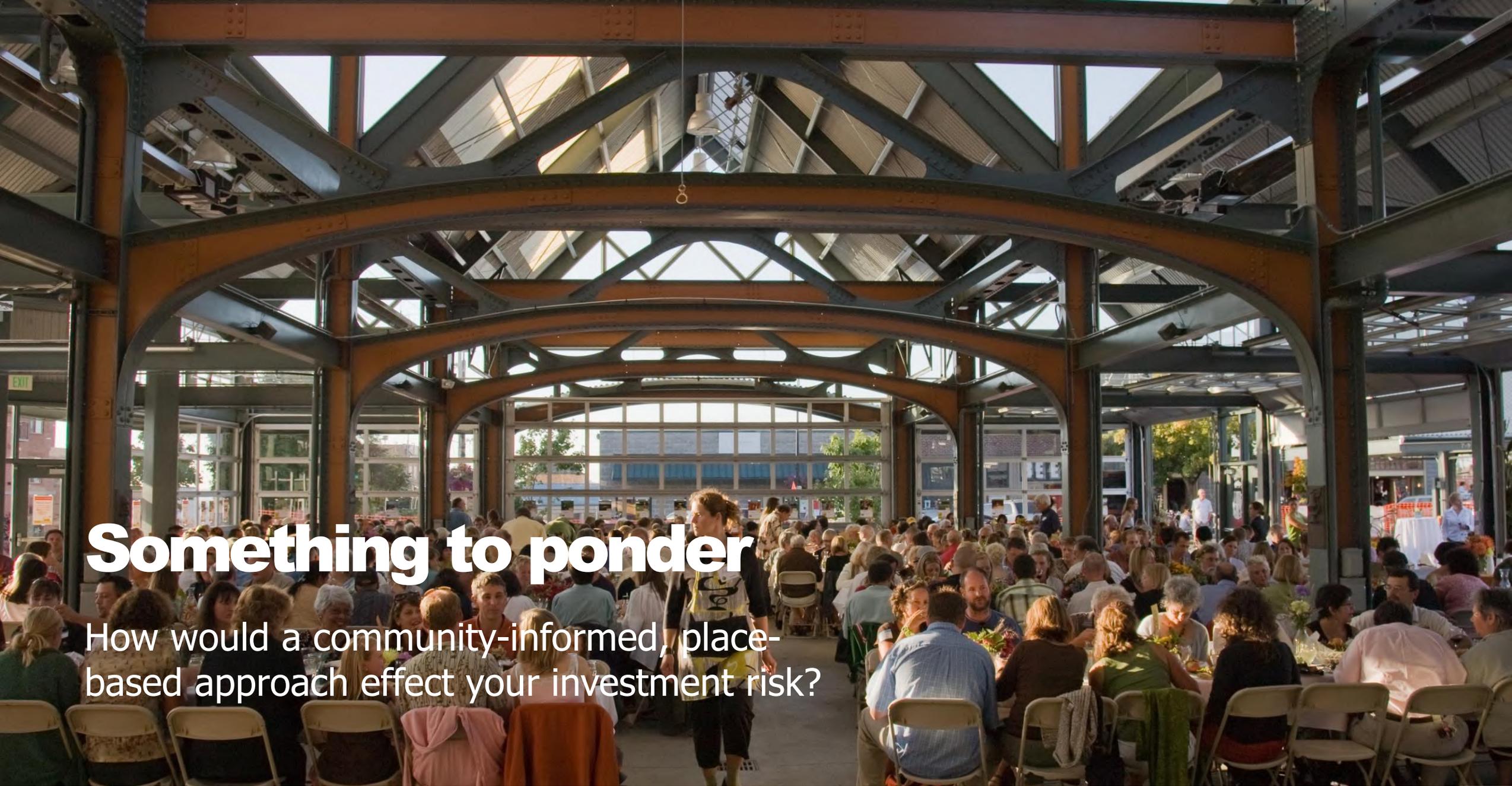
Place & purpose-driven investment



## Qualified Opportunity Fund ■

Qualified investments with a focus on community and financial return

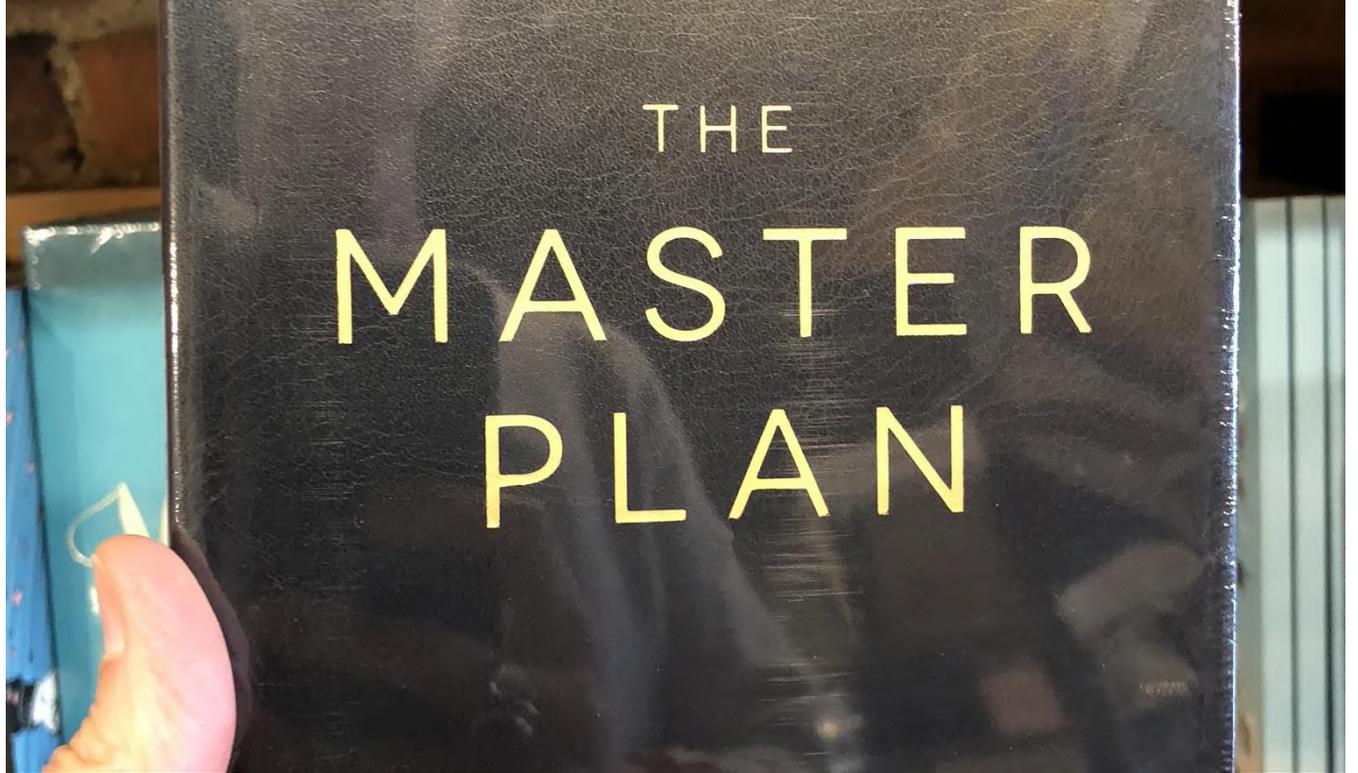




# Something to ponder

How would a community-informed, place-based approach effect your investment risk?

- Community Economic Development Strategies (CEDS)
- Community Health Assessment
- City of Bellingham
  - Comprehensive Plan
  - District Plans
  - Neighborhood Plans



## Plans & Data

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There's a lot of information eager to be mined

# Market Opportunity

**\$6.1T**

Estimated Unrealized Capital  
Gains (12/31/2018)

Mutual funds, stocks and  
corporations (Economic  
Innovation Group)

**\$100B**

Anticipated O-zone  
Investments

\$16B+ raised to date

**\$??M**

Community Benefit  
Focused Investments

How much will be  
tapped for Whatcom  
County's O-zones?





Legend

- Colleges and Universities (4-Year)
- Medicaid Certified Hospitals
- Excluded Opportunity Zones
- Opportunity Zone Index

Colleges and Universities (4-Year)



Medicaid Certified Hospitals



Excluded Opportunity Zones



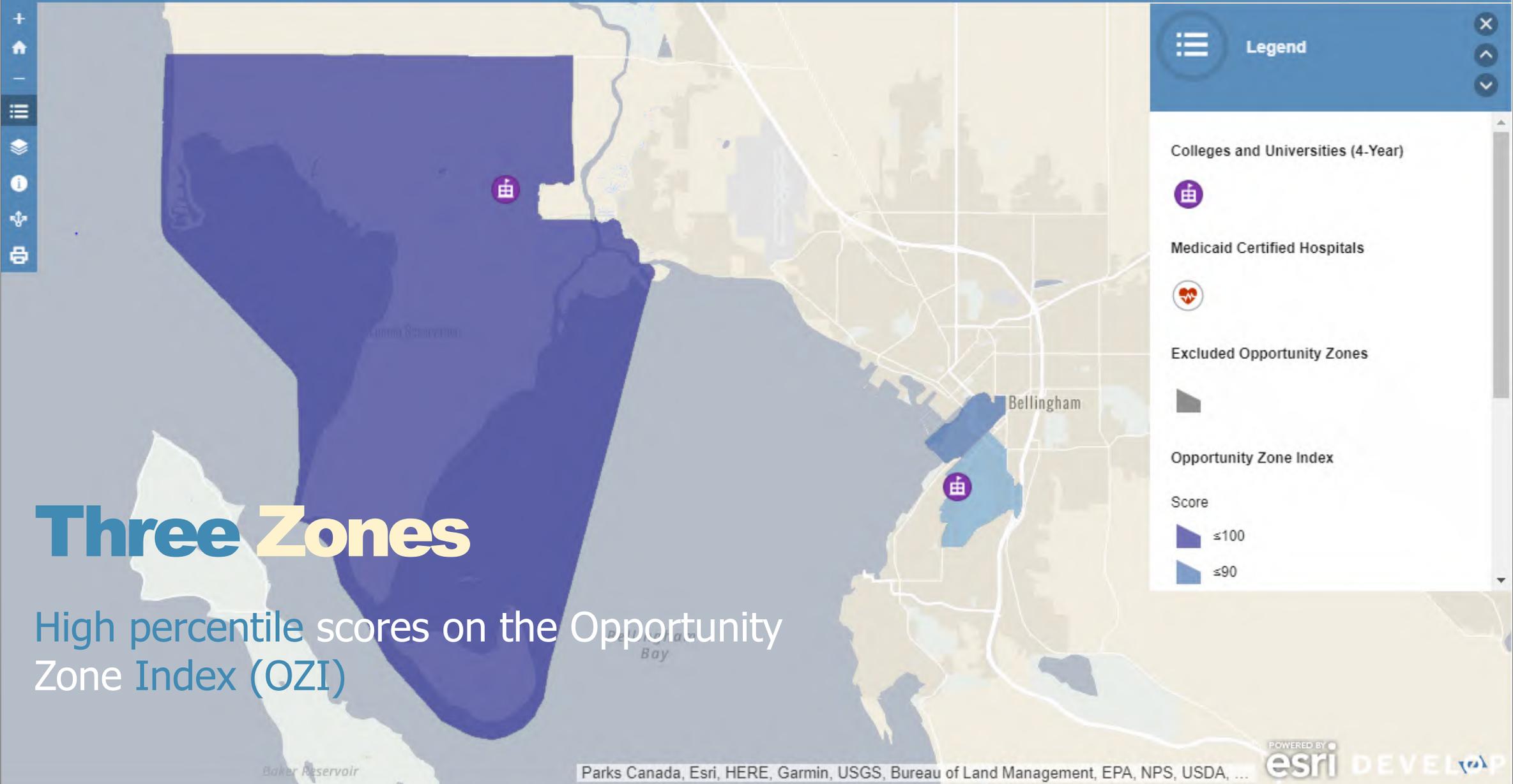
Opportunity Zone Index

Score

- ≤100
- ≤90

# Three Zones

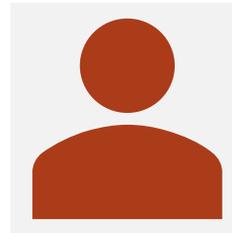
High percentile scores on the Opportunity Zone Index (OZI)





# Beyond the Garden

Options for investors pairing community enrichment and profits



## Solo

Self-certify & explore opportunities with data & local context experts



## Search

Seek an existing fund that best aligns with your values



## iQOF

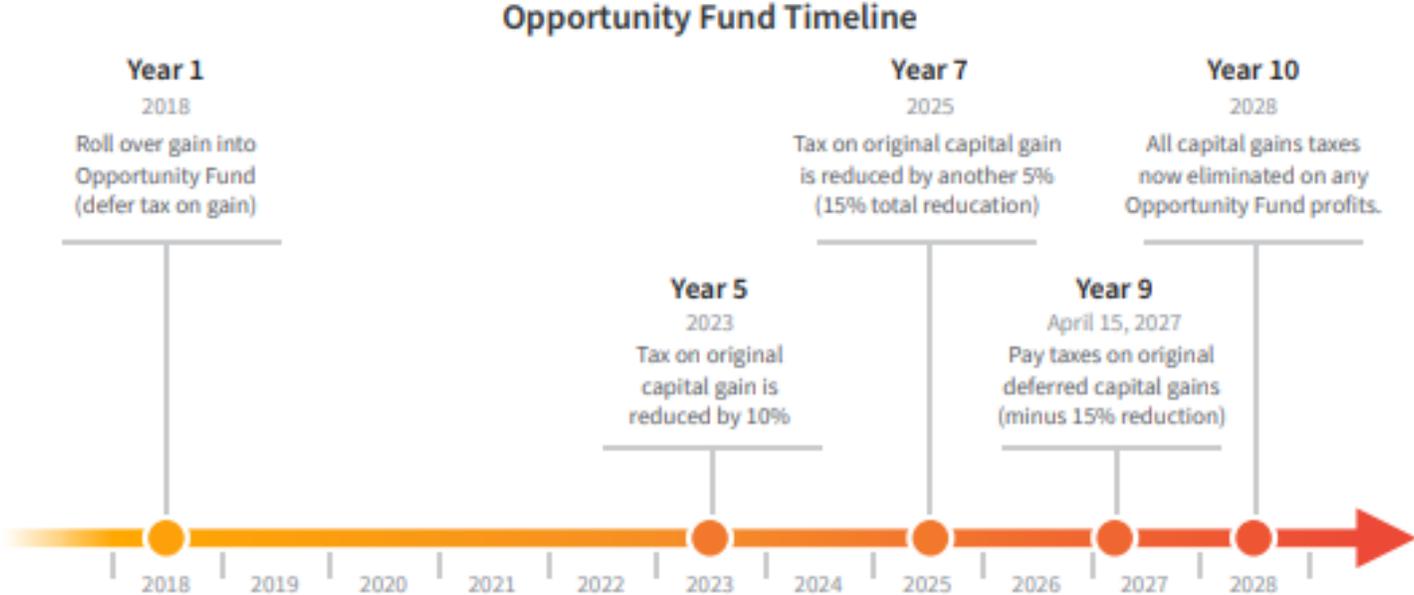
Explore a "purpose & profits" fund - pool investment dollars for community-focused projects



# What have you done for me lately?

## How Investing in an Opportunity Fund Works

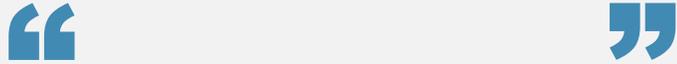
To receive the most favorable tax treatment on their investment, investors are incentivized to hold their stakes in an Opportunity Fund over the long term, with the program providing the most potential upside to those who hold their investment for 10 years or even more.



Source: Fundrise

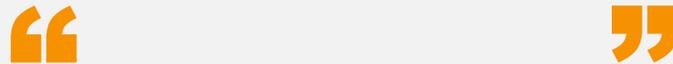


# The Buzz



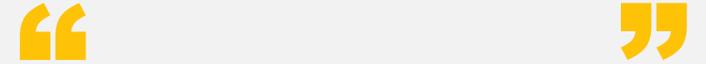
The great thing about this legislation is it can bring together sectors that may not have worked together before.

Jim Sorenson, Entrepreneur/Impact Investor



The goal was to make these funds accessible enough so that it wouldn't be only large institutional players that can participate.

John Lettieri, Economic Innovation Group



If the investments don't provide better housing, better jobs ... then it's been a big waste of time and we've all failed.

Margaret Anadu, Goldman Sachs





**Whatcom Community  
Foundation**

# Thank You

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