



# Opportunity Zones: Who's Opportunity is it?

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# What are Opportunity Zones?

Opportunity Zones will help connect low-income communities with needed capital

Opportunity Zones were enacted by the federal government as part of the 2017 tax reform package

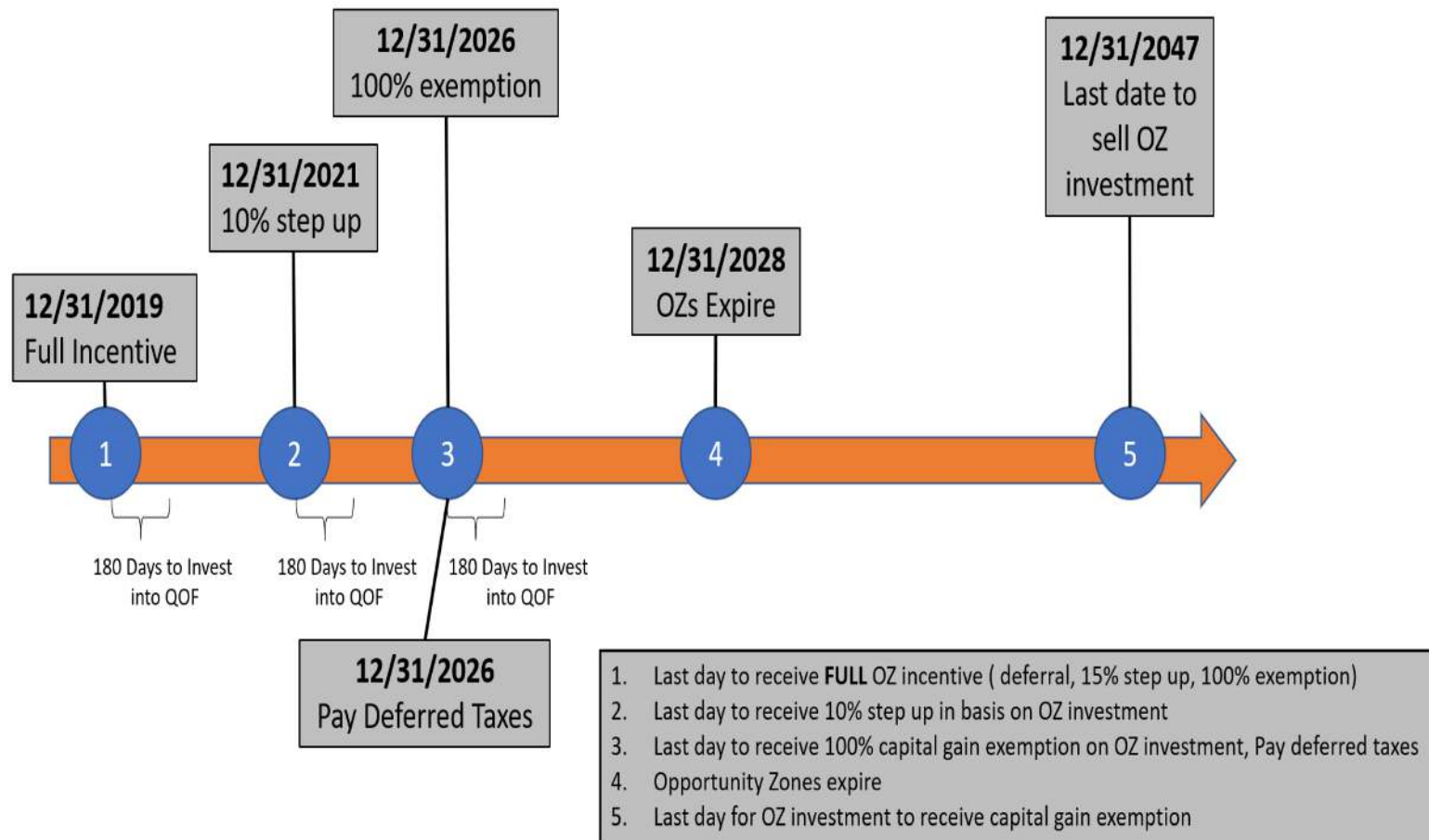
The program provides tax incentives to private investors with unrealized capital gains

U.S. households and corporations were sitting on an estimated **\$6.1 trillion** in unrealized capital gains at the end of 2017.

Opportunity Zones offer a frictionless way for investors to dedicate all or a portion of their winnings to seeding the next generation of enterprise in distressed communities all across the country. In exchange, investors get a graduated series of federal tax incentives tied to **long-term holdings**.

*Source: EIG analysis of the Federal Reserve's Survey of Consumer Finances and Financial Accounts of the United States*

# OZ Incentive Timeline



# OZ Investment

## Investors

- Most valuable for 10 year investments in appreciating assets
- Six months to invest after realizing a capital gain
- Another six months to deploy 90% of capital in Zones
- Capital is required to be an equity investment

## Funds

- All capital must flow through an Opportunity Zone Fund
- Opportunity Zone Funds must be established
- Opportunity Zone Funds are self-certified via an IRS tax form
- 90% of fund assets must be invested in Opportunity Zone

## Investments

- Must be equity investments
- Real estate investments must include substantial rehabilitation
- “Sin businesses” are not eligible
- Other requirements include property use in “active conduct of business” and limits on assets held in cash

# Opportunity Zone Implementation Timeline

December 2017	H.R. 1 - Opportunity Zone Legislation passes
<b>March 2018</b>	<b>Governor Hogan submits nominated OZs</b>
June 14, 2018	US Treasury designates Maryland's 149 Opportunity Zones
<b>July 30, 2018</b>	<b>DHCD / Commerce hold Opportunity Zone Conference</b>
October 18, 2018	IRS Guidance
<b>January 3, 2019</b>	<b>Governor announces OZ Initiatives &amp; Launch of OZ Info-Exchange</b>
<b>February 20, 2019</b>	<b>Governor's OZ Leadership Task force – Kickoff meeting</b>
<b>February 22, 2019</b>	<b>Closed NBWOZ loan to Clene Nanomedicine, Inc.</b>
<b>March 14, 2019</b>	<b>Governor's Regional OZ Meeting - Salisbury area</b>
March /April 2019	IRS Guidance – Fund Structures, Investment in Operating Business
Summer/Fall 2019	IRS Guidance – Reporting and loose ends

# State Role

*Make Maryland the premier location for funds to invest*

Designate opportunity zones with potential

The Act as facilitator making connections between funds and projects/  
businesses in Opportunity Zones

DHCD and other state agencies align funding and programs to enable and  
promote leveraged investment in OZs

DHCD is focused on traditional core lines of business – rental development  
lending, homeownership, infrastructure, business lending

# Governor Hogan OZ Plan

- Create OZ task force
  - Regional summits for local stakeholders
  - Align state economic and cultural priorities
  - Partnership with local governments
- More Opportunities for Marylanders Act
  - 10-year tax credit for each new job created in OZ
  - State property tax exemption
  - Recording, filing, other fees waived
- Opportunity Works
  - Job training program for businesses in OZ
- Maryland Technology Infrastructure Fund (TEDCO) Investment
- Investments in Housing and Community Development
  - Rental Development / Business Lending / Infrastructure / Homeownership
- OZ Information Exchange

# Designation Process

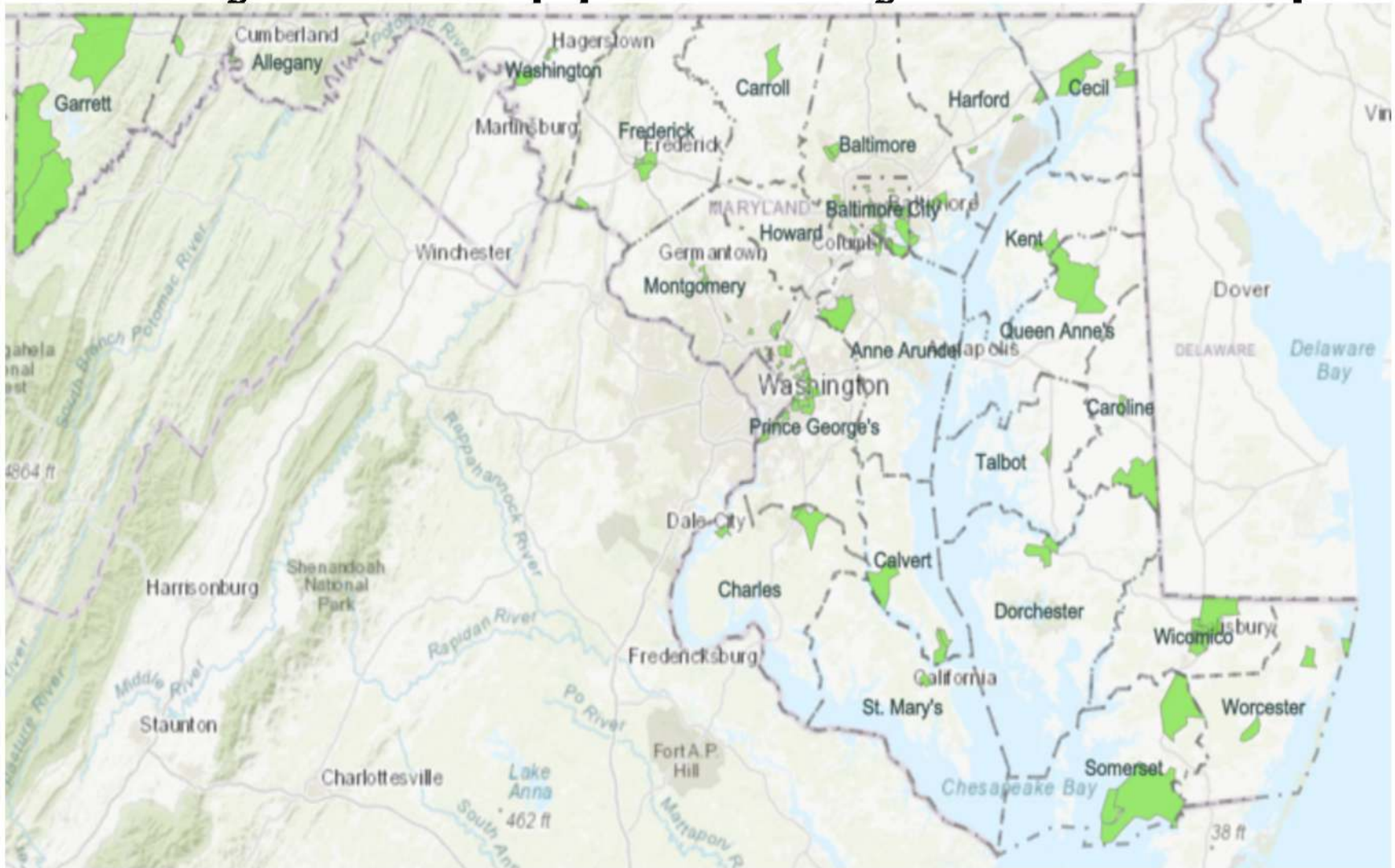
Maryland had 580 + eligible low-income census tracts

149 selected

- Public Input
- Location – at least one in each County
- Economic opportunity / impact – key transformative projects
- Proximity to anchor academic and federal institutions
- Proximity to Transit Orient Development



# Maryland Opportunity Zone Map



March 11-13, 2019

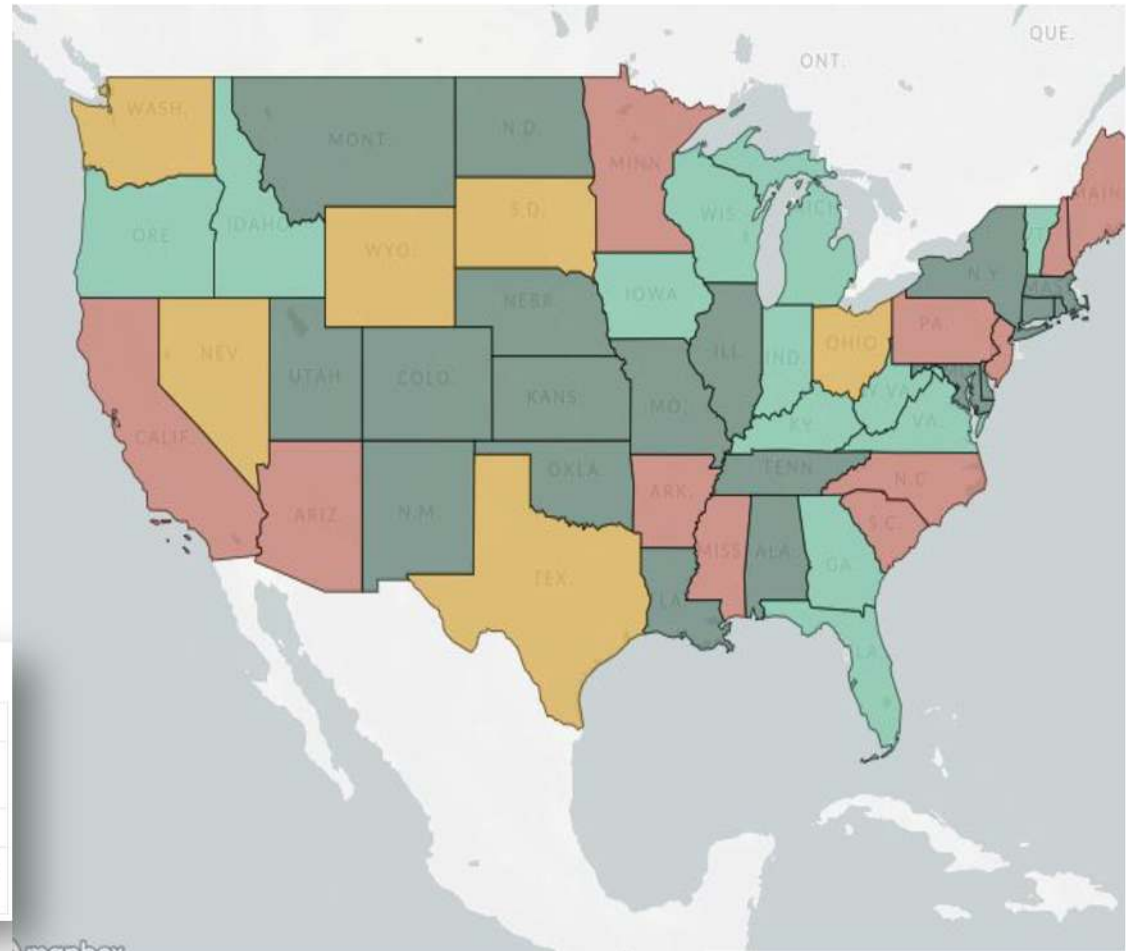
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# State Tax Alignment

In Maryland, both personal and corporate income taxes use federally calculated AGI as the starting point

Maryland automatically conforms to the current federal tax code



## Legend

Dark Green	Conforming - Rolling: The state automatically conforms to the current IRC as it is amended.
Light Green	Conforming - Fixed Date: The state conforms to the IRC as of a specific date that is after the enactment of the Opportunity Zones legislation.
Yellow	No Capital Gains: The state has no state income tax or generally does not tax capital gains.
Red	Nonconforming: The state conforms to the IRC as of specific date prior to the enactment of the Opportunity Zones legislation or the state has specifically decoupled from the Opportunity Zones provisions of the IRC.

Source – Novogradac website

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# Maryland Opportunity Zone Information Exchange

**A virtual meet up for investors, fund managers, property developers, new or expanding businesses, and local stakeholders**

**A bulletin board tracking OZ news and investment activity**

**A project / business locator for interested investors**

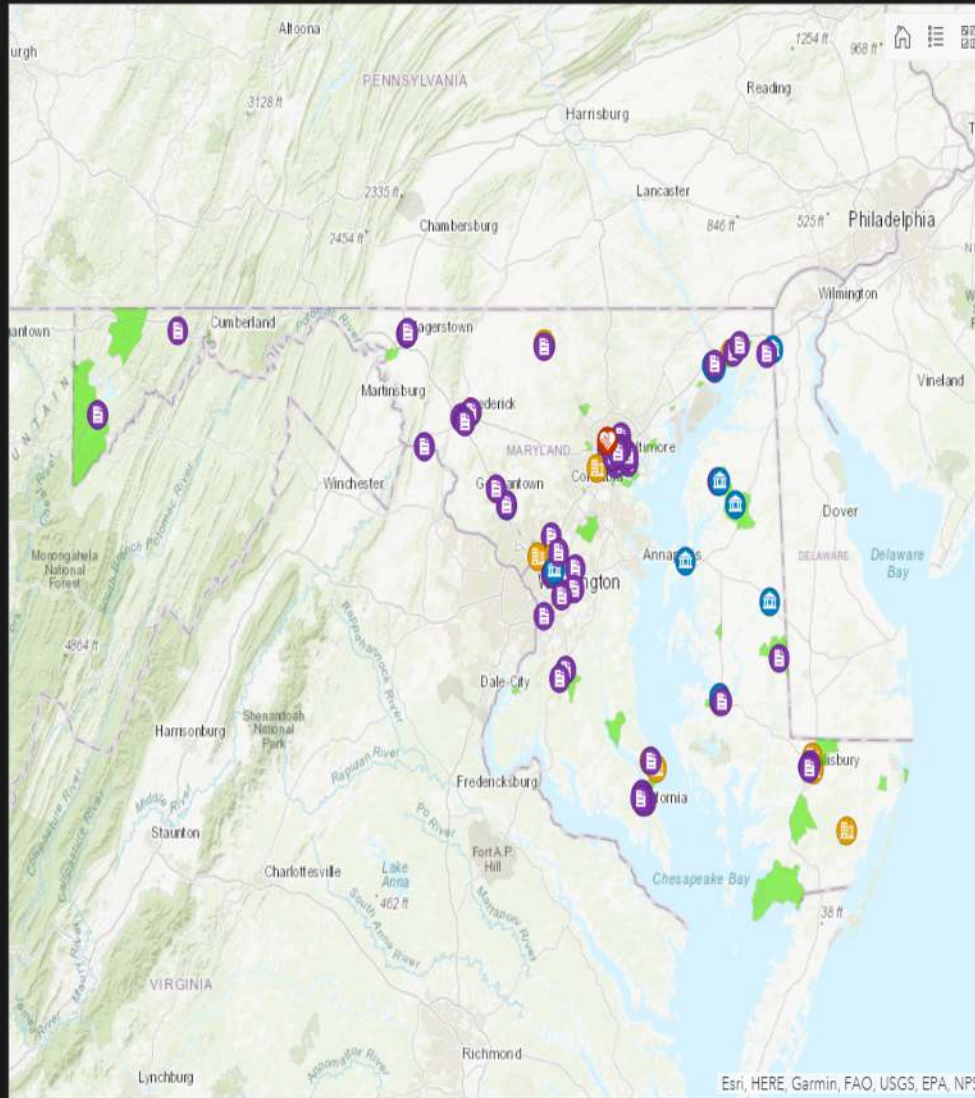
**A search tool for financial incentives based on address and/or area**



Opportunity Zone Listings

- 1.539 Acre Parcel, Zoned High-Intensity Mixed Use, in Lexington Park, MD Project - Mix
- 102 W. Potomac Street - Brunswick Project - General
- 108.41 Acre Parcel Zoned High-Intensity Mixed Use in Lexington Park, MD Project - Mix
- 1100 Wicomico Project - Office
- 1231 Tech Court Project - Office
- 17.798 Acre Parcel Zoned Limited Commercial Industrial in Lexington Park, MD Project - Retail
- 1787 Capital Fund - Mix
- 1812 Greenmount Project - Mix
- 2.21 Acre Parcel, Zoned High-Intensity Mixed Use in Lexington Park, MD Project - Mix
- 2.34 Acre Parcel Zoned High-Intensity Mixed Use in Lexington Park, MD Project - Mix
- 2.59 Acre Parcel Zoned High Intensity Mixed Use in Lexington Park, MD Project - Mix
- 200-204 East Diamond Avenue Project - Mix
- 22.286 Acre Parcel Zoned High-intensity Mixed Use in Lexington Park, MD

Select a product from list to get more information



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Listing Contact Information

**Name:**  
1.539 Acre Parcel, Zoned High-Intensity Mixed Use, in Lexington Park, MD

**Listing Type:**  
Project

**Description:**  
1.539 acre parcel in Lexington Park, MD zoned high-intensity mixed use. About Lexington Park Lexington Park in St. Mary's County, Maryland offers coastal, country living in a high-tech world. With the most coastline of any county in Maryland and tobacco barns peppering the landscape, you can experience beautiful, bucolic landscapes and perfectly prepared raw oysters. Lexington Park is home to Naval Air Station Patuxent River, where \$40 billion of Navy procurement, research, development, test and evaluation takes place every year. That brings a substantial base of highly-skilled engineers, lawyers, and other business professionals, as well as advanced manufacturing trades. Economic Snapshot - Has the country's 5th highest concentration of high-tech workers - Ranked the 4th best place for tech jobs in the country (Nerdwallet) - 34 is the median age - Average income per household in 2016: \$86,810 - 55 miles from Washington, D.C.

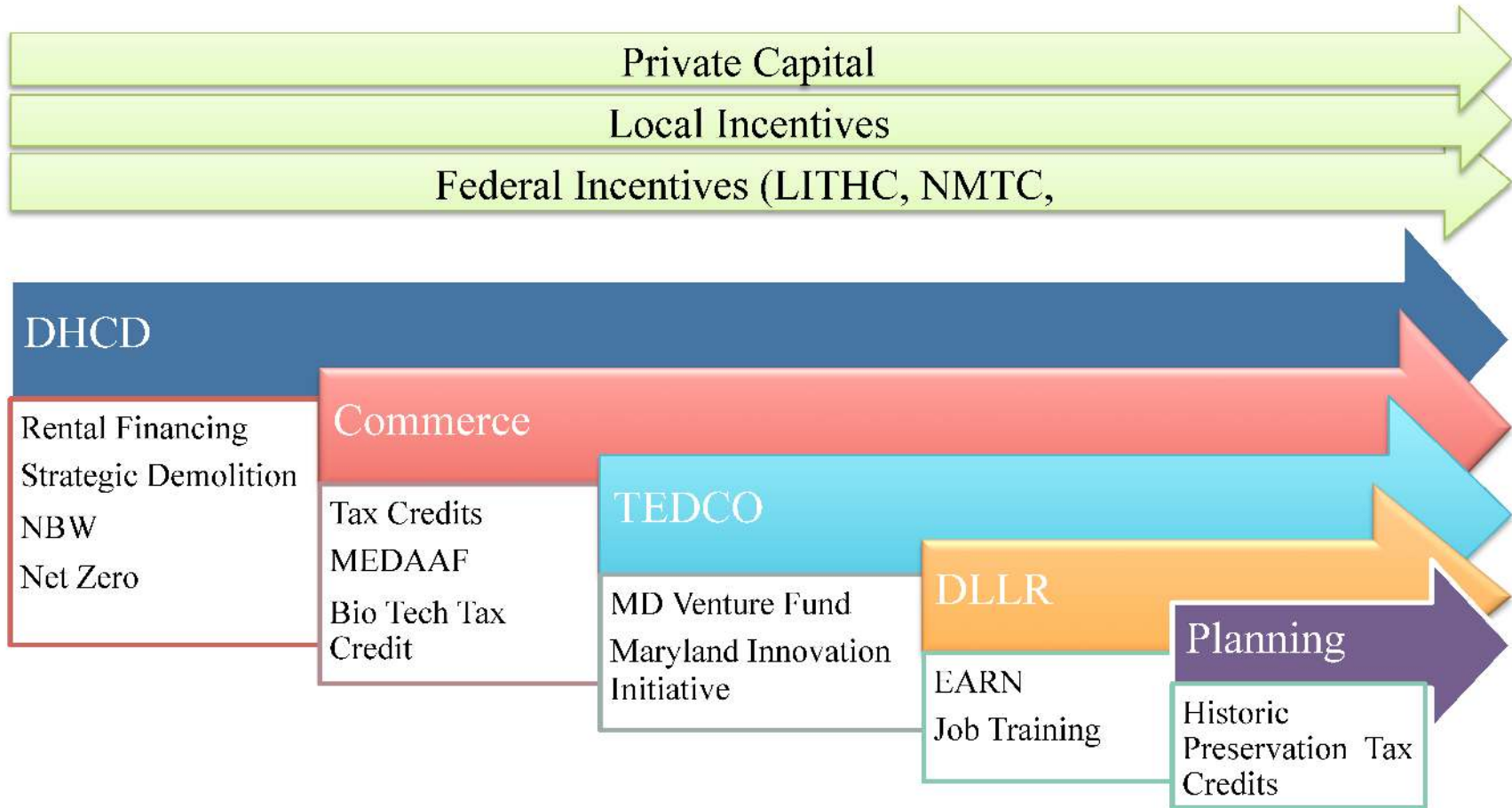
**Address:**  
46231 CORPORATE WAY, Lexington Park, Maryland 20653

**Jurisdiction:**  
St. Mary's

**Contact Information:**  
Christine Brooks  
christine@millisonmanagement.com

Click the symbol on map to get more specific information on this product

# States, Local & Opportunity Zone Collaboration

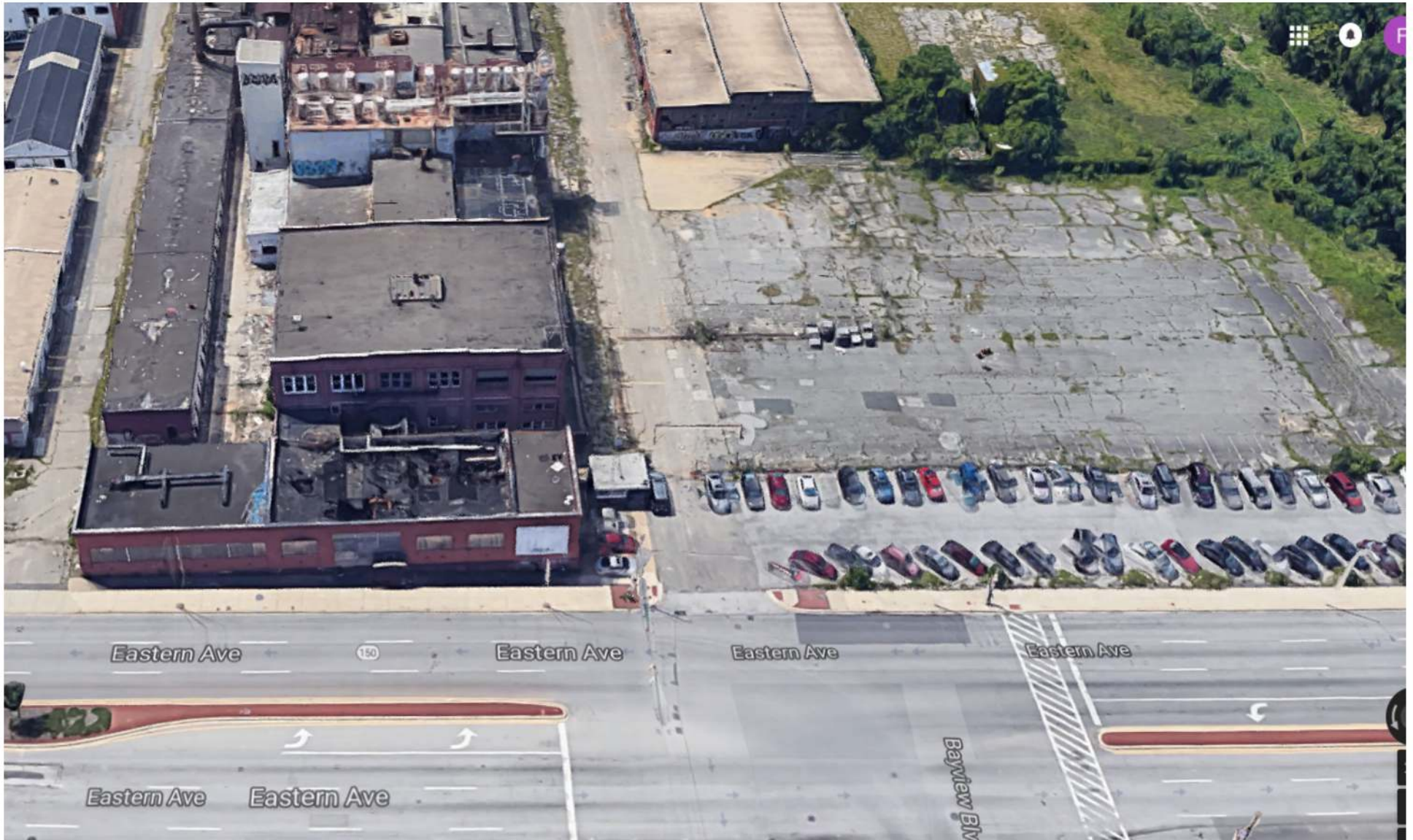


# Maryland Project Pipeline

Investors	Project/Bus.	Equity Investment (\$)	Location	Investment Type
Prudential	Yard 56	\$10,000,000	Baltimore City	Retail / Hotel
High Net	Grey Ops, Inc.	\$2,000,000	Calvert	Small Business
Single Investor	Rockville Office	\$15,000,000	City of Rockville	Office
PNC	Mixed Use	\$20,000,000	Eastern shore, Salisbury	Mixed Use, MF
Bridge Investment Group	Mixed, Office, SF	\$25,000,000	New Carrollton	Mixed, Office, SF

**Equity Investment: \$200 – 400 Million / year**  
**Project Costs: \$2-\$4 Billion**

# Yard 56, Baltimore MD



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# Contact Information

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