



Authorization to Compete for Opportunity Zones Impact Investment

July 2020

Background

The U.S. Tax Cuts & Jobs Act of 2017 established Opportunity Zones. Opportunity Zones are economically challenged census tracts that have been federally designated to incentivize long-term private investment and spur economic (re)development. The City of Racine is home to three of Wisconsin's 120 Opportunity Zones. Eligible individual and institutional investors making investments in qualified businesses and/or real estate in Opportunity Zones may receive significant tax benefits in exchange for making investments in such areas for at least 5, 7, or 10 years.

Racine Competition for Opportunity Zones Impact Investment

The City of Racine seeks to participate in the Arctaris Place-based Opportunity Zone Investment Initiative, a competition which will invest up to \$25 million in each of the 10 cities, counties, states, community foundations, tribal nations, and/or territories that will be selected throughout the United States. In partnership with a selected community, a long-term investment of up to \$25 million can be made to support qualified business expansions leading to the creation of living wage jobs as well as qualified commercial real estate development, such as:

- Affordable, workforce, student, and/or naturally occurring affordable housing that will not displace families
- Community-centric real estate, including transit-oriented development, main street revitalization, early childhood development centers, and livable neighborhoods (e.g., grocery, healthcare, etc.)

The \$25 million award is not a grant. It is a long-term investment, which is expected to generate both a financial return for investors and businesses and a social return for families, neighborhoods, and communities.

Match

There is a 20% community match, which can be raised from a variety of public and private sources, including philanthropic sources and business partners.