

Georgia Department of Community Affairs



Opportunity Zones and CDBG Revitalization Strategies

Opportunity Zones:

2004 Legislative Session – HB984

■ General Strategy

- Utilize State's existing redevelopment statutes in an innovative fashion
- Reward local governments that place "skin in the game" with access to maximum State JTC's
- Operate state-wide, wherever "pockets of poverty" exist in rural, urban and suburban communities
- Support bottom up, locally driven community and economic development initiatives through local collaborative partnerships

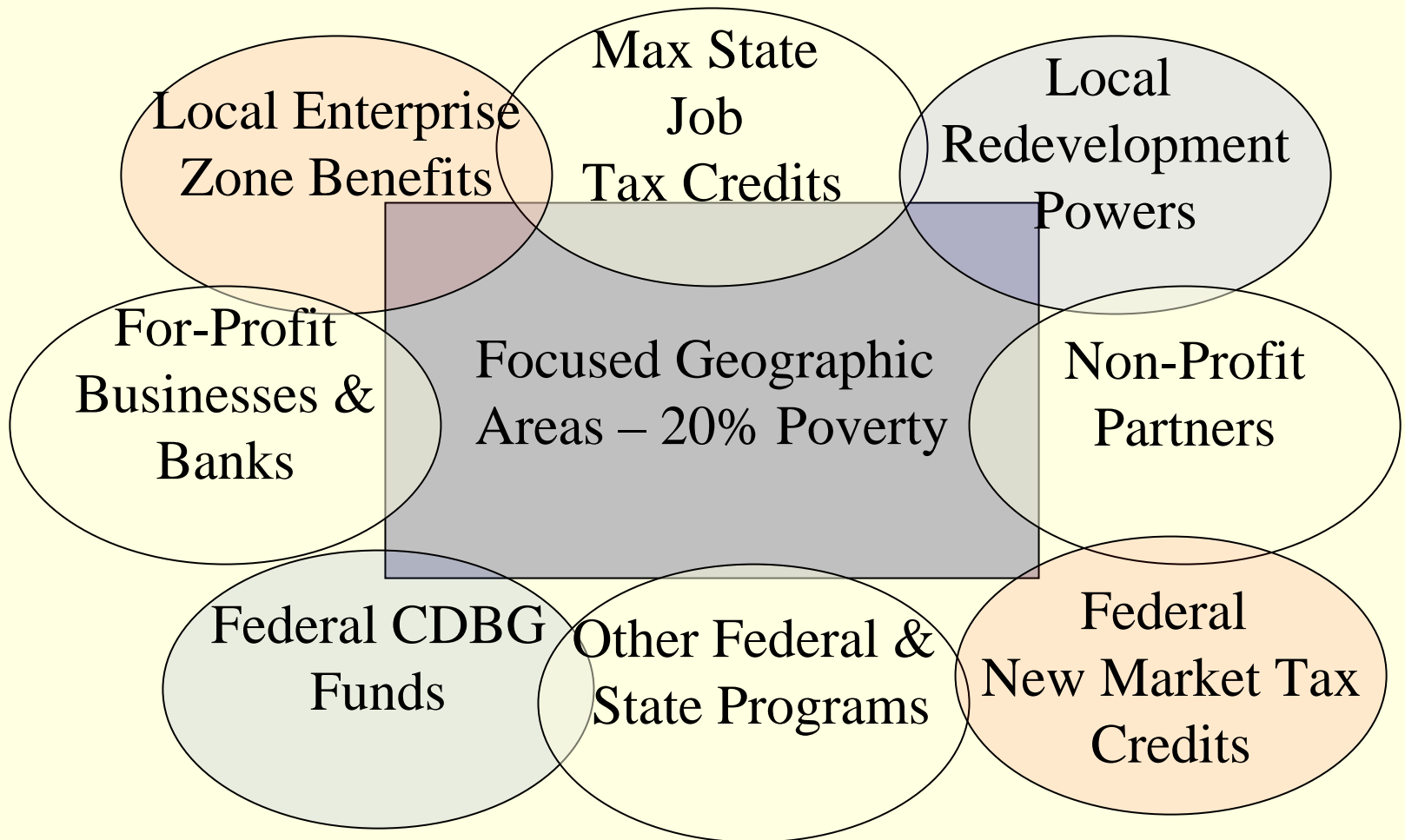
HB 984 -- Opportunity Zones

Applicable laws:

- Enterprise Zone Employment Act –
O.C.G.A. 36-88
- Georgia Urban Redevelopment Law –
O.C.G.A. 36-61
- Georgia Business Expansion & Support
Act – *O.C.G.A. 48-7-40.1*



HB984 – “Opportunity Zones”



Opportunity Zones -- Partners

- **Partnerships with other public and private entities targeting same areas:**
 - **Federal**
 - **HUD's CDBG, HOME, HOPE and others**
 - **Treasury's New Market Tax Credits and CDFI programs**
 - **SBA, USDA, FHLB, HHS and others**
 - **Private**
 - **Bank CRA Programs, Non-Profits, Philanthropic organizations**

Promising Uses for Opportunity Zones

- Rural areas with sluggish economies and blighted industrial, commercial and residential areas
- Brownfields (contaminated industrial sites)
- Declining commercial corridors (greyfields)
- Deteriorating in-town neighborhoods (housing and infrastructure)
- Pockets of urban poverty in otherwise affluent counties
- Traditional industrial development

HB984 – Job Tax Credits under Georgia Business Expansion & Support Act

- **Within two or more census block groups with >20% poverty**
- **Local Government must enact:**
 - **Enterprise Zone**
 - **Urban Redevelopment Area**

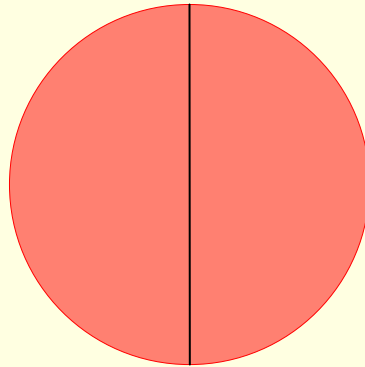


HB984 – Job Tax Credits under Georgia Business Expansion & Support Act

- State designation of an Opportunity Zone would allow
 - any businesses within the area to qualify
 - Lower threshold to 5 jobs to qualify for the state's maximum job tax credit of \$3,500 per job
 - Allow credit against 100% of income tax liability with balance against payroll withholding payments where insufficient income tax liability exist

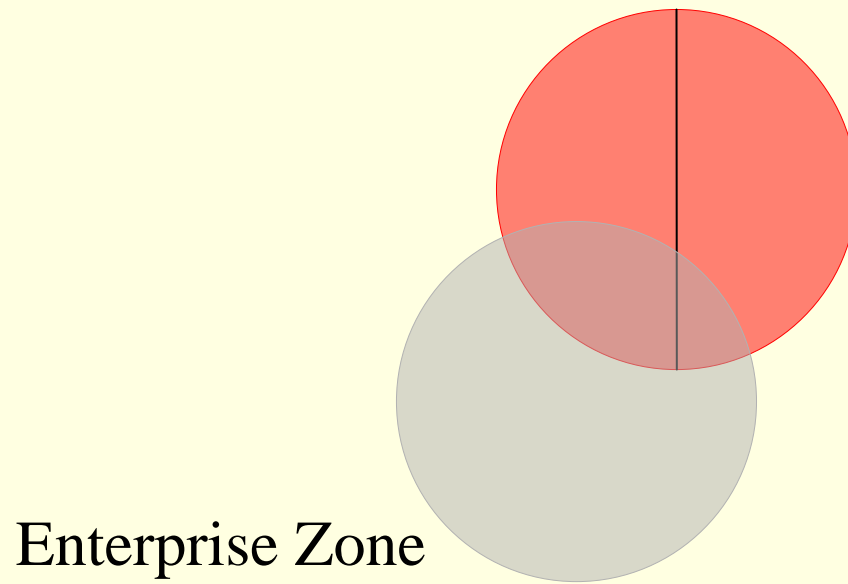
HB984 -- Opportunity Zones

2 or more Census Blocks > 20% Poverty



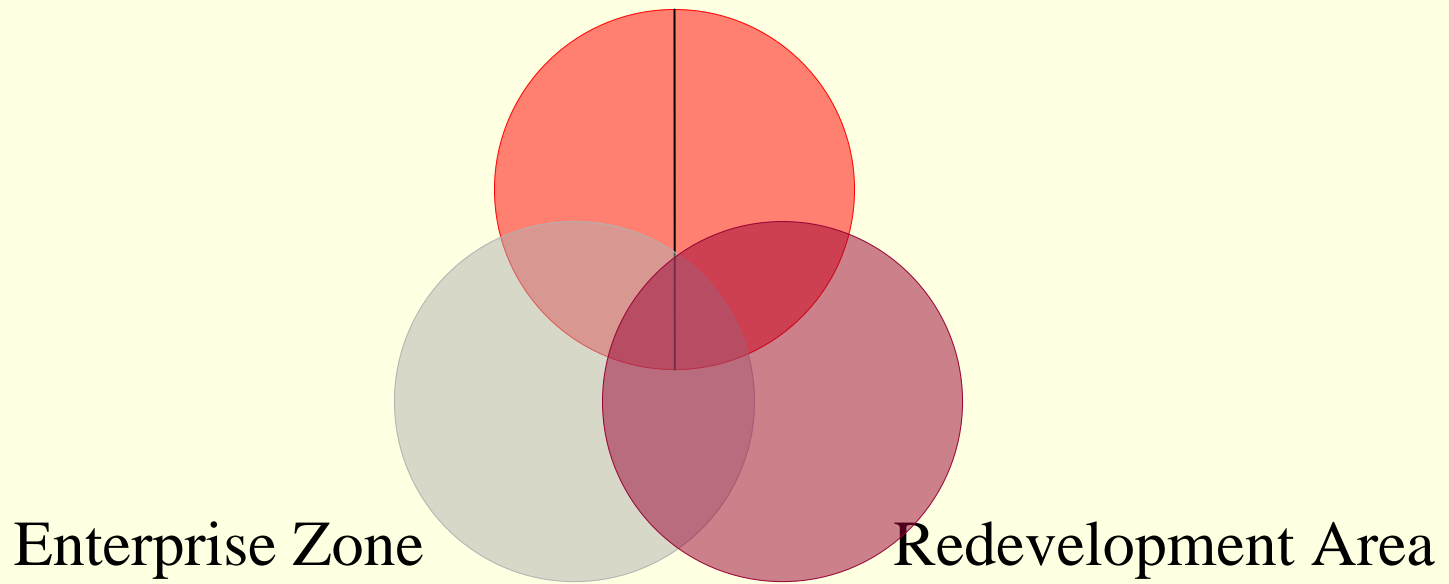
HB984 -- Opportunity Zones

2 or more Census Blocks > 20% Poverty



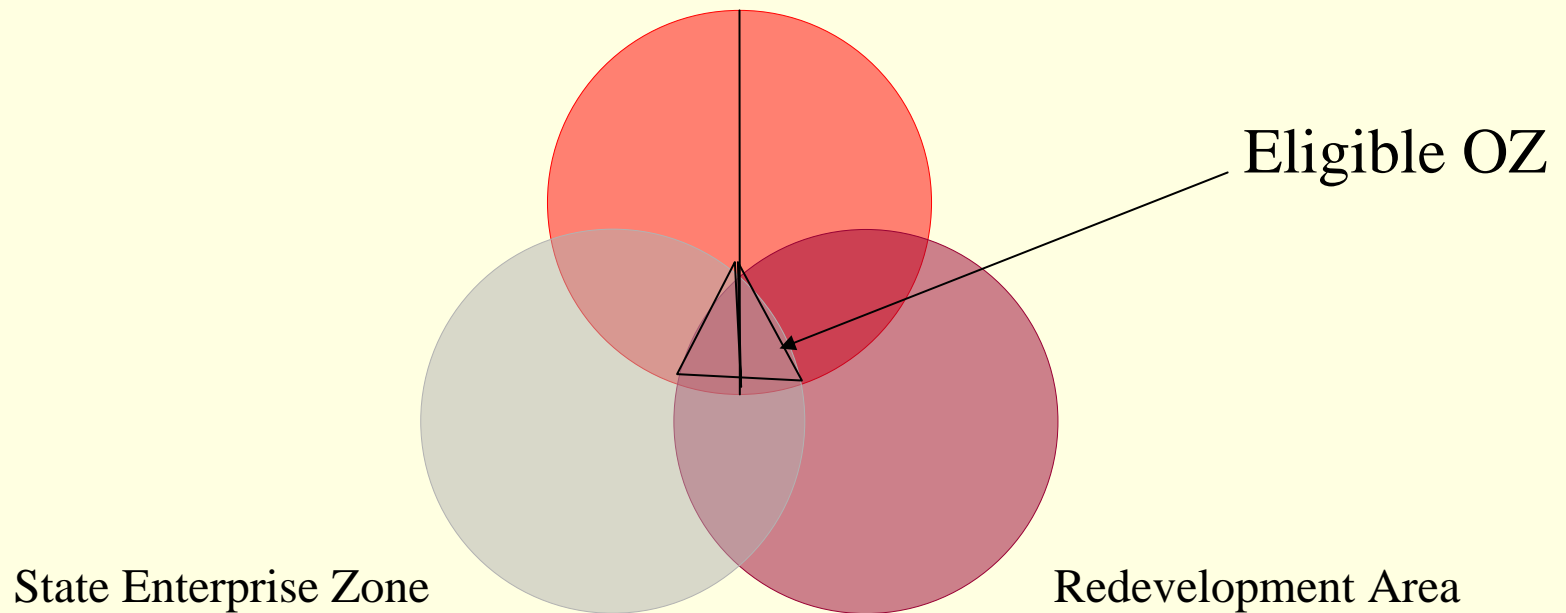
HB984 -- Opportunity Zones

2 or more Census Blocks > 20% Poverty

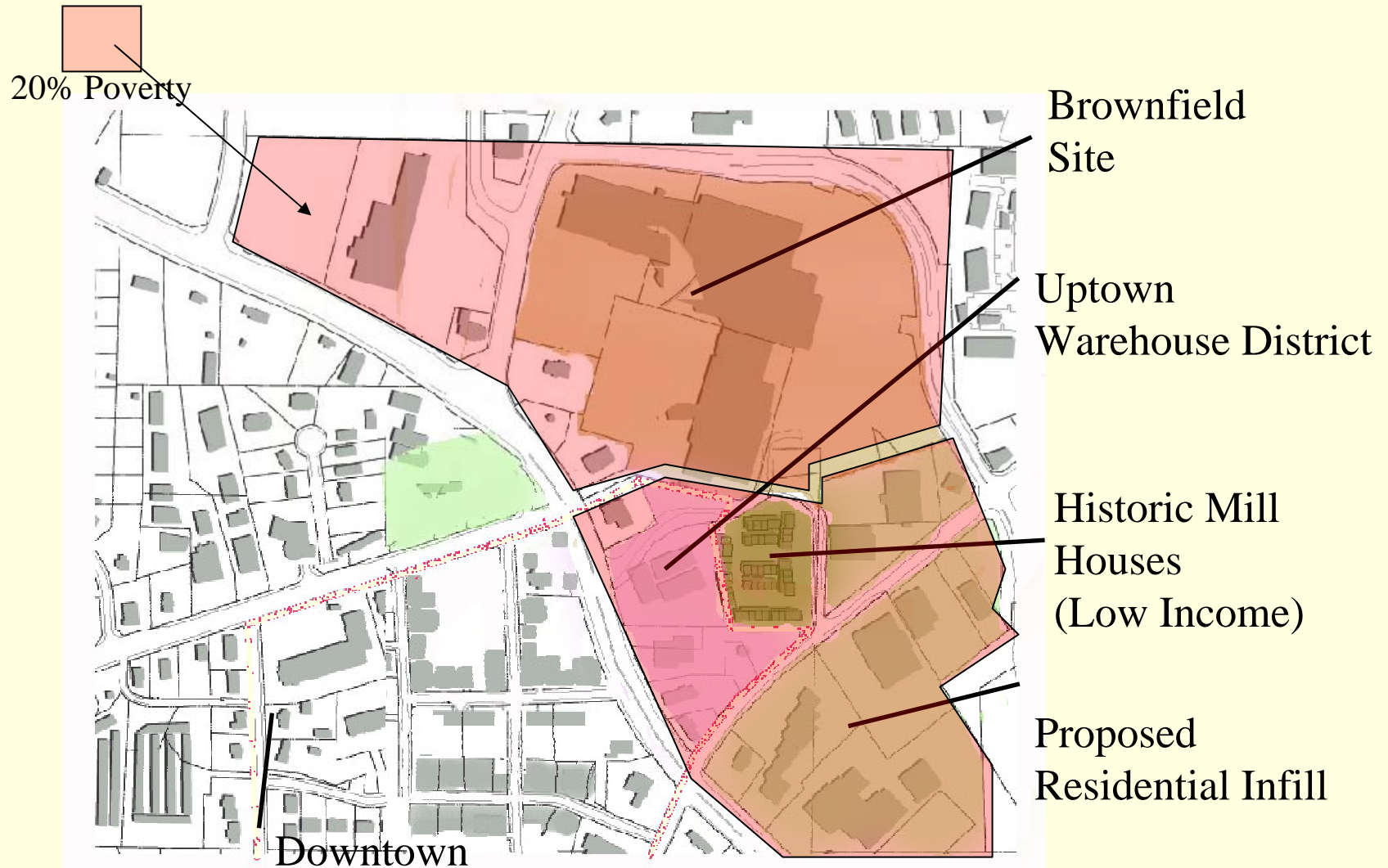


HB984 -- Opportunity Zones

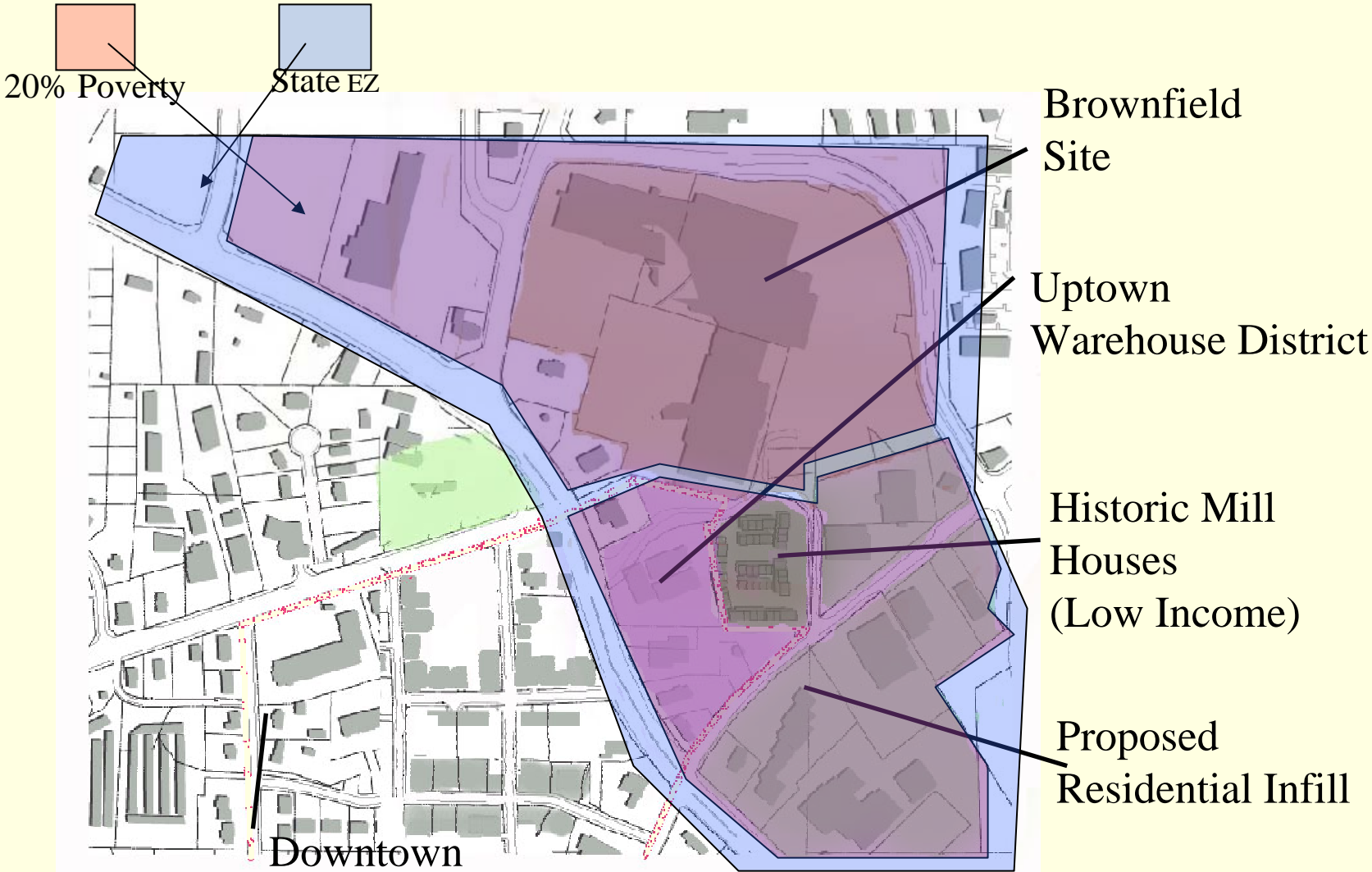
2 or more Census Blocks > 20% Poverty



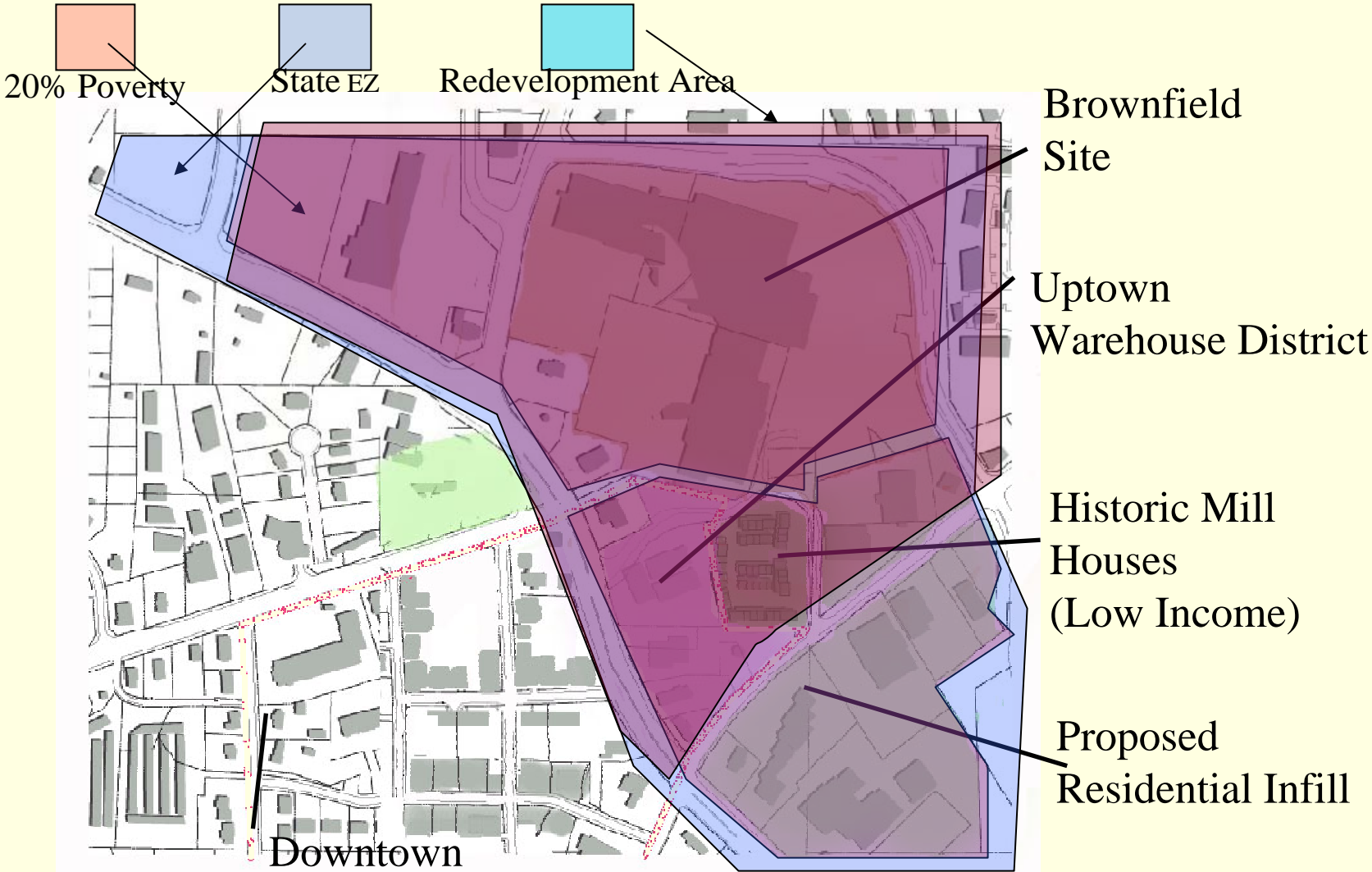
HB984 -- Opportunity Zones



HB984 -- Opportunity Zones



HB984 -- Opportunity Zones



What is an Enterprise Zone?

Designated parcels must meet least 3 of the 5 criteria:

- Poverty
- Unemployment
- General Distress
- Underdevelopment
- Redevelopment Area



What is an Enterprise Zone?

Allows property tax exemption on a schedule:

- Year 1-5 up to 100%
- Year 6-7 up to 80%
- Year 8 up to 60%
- Year 9 up to 40%
- Year 10 up to 20%



What is an Enterprise Zone?

Local government may abate or exempt :

- Occupation tax
- License fees
- Building inspection fees
- Other local taxes and fees except sales tax

Local government may also waive ordinances to create further incentive for development in the zone.

HB984 -- Enterprise Zone Employment Act Amendments

- Modify poverty criterion to conform with numerous federal programs (20% poverty)
- Allow local governments greater flexibility in setting local property tax abatements (rates may be negotiated up to the maximum prescribed in statute)

CDBG Revitalization Strategies

Purpose

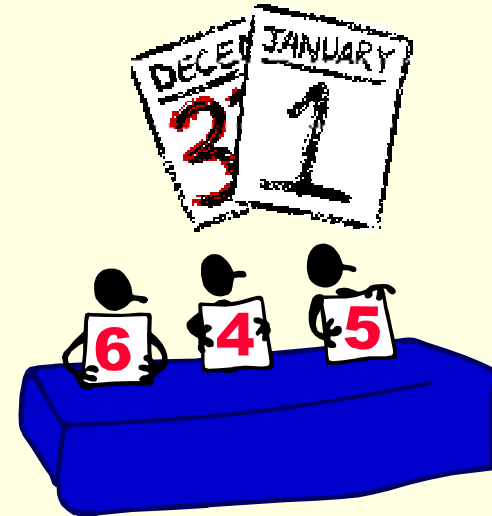
Encourage local governments to develop a strategy for targeting redevelopment in poverty areas



CDBG Revitalization Strategies

■ Benefits

- Can apply for CDBG every year
- Provides up to 20 bonus points
- Small amount of money available for planning



CDBG Revitalization Strategies

Threshold Criteria – 5 points

- Eligible census block group(s) 20% or greater poverty rate
- Urban Redevelopment Area (O.C.G.A. 36-61)



CDBG Revitalization Strategies

- Economic Development tools – 5 points
 - Tax Allocation District (O.C.G.A. 36-88)
 - Community Improvement District
 - Business Improvement District
 - Other locally designated, geographically targeted strategies
 - Enterprise Zone (O.C.G.A. 36-88)



CDBG Revitalization Strategies

Investment Partnerships – up to 5 points

- Includes funding partners such as:
 - Georgia Environmental Facilities Authority
 - Small Business Administration
 - U.S. Treasury
 - Tennessee Valley Authority
 - U.S. Department of Agriculture
 - Georgia Housing Finance Authority

CDBG Revitalization Strategies

Collaboration – up to 5 points

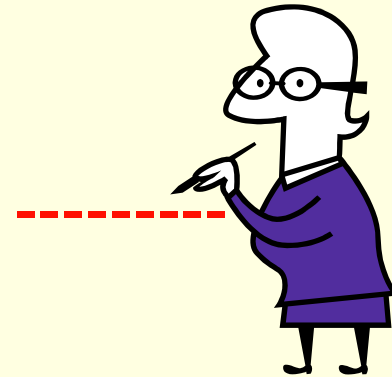
■ Stakeholders may include:

- local lending institutions
- community or neighborhood housing organizations
- community based development organizations
- community development corporations
- community development entities



CDBG Revitalization Strategies

Local governments that create an “Opportunity Zone” will automatically meet the CDBG Threshold Criteria and Local Redevelopment Tools Criteria.



Total 10 bonus points

How to designate an Opportunity Zone or Revitalization Strategy

- Step One: Find your >20% census block groups.

Opportunity Zone = two or more contiguous block groups

Revitalization Area = one or more contiguous block group

How to designate an Opportunity Zone or Revitalization Strategy

- Step Two: Determine your Urban Redevelopment Area, and write an Urban Redevelopment Plan (OCGA 36-61)
 - Enacted by resolution.
 - Take a look at any plans and studies that may have already been prepared for the area.
 - Examples: Comprehensive plan, marketing studies, corridor plan, housing plans.
 - May be used to form the basis for your plans, and can give direction on stated goals for the area.

How to designate an Opportunity Zone or Revitalization Strategy

- Step Three (for Opportunity Zones):
Designate an Enterprise Zone (OCGA 36-88)
 - Enacted by local ordinance.
 - Can be used for commercial and residential property.
 - City may not have property taxes, but can still offer local incentives to businesses such as:
 - Building permit fee abatement
 - Public utility fee reduction
 - Reduced building regulation
 - Streamlined permitting
 - Impact fee abatement

How to designate an Opportunity Zone or Revitalization Strategy

Forms:

Opportunity Zone

Download approval form on DCA web site:

http://www/dca.state.ga.us/economic/OZ_Application_Form.pdf

Redevelopment Strategy

Download designation form (DCA-14) on DCA web site:

http://www/dca.state.ga.us/grants/CDBGForms/DCA_14.pdf

Return the completed checklist and requested documents to DCA.

Questions:



Stefanie Dye – 404.679.1738
sdye@dca.state.ga.us

Brian Williamson – 404.679.1587
bwilliam@dca.state.ga.us