

2020 EMBRACING TRANSFORMATION
FINANCIAL MANAGEMENT CONFERENCE

Opportunity Zones- Early Lessons from High-Impact Opportunity Funds.

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Phil Eide, Hope Enterprises, Inc.
Jeff Crum, New Jersey Community Capital

October 29, 2020

STRENGTHMATTERS®

Getting Started

- All participant lines are muted.
- You may use the **Chat** feature to ask questions.
- Please use the **Raise Hand** feature if you would like to speak.
 - The Raise Hand feature is located in the Participant panel.
- Any questions not answered during the presentation will be addressed at the end of the session.

Exploring Opportunity Zone Investments

Learning Objective: *Understand how three CDFIs have been able to make Opportunity Zone investments work for their organizations and key considerations for those thinking about engaging around OZ investments.*



Continuing Professional Education Requirements for CPAs

- **Polls are Required for CPEs**

- If you are seeking CPE credits, please submit ALL polls and the conference evaluations.
- We use **Polls** and the **Zoom attendance record** to verify participation throughout the webinar.
 - **Participants must submit ALL polls and be logged in no later than 10 minutes after the scheduled session start time to receive a certificate.**
- You may request a certificate of completion via the conference evaluations.
 - Links to the evaluations are emailed to all registrants.
- For more information on CPE credits, contact Lindsay Wells at consult.lwells@gmail.com.

Agenda: Opportunity Zones

- | | |
|------------|---|
| 3:30-3:40 | Welcome and Session Overview |
| 3:40- 3:55 | Introduction of Panelists |
| 3:55- 4:30 | OZ Fund Deep Dive examples <ul style="list-style-type: none">• Q&A discussion |
| 4:30-4:55 | Lessons Learned <ul style="list-style-type: none">• Q&A discussion |
| 4:55-5:00 | Wrap-Up |

Meet the Presenters

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Coastal Enterprises

- Maine-based CDFI with 43 years' experience in community development finance, business advice and industry expertise, policy advocacy
- CEI family includes NMTC, VC, HTC, solar and OZ financing entities



\$1.4 BILLION
in financing for
2,951 businesses

60,728
businesses/people
advised and counseled

41,869
full-time jobs at loan
closing

\$132 MILLION
total assets

\$501 MILLION
capital under management

\$51 MILLION
small business loan
portfolio of
370+ BUSINESSES

CEI-Boulos Capital Management



BOULOS
CAPITAL MANAGEMENT

- Launched CEI-Boulos Capital Management with The Boulos Company in August 2019
- Established Woodforest CEI-Boulos Opportunity Fund in August 2019 following \$20MM investment from Woodforest National Bank
 - Fund invests in high-impact commercial real estate projects creating good jobs, affordable/workforce housing, Main Street revitalization/historic preservation, green development and benefiting nonprofit/community organizations
 - Target area: OZ communities in Woodforest's 17-state footprint
 - Deals closed in PA, IN, AL, DC, NY, NC



NEW JERSEY **COMMUNITY** CAPITAL

is a Community Development Financial Institution.
Our toolkit of products and services supports
neighborhood revitalization and economic development and advances equity and opportunity in the
communities we serve.

Since 1987, we have invested nearly **\$650 billion** and leveraged over **\$1.9 billion**
to connect over **90,140** people in underserved communities
to capital and resources needed to grow and thrive.



NEW JERSEY **COMMUNITY** CAPITAL



649 Million+
invested in NJ
communities



10,550+
housing units
created/preserved



15,040+
jobs created/
preserved



25,660+
education
seats created/
preserved



7,155
child care seats
created/
preserved



6.3 Million+
s.f. commercial/
community
space



Hope Enterprise Corporation
Brighter Futures Begin with HOPE

HOPE Members

- 35,282 across five states
- 33% were unbanked prior to joining HOPE
- 49% have household incomes of less than \$36,000 per year
- 72% indicate they use services of check cashers, payday lenders, title lenders or pawn shops less since joining HOPE
- 94% are registered to vote
- 81% are people of color



Hope Enterprise Corporation
Brighter Futures Begin with HOPE

Focus Areas

- Healthcare Facilities: 125,000 patients seen in HOPE financed facilities
- School Facilities: 7,937 students in HOPE financed schools, 89% received free or reduced lunches
- Affordable Housing: 5,564 residents in HOPE financed affordable homes
- Fresh Food Retailers: 12 Grocery stores financed eliminating food deserts for 110,000 families
- New Markets Tax Credit: 7 awards totaling \$190 Million
- Small Business Lending: Loans under \$50,000



Ellavoz Shared Values Opportunity Fund

Unlocking place-based investments that strengthen and expand equitable opportunities

- Partnership between:
 - Ellavoz Impact Capital
 - New Jersey Community Capital
 - Community Asset Preservation Corporation (CAPC)
- Current projects include:
 - Newark Arts Commons - \$1MM (Newark, NJ)
 - Trenton Esperanza apartments - \$1MM (Trenton, NJ)
 - Scattered-site affordable housing - \$10MM (NJ Urban neighborhoods)

Before



Project: St. Michael's Hospital / Re

After



aptive Re-use

Newwork

Newark Arts Commons

Newark's new cultural hub offering flexible space for arts-based nonprofits and co-living

- Renovation and restoration of 90,000 square feet into mixed-use building; six floors of shared housing residences; 2 floors of commercial space
- First Opportunity Zone (OZ) project in Newark; first developed by a nonprofit organization in the state of NJ
- Leverages OZ investments, Historic Tax Credits and New Markets Tax Credits (NMTC)
- 70 full-time construction jobs; 28 full-time jobs; serving 50 local small business owners and members annually

HOPE OZ FUND I

- Created in July, 2019, Funded in August of 2019 with just over \$7 Million
- Invested in 5 Affordable Housing Developments
 - 1 side by side with LIHTC equity, OZF
 - 1 with LIHTC equity, State and Federal Historic Credits, OZF
 - 2 with traditional long term debt, OZF
 - 1 with traditional long term debt, OZF with a local Housing Authority
- Total Development cost: \$28,470,000
- 235 Units total

Mill Creek Brookhaven, MS

New Construction 48 single family units

TDC: \$10,030,000

LIHTC equity (CREA) \$8,809,533

OZ equity (HOPE) \$1,510,000

OZ Fee: \$13,000

Preferred Return: 6.65%

Exit/Years Investment Held: 15 years

Management Fee to HOPE: 1.25%



Lessons Learned

- There is an opportunity to make high impact deals work
- The CDFIs were the ones structuring and driving the deals to close
- Fees should be structured in a way to ensure they cover your costs over the life of the fund
- It is important to work with a socially motivated investor