Opportunity Zones and Housing Webinar
March 30, 2020
“HUD’s mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; build inclusive and sustainable communities free from discrimination, and transform the way HUD does business.”
“Fifty-two million Americans live in economically distressed communities. Despite the growing national economy, these communities are plagued by high poverty levels, failing schools, and a scarcity of jobs...[the] Tax Cuts and Jobs Act...established a historic new Federal tax incentive that promotes long-term equity investments in [these] low-income communities designated as ‘qualified opportunity zones’...”

– Executive Order Establishing the White House Opportunity and Revitalization Council (Sec. 1, 12/12/18)
White House Opportunity & Revitalization Council

HUD’s Role

Chairman, Secretary Ben Carson

- Coordinate Federal Programs and Investments from Other Departments & Agencies
- Lead Local Efforts to Attract Private Investment
- Collect Data to Assess Effectiveness of Investments
## WHORC Work Streams

<table>
<thead>
<tr>
<th>Economic Development</th>
<th>Entrepreneurship</th>
<th>Education &amp; Workforce Development</th>
<th>Safe Neighborhoods</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lead Agency:</strong></td>
<td><strong>Supporting Agencies:</strong></td>
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<td><strong>Supporting Agencies:</strong></td>
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<tr>
<td>Commerce</td>
<td>SBA, DOC, USDA, DOT, HHS, CEQ, EPA</td>
<td>DoEd, Labor, HHS, USDA, Commerce, DOE</td>
<td>HHS, EPA, Interior</td>
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<td><strong>Action Items:</strong></td>
<td><strong>Supporting Agencies:</strong></td>
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<tr>
<td>Leverage federal grants and loans in a more integrated way to develop dilapidated properties and provide basic infrastructure and financial tools to attract private investment.</td>
<td>DOC, USDA, Interior</td>
<td>Leverage governmental lending and grants to stimulate access to private capital and promote programs that assist entrepreneurs.</td>
<td>Combat drug addiction and the opioid crisis, reduce crime/enhance public safety and address environmental contamination obstacles to development.</td>
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WHORC Work Streams

Measurement & Analysis

**Lead Agency:**
CEA

**Supporting Agencies:**
Treasury
HUD
Commerce

**Action Items:**
Develop robust reporting and analytics.
WHORC Implementation Plan

• Conduct nationwide listening tour

• Identify opportunities to target, streamline and coordinate Federal programs

• Develop training manual for field staff

• Collate best practices by work stream at state, local, and tribal levels

• Compile and publish comprehensive list of Federal programs available

• Develop ‘opportunityzones.gov' website
WHORC Implementation Plan

• Develop and publish list of policy recommendations to improve Federal revitalization programs

• Convene monthly staff meetings at staff level to ensure coordination, communication and accountability

• Regular reporting by Federal departments and agencies on implementation actions and progress made
Opportunity Zone Federal Program Alignment

<table>
<thead>
<tr>
<th>Agency</th>
<th>Grants/Programs</th>
</tr>
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<tbody>
<tr>
<td>USDA</td>
<td>6</td>
</tr>
<tr>
<td>Commerce</td>
<td>2</td>
</tr>
<tr>
<td>Education</td>
<td>17</td>
</tr>
<tr>
<td>Health &amp; Human Services</td>
<td>9</td>
</tr>
<tr>
<td>Housing &amp; Urban Development</td>
<td>17</td>
</tr>
<tr>
<td>Interior</td>
<td>1</td>
</tr>
<tr>
<td>Justice</td>
<td>54</td>
</tr>
<tr>
<td>Labor</td>
<td>13</td>
</tr>
<tr>
<td>Transportation</td>
<td>8</td>
</tr>
<tr>
<td>Treasury</td>
<td>4</td>
</tr>
<tr>
<td>General Services Administration</td>
<td>2</td>
</tr>
<tr>
<td>SBA</td>
<td>7</td>
</tr>
<tr>
<td>EPA</td>
<td>6</td>
</tr>
<tr>
<td>Regional Commissions</td>
<td>3</td>
</tr>
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To date, **160+** programs identified where targeting, preference, or additional support could be granted to Opportunity Zones.

As of February 28, 2020, **180+** grants or programs have been aligned to focus on Opportunity Zones.
HUD Region VIII Updates

- Developed OZ webinar
- Engaged with stakeholders across region
- Convened federal and philanthropic roundtables
- WHORC listening session in Denver, Colorado Springs
- Support state and local outreach and education efforts
- Developing field manual for staff
Colorado Opportunity Zones

Statewide

Greater Denver Area
Colorado QOZs

- 126 designated QOZs (116 low-income, 10 contiguous)
- 44% rural QOZs, compared to 15% of statewide tracts

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<thead>
<tr>
<th></th>
<th>CO QOZs</th>
<th>CO Statewide</th>
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<tbody>
<tr>
<td>Median household income</td>
<td>$41,138</td>
<td>$66,933</td>
</tr>
<tr>
<td>Poverty rate</td>
<td>22.04%</td>
<td>12.78%</td>
</tr>
<tr>
<td>Median home value</td>
<td>$167,488</td>
<td>$282,281</td>
</tr>
<tr>
<td>25+ w/ HS or less</td>
<td>45.74%</td>
<td>31.45%</td>
</tr>
<tr>
<td>25+ w/ BA or more</td>
<td>22.08%</td>
<td>37.72%</td>
</tr>
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opportunitydb.com/location/colorado/
FHA Multifamily Program Changes

- **Reduced application fees**
  - New construction & substantial rehabilitation
  - Urban renewal and concentrated development
  - Purchase or refinance of existing MF property

- "**Broadly affordable**" (90% of units Section 8/affordable under LIHTC)
  - Fee reduced from $3/$1k mortgage amount to $1/$1k mortgage amount
  - Average savings of $47,000 per application

- "**Market rate**" & "affordable" (10% are Section 8/affordable under LIHTC)
  - Fee reduced from $3/$1k mortgage amount to $2/$1k mortgage amount
  - Average savings of $24,000 per application

- Designated team of senior underwriters to streamline applications
Section 202
Supportive Housing for the Elderly

- Provides Capital Advance funding for development and operation of supportive rental housing for very low-income persons aged 62+

- Capital Advance funds must be used to finance construction, reconstruction, moderate/substantial rehabilitation, or acquisition of a structure with/without rehabilitation
  - Language supporting QOZs added to program’s 2018 NOFA; project sponsors encouraged to consider sites in QOZs
Section 220
Mortgage Insurance for Rental Housing

• Section 220 insures mortgages for the new construction/substantial rehabilitation of mixed-use housing projects in:
  – Urban renewal areas
  – Code enforcement areas
  – Other areas where local governments have undertaken designated revitalization activities

• All QOZs are now automatically eligible areas under Section 220 of the National Housing Act, including in rural areas
Resources

❖ For all questions related to the QOZ nomination and designation process: OpportunityZone@cdfi.treas.gov

❖ To verify whether a location lies within a QOZ census tract: geocoding.geo.census.gov

❖ IRS Opportunity Zone FAQ’s: irs.gov/newsroom/opportunity-zones-frequently-asked-questions


How can we partner to make a difference in Opportunity Zones?
Thank you

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