

- 38 Parki

Parking Garage
- 3 Stories
- 657 Parking Spaces

*Public
Library*

*Holy
Trinity*

**STEUBENVILLE
Opportunity Zone**
Investor Education Session
March 6, 2023



INTRODUCTIONS



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LEGAL DISCLAIMER

This presentation is for informational purposes and general guidance and is not intended as a thorough, in-depth analysis of specific issues. This presentation does not constitute legal, accounting, financial or other advisory services. The material included herein should not be relied upon to the exclusion of outside counsel or a financial advisor.

Those seeking to conduct complex financial transitions using the programs mentioned in this presentation are encouraged to seek the advice of a skilled legal and/or financial advisor.



AGENDA

- Brief Study Overview
- Overview of Incentives
 - Opportunity Zones Deep Dive: Qualified Opportunity Fund (QOF) Formation
 - Alternate Investment Structure - Private REIT
 - Q&A



STUDY AREA

STEBENVILLE SOUTH END DISTRICT

Legend

- Study Area
- Qualified Opportunity Zone
- Historic District

* All areas within map are New Market Tax Credit eligible






CONCEPTUAL PLAN

STEUBENVILLE SOUTH END DISTRICT



3-Story Mixed-Use
 1st Floor Retail along 4th
 ~ 20,000 Sq. Ft.
 - Transit Center at NW Corner
 1st Floor Condos along South & Slack
 2nd & 3rd Floor Condos
 - 128 Units varying from 600 to 1,400 Sq. Ft.

Grocery/Culinary Space
 with outdoor farmers market
 ~ 35,000 Sq. Ft.
 ~ 1.4 Acre site

Townhomes
 21 Single Story Units
 with attached garage
 ~ 2,200 Sq. Ft. per Unit
 ~ 4.5 Acre site

Parking Lot
 - 79 Parking Spaces

3-Story Mixed-Use
 1st Floor Retail & Restaurants
 ~ 22,000 Sq. Ft.
 2nd & 3rd Floor Condos
 - 42 Units varying from 600 to 1,400 Sq. Ft.
 - 38 Parking Space in Lot

Trade School/Workforce Training
 ~ 82,000 Sq. Ft.
 ~ 5 Acre Site
 67 Parking Spaces

Parking Garage
 - 3 Stories
 - 657 Parking Spaces

Public Library

Steel Works Park
 - Walking Trail
 - Picnic Shelter
 ~ 2.0 Acre site

Reconfigured Intersection
 - Merge Slack and S 3rd Street Access
 - Allow Left Turns at S 3rd Intersection (South)

Gateway Directional Signage

Reconfigured Intersection
 - Allow Two-Way Traffic on S 3rd Street
 - Remove Southbound Left Turn onto South Wells

- Qualified Opportunity Zone
- Trade School/Workforce Training
- Retail/Restaurant within Mixed-Use Building
- Grocery/Culinary Space
- Studio to 3 Bedroom Condos
- Workforce or Senior Townhomes
- Public Space/Park



FINANCIAL INCENTIVES TOOLKIT

Healthy Lifestyles



Grocery

New Markets
Tax Credits
USDA HFFI

Workforce Housing



Transit-Oriented
Development

TOD TIFIA
TIF
LIHTC

Innovation District



Jobs Skills
Training

New Markets
Tax Credits
Innovation
District

Trail Town



Tourism
Retail

DRD
Historic Tax
Credits

Qualified Opportunity Fund and/or Private REIT

Traditional Financing

Developer Equity

OPPORTUNITY ZONE BASICS

Bipartisan Effort - Sen. Tim Scott (R-SC) & Sen. Cory Booker (D-NJ)

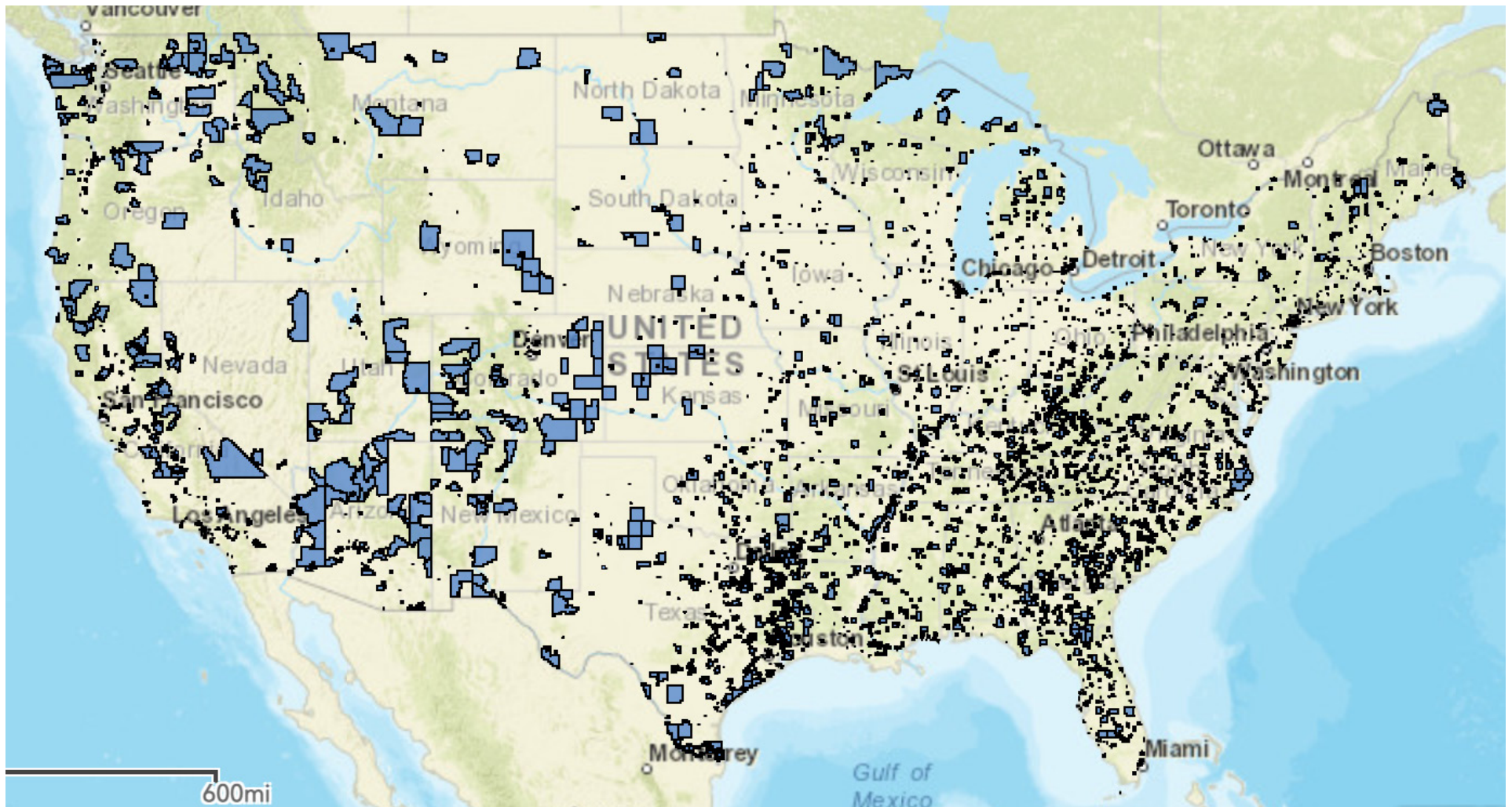
Intended to stimulate investment of unrealized capital gains in distressed geographies

Included in the Tax Cuts and Jobs Act (TCJA), passed in December 2017

Governors were eligible to nominate one quarter of their distressed Census Tracts

OPPORTUNITY ZONE BASICS

8,764 Opportunity Zones across US



OPPORTUNITY ZONE BASICS



**Capital
Gains &
Qualified 1231
Gains**

*Within 180 days
of realizing the
gain*



**Qualified
Opportunity
Fund**



**Qualified
Opportunity
Zone**



**QOZ
Property**

OR



**QOZ
Business**

OPPORTUNITY ZONE BASICS

Eligible gains include both capital gains and qualified 1231 gains, but only if the gains are:

1. Recognized for federal income tax purposes before January 1, 2027
2. Not from a transaction with a related person

**Ordinary Income or Cash is NOT eligible for
Qualified Opportunity Zone investment**

OZ FINANCIAL BENEFITS

Investors before
12/31/2019

TAX INCENTIVES for QOF INVESTMENTS



CAPITAL GAINS
invested in QOF
until 12/31/2026



10% at 5 YEARS
15% at 7 YEARS



CAPITAL GAINS
from QOF
at 10 YEARS

OZ FINANCIAL BENEFITS

Current:
March 2023

OPPORTUNITY ZONE
Qualified Opportunity Fund (QOF)
TAX INCENTIVES



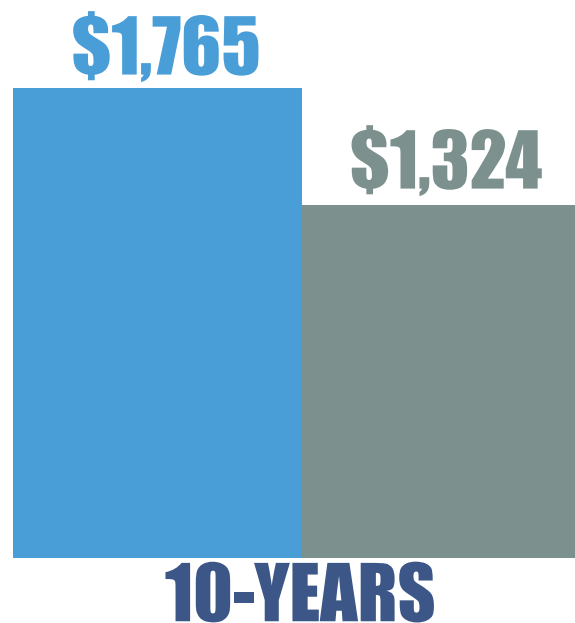
CAPITAL GAINS
invested in QOF
until 12/31/2026



CAPITAL GAINS
from QOF
at 10 YEARS

OZ FINANCIAL BENEFITS

FOR EVERY \$1,000 OF CAPITAL GAINS:*
AFTER TAX FUNDS IN OPPORTUNITY FUND
AFTER TAX FUNDS IN TRADITIONAL STOCKS



*** ASSUMES 7% ANNUAL APPRECIATION & 23.8% FEDERAL TAX RATE (NO STATE TAX)**

QOZ Property

90-Percent Asset Test - A QOF must hold at least 90% of its assets in qualified opportunity zone property. Compliance with the 90-Percent Asset Test is determined by the average of the percentage of QOZ Property held in the QOF on the last day of the first six-month period of the taxable year and on the last day of the taxable year.

QOZ Business

“Substantially-All” Test - A QOF may own a QOZ Business (rather than directly owning QOZ Property), but such a business will not qualify as a QOZ Business unless “substantially all” of its assets - defined by the Proposed Regulations to be *at least 70%* - are QOZ Business Property.

At least 50% of the QOZ Business's gross income must be from the “active conduct” of a business in a QOZ. Also, no more than 5% of OZ Business Property can be comprised of Non-Qualified Financial Assets such as debt, stock, partnership interests, options, futures, swaps and similar property.

TIP:

DEPLOY A 2-TIER OWNERSHIP
STRUCTURE

QOF (LLC) OWNS QOZ
PARTNERSHIP OWNING QOZ
REAL PROPERTY

ENABLES QOF TO HOLD 90% OF
ASSETS IN QOZ PARTNERSHIP
HOLDING 70% OF ASSETS IN
QOZ PROPERTY

Substantial Improvement

The “substantial improvement” requirement applies to tangible property (e.g. buildings), other than land, that was used in a QOZ prior to its acquisition by the QOF (or QOZ Business). To constitute a substantial improvement, the QOF (or QOZ Business) must invest more in the tangible property during any 30-month period than the adjusted basis in the property at the beginning of such period.

Working Capital Safe Harbor

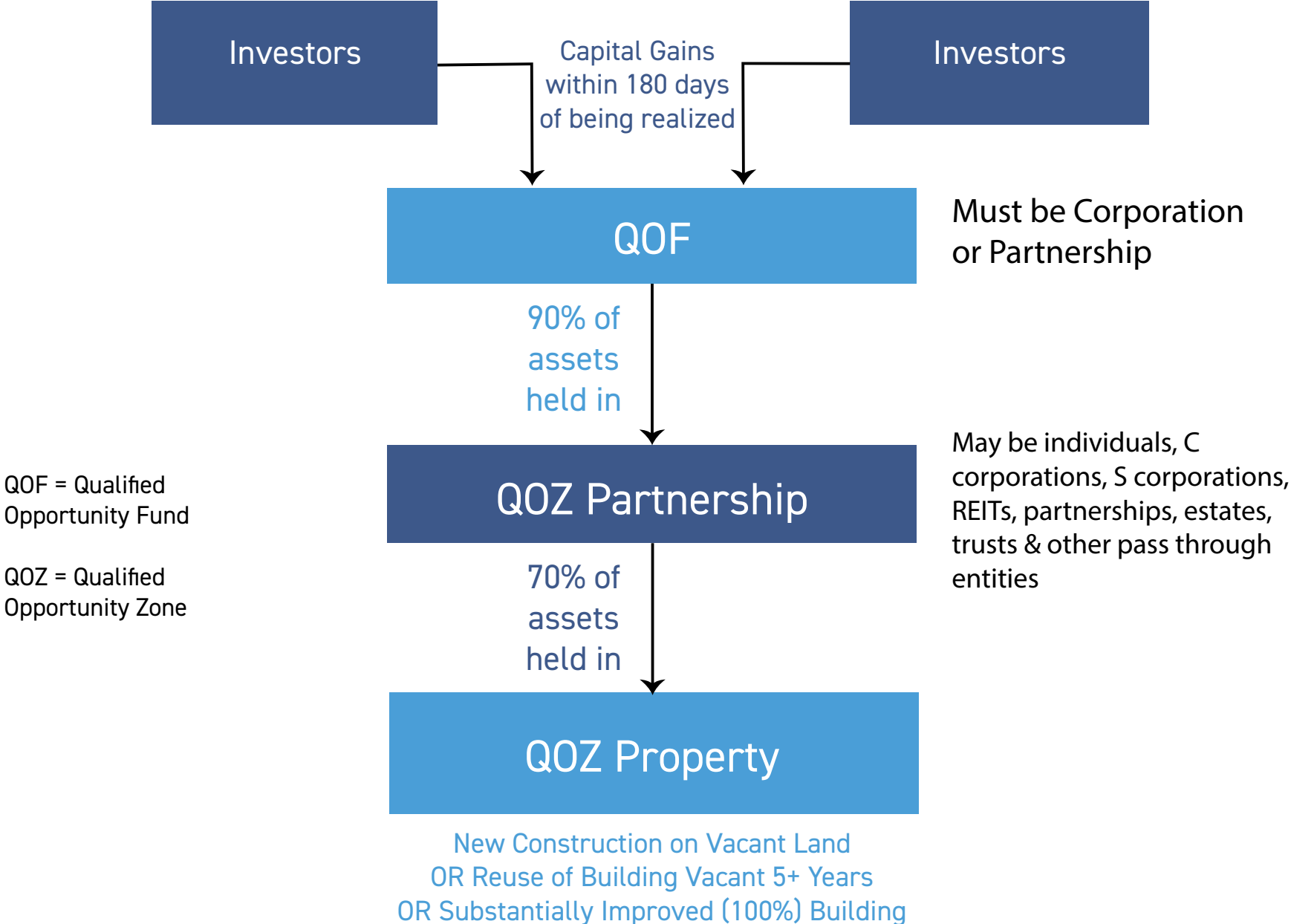
The Proposed Regulations provide a Working Capital Safe Harbor for QOF investments in QOZ Businesses that acquire, construct, or rehabilitate tangible business property (real and other tangible) used in a business operating in an opportunity zone.

For the purposes of the 90-Percent Asset Test, this safe harbor allows QOFs to have “cash in hand” while for a period of up to 31 months if it is used in a manner substantially consistent with intended uses and schedule that are designated in writing.

EXCEPTION:
BUILDINGS VACANT
FOR >5 YEARS
DO NOT NEED TO
BE SUBSTANTIALLY
IMPROVED

EXCEPTION:
THE SAFE HARBOR
TIME WINDOW
PAUSES FOR
HOLDUPS ON
GOVERNMENT
APPROVALS

BASIC INVESTMENT FLOWCHART: RENTAL REAL ESTATE PROJECT



QOF Annual Self-Certification

IRS
Form 8996

Form **8996**
(Rev. December 2021)
Department of the Treasury
Internal Revenue Service

Qualified Opportunity Fund

► Go to www.irs.gov/Form8996 for instructions and the latest information.
► Attach to your tax return. See instructions.

OMB No. 1545-0123

Attachment
Sequence No. **996**

Name

Employer identification number

Part I General Information and Certification

- 1 Type of taxpayer: Corporation Partnership
- 2 Is the taxpayer organized for the purpose of investing in qualified opportunity zone (QOZ) property (other than another qualified opportunity fund (QOF))?
 No. STOP. Do not file this form with your tax return.
 Yes. Go to line 3.
- 3 Is this the first period the taxpayer is a QOF?
 Yes. By checking this box, you certify that by the end of the taxpayer's first QOF year, the taxpayer's organizing documents include a statement of the entity's purpose of investing in QOZ property and a description of the trade or business(es) that the QOF is engaged in either directly or through a QOZ business. See instructions.
 No.
- 4 If you checked "Yes" on line 3, provide the first month in which the fund chose to be a QOF ► _____
- 5 Did any investor dispose of, in part or in whole, their equity interest in the fund?
 Yes. Attach a statement with each investor's name, the date of disposal, and the interest that they transferred during the QOF's tax year.
 No.
- 6 Do not check this box. Reserved for future use.

Part II Investment Standard Calculation

7	Enter the amount from Part VI, line 2, for total QOZ property held by the taxpayer on the last day of the first 6-month period of the taxpayer's tax year. See instructions if Part I, line 3, is "Yes"	7	
8	Total assets held by the taxpayer on the last day of the first 6-month period of the taxpayer's tax year. See instructions if Part I, line 3, is "Yes"	8	
9	Divide line 7 by line 8	9	
10	Enter the amount from Part VI, line 3, for total QOZ property held by the taxpayer on the last day of the taxpayer's tax year	10	
11	Total assets held by the taxpayer on the last day of the taxpayer's tax year	11	
12	Divide line 10 by line 11	12	

Part III Qualified Opportunity Fund Average and Penalty

13	Add lines 9 and 12	13	
14	Divide line 13 by 2.0. See instructions if Part I, line 3, is "Yes"	14	
15	Is line 14 equal to or more than 0.90? <input type="checkbox"/> Yes. Enter -0- on this line and file this form with your tax return. <input type="checkbox"/> No. The fund has failed to maintain the investment standard. Complete Part IV to figure the penalty. Enter the penalty from line 8 of Part IV on this line. See instructions	15	

INITIAL LESSONS LEARNED

Appalachia generally not on radar of national funds as a Geography

Many targeted areas of large fund investments are geared towards large metro areas - particularly on the coasts

Most initial interest at local level from investors with ties to the area...

Top Opportunity Zones for Office Asking Rents

RANKING	STATE	Census FIPS	SGP	SEVI	LOCATION	WalkUP Region	Asking Rents
1	New York	36081087100	11	15.15	Greater Flushing	New York	\$59.77
2	New York	36061013500	11	14.12	Hudson Yards/ Hell's Kitchen	New York	\$54.84
3	New York	36061029300	10	15.61	Inwood	New York	\$53.29
4	New York	36061002201	12	16.29	East Village	New York	\$50.64
5	California	06037190801	13	12.61	Hollywood Entertainment/ Sunset and Vine	Los Angeles	\$49.94
6	California	06037190700	12	11.40	Hollywood Entertainment/ Sunset and Vine	Los Angeles	\$49.94
7	California	06037190100	12	9.08	Hollywood Entertainment/ Sunset and Vine	Los Angeles	\$49.94
8	California	06037190802	10	10.81	Hollywood Entertainment/ Sunset and Vine	Los Angeles	\$49.94
9	New York	36061006200	12	11.42	Kips Bay Bellevue	New York	\$49.40
10	California	06001402800	17	18.40	Downtown Oakland	San Francisco Bay	\$48.20
11	California	06001403300	11	15.10	Downtown Oakland	San Francisco Bay	\$48.20
12	New York	36081028300	11	13.49	Jackson Heights	New York	\$47.68
14	New York	36061016800	11	18.63	East Harlem	New York	\$45.83
15	New York	36047054900	13	10.10	Williamsburg	New York	\$44.32
16	Florida	12086003601	11	14.74	Brickell	Miami	\$43.11
17	California	06085500901	12	10.04	Downtown San Jose	San Francisco Bay	\$42.90
18	California	06085500800	12	7.90	Downtown San Jose	San Francisco Bay	\$42.90

OZ COMMON INVESTOR CONCERNS

“We hold onto our properties... so we rarely have capital gains”



“That’s really complicated. A tax credit would be much easier.”

“I have assets I could sell, but right now the gain would be minimal.”

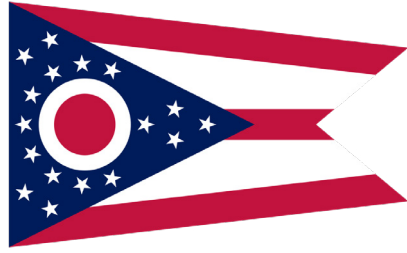
OZ COMMON INVESTOR MISCONCEPTIONS

“I thought I needed to have a 1031 Exchange?”



“How much funding is available?”

“Our CITY/COUNTY is an Opportunity Zone!”



State OZ Support

On July 18, 2019, Ohio Governor Mike DeWine's operating budget was signed into law, including a **10 % nonrefundable income tax credit** to those who invest in the state's Opportunity Zones.

The **income tax credit** is equal to **10% of capital gains reinvested, up to \$1 Million, into QOFs** operating within Ohio.

On June 14, 2022, Governor DeWine signed S.B. 225 (effective September 13, 2022) created more opportunities for investors, including: (1) creating more frequent applications; (2) increasing the amount of credits available; (3) permitting more entities to be eligible to apply; and (4) allowing greater transferability of awarded tax credits.

FOR MORE INFO

PLEASE CONTACT



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THANK YOU

