

Opportunity Funds In Action





Agenda

- Who we are
- What we do
- How we do it
- What does this have to do with Opportunity Zones?



Who We Are



Bob Stevens, P.E.
CNU, LEED AP
Principal



Katie Stuart-Buckley
*Director of Project
Development*



Skye Morse
Investment Director
Principal



Martha Ratcliffe
Senior Project Manager



Gabrielle Ciuffreda
Project Manager



What We Do

- Development Consultants
- Deep Understanding of Rural Economies
- Dedicated to Empowering Community Revitalization



BROOKS HOUSE



GS PRECISION
EXPANSION



CHROMA
TECHNOLOGY
EXPANSION



ATHOL MEMORIAL
HOSPITAL



PUTNAM BLOCK



So What?

Reality of rural development:

Average Project Cost: \$300/sf

Average Project Value at Completion: \$100/sf

These projects just don't pencil out



Community Enabled Development

- Community Leaders as Owners
- Community Leaders as Bankable Tenants
- Community Leaders for tenant recruitment
- State Offices or other institutions as tenants



Utilizing Every Source Available

- Community Equity
 - Leadership Equity
 - Preferred Equity
- Debt
 - Traditional Senior
 - VEDA Junior
 - Town Loan
 - Environmental Loans
- Tax Credits
 - Federal Historic
 - New Markets
 - VT Downtown
- Grant Funding
 - CDBG
 - Efficiency Vermont
 - Brownfields
 - Affordable Housing
- Public / Private Partnerships
 - Tax Increment Financing
 - Tax Stabilization
 - Municipal Infrastructure Support



How to cover the gap?

- Banks lend based on appraised value at completion
- Grants and Tax Credits will get you part way there
- Not economically viable without community investment
- Local rents will not support a “typical” return on equity for these risks





Case Study - Putnam Block





Case Study - Putnam Block

Putnam Redevelopment Project - Capital Stack	
Source	Contribution
BRG Leadership Equity to Date	\$2,350,000
Preferred Equity Pledged to Date	\$1,755,000
VT Community Development Block Grant	\$1,250,000
VT Housing & Conservation Board Grant	\$930,000
WRC & EPA Grants (Environmental Testing & Clean-up)	\$180,500
Efficiency Vermont	\$92,000
Federal Historic Tax Credits	\$3,235,000
VT Downtown Credits	\$1,186,000
New Markets Tax Credits	\$8,093,000
Senior Bank Loan	\$5,050,000
Junior Debt	\$1,500,000
Brownfields Revolving Loan Funds-WRC	\$430,000
Brownfields Grant-ACCD	\$150,000
<u>Town of Bennington Revolving Loan Fund</u>	<u>\$200,000</u>
TOTAL RAISED/PROJECTED TO DATE	\$26,401,500
TOTAL BUDGETED PROJECT COST	\$30,151,500
GAP NEEDED TO CLOSE	\$3,750,000



Opportunity Zone Funds

Requirements

- Untaxed Capital Gains
- Reinvested within 180 days (ish)
- Qualified Opportunity Zone Investments

Benefits

- Deferral of original capital gains tax until 12/31/26
- 15% Step up in basis if held for at least 7 years
- Gains from Opportunity Zone Fund are untaxed

Community Investment + Tax Avoidance = ☺

Case Study – Putnam Block





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M&S Development

Empowering Community Revitalization

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