# Finding Opportunity in Opportunity Zones

Why your organization should be well informed about the Opportunity Zone initiative

**As you examine whether your organization can play a role in the Opportunity Zone program, consider these four factors:**

## What's an Opportunity Zone?

To qualify for an opportunity zone, a census tract must meet the following requirements:

A poverty rate of at least

**20%**

A median family income **no greater than 80%** of the statewide median family income (non-metropolitan areas)

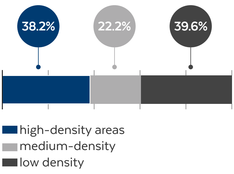
Of the more than **74,000** census tracts in the U.S. and its properties, **56% met these qualifications.** State governors were able to **nominate up to 25%** of these low-income tracts for Opportunity Zone certification, which stays in effect for **10 years.**[1, 2, 3]

## What do Opportunity Zones look like?[4, 5]

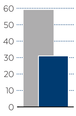
There are about **8,700** Opportunity Zones, located in all 50 states, the District of Columbia, and five U.S. territories.

**76.8%** are in metropolitan areas

**23.2%** in non-metropolitan




**56%** of opportunity zone residents are minorities, versus the U.S. overall minority population of 38%




The average poverty rate is **31%** (well above the required threshold) with an average median family income of just 59% of the statewide median family income

The average housing stock has a median age of 50 years, more than 10 years older than the U.S. overall

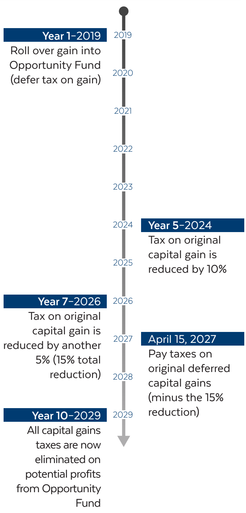
## Investing in Opportunity Zones

The primary objective of Opportunity Zones is to provide benefits and opportunities to its residents. To stimulate growth and incentivize participation from wealthy individuals and corporations, the program includes tax breaks.

Opportunity Zone investors are entitled to capital gain tax benefits by reinvesting gains from stocks or other investments into a Qualified Opportunity Fund (QOF), which must hold 90% or more of its assets in Opportunity Zone property.[1]

Benefits increase in scope the longer the money is held in a QOF. Investors become eligible for the first benefit (a 10% exclusion of the deferred gain) after five years. (Only $90 of $100 in capital gains would be taxable.)[2]

Fund managers have leapt into action, creating several Qualified Opportunity Funds to invest in this initiative. **More than 130 funds already exist, representing $29 billion in assets** and focusing on different geographic regions and investment types (e.g. multi-family development, student housing, mixed-use real estate, etc.).[6]




## The Role of Not-for-Profits

Not-for-profits impact Opportunity Zones through grants as well as direct and indirect investments.

**Habitat for Humanity purchased a 120-acre mobile home park in Charlottesville, Virginia, in 2007. The organization has already spent $20 million in renovations toward its vision of a mixed-use space and will continue its work thanks to Opportunity Zone funding.[2]**

Other not-for-profits may now be able to acquire facilities within these zones at a more favorable rate, due to the tax breaks enjoyed by owners.

**Learn more about how Opportunity Zones can impact your organization.**
Reach out with questions to your SunTrust relationship manager or investment advisor at 866.223.1499 or visit us at **suntrust.com/nonprofitinsights**.

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[1] "What are Opportunity Zones and How do They Work?" April 29, 2019, Fundrise
[2] "Opportunity zones: Vital community development tool or tax windfall for the rich?" Oct. 3, 2018, Curbed
[3] "Opportunity Zones: A new program to connect private investment to low-income communities nationwide," Jan. 31, 2018, Local Initiatives Support Corporation
[4] "Billionaires Target "Opportunity Zones"—But Whose Opportunity Are They?" Oct. 23, 2018, Nonprofit Quarterly
[5] "Opportunity Zones: The Map Comes Into Focus," June 15, 2018, Economic Innovation Group
[6] "Opportunity Funds Listing," May 2019, Novogradac

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