



**2020-2021 Master of Urban and Regional Planning
Capstone Project Final Report**

**Planning for Rural Opportunity Zones in
Canton and Havana, Illinois**

Ximin Piao

Capstone Advisors:

**Ms. Kathie Brown, University of Illinois Extension
Professor Arnab Chakraborty, University of Illinois at Urbana-Champaign**

Clients:

**Greater Peoria Economic Development Council
City of Canton
City of Havana**

Executive Summary

“Opportunity Zones” (OZs) might have caught the public’s attention by the news about the scandals during zone selection or socially irresponsible projects serving only investors’ interests. Many who are interested might give up after a glance at the complex rules and no longer believe the program would work for them. This project makes the case that as long as the community takes the program seriously and pushes out priorities, there is a way to materialize their goals while fulfilling the original intent of the program. The final product of this project is an ArcGIS Story Map at <https://arcg.is/aL94y1>. It documents the assets and needs of Canton and Havana, IL, two rural communities with OZs, and the investment ranges, stages, economic and social impacts of their priority projects. A timeline of the project and key informants are also reported at the end of the webpage.

This report first introduces the OZ program and then records the processes we went through to identify and develop OZ project concepts. It focuses on my reflections on how everyone can contribute to and benefit from the program and how to maximize the synergy among all sectors to bring social, economic, and environmental benefits to the OZs.

Instead of educating the communities about the program, I found my understanding of the program renewed throughout the process. I initially thought that there is a lack of projects other than real estate, but later I found out all kinds of projects and businesses using the program innovatively. I found contradictory views, e.g. the public sector complained that the fund managers were not willing to share information, while the consultant complained that the public sector lacks interest in the program. I found that it takes longer for big companies to work on the program than small to medium businesses, however, smaller businesses found it difficult to attract investment at the scale they need. It was also surprising to me that banks and non-profits can also utilize the program. I could also not comprehend why vacant site owners would rather hold onto their property than giving out the information to market them. I did not realize that many federal and state governments have initiated numerous programs to help OZs, trying to form public-private relationships, while the local communities are neither aware nor have the capacity to procure additional incentives... I hope this report can bring these challenges to light and spark solutions and innovations. I am looking forward to witnessing the changes in the communities I work with.

Table of Contents

1.	Opportunity Zone Program Overview	1
1.1	History of the Opportunity Zone Program.....	1
1.2	Designation Process	1
1.3	Establishing Opportunity Funds	2
1.4	Eligible Investments.....	3
1.5	Opportunity Zone Incentives	3
1.6	National Progress.....	4
2.	Motivation of the Project.....	5
3.	Methodology and Outcomes.....	7
4.	Reflections	11
1.1	Less Socio-economic Changes in Opportunity Zones in Illinois Requires More Activation Efforts or Structural Changes	11
4.1	SWOT Analysis for Rural OZs.....	12
4.2	Key Players in OZ activities	15
4.2.1	Private Investors	15
4.2.2	State and Local Government	16
4.2.3	Economic Development Entities	17
4.2.4	Real Estate Developers.....	18
4.2.5	Local Entrepreneurs.....	19
4.2.6	Property Owners.....	19
4.2.7	Researchers.....	19
4.3	Transparency Issues	20
4.4	Project Impacts on the Community.....	20
4.5	Uses of Data.....	20
4.6	Lessons about Community Development	21
	References	22
	Appendix	24
1.	List of Resources	24
2.	Priority tracts in Havana and Canton.....	27
3.	Focus Group 1: Creating new opportunities for the Arts in Havana Report	28
4.	Focus Group 2: Creating new opportunities for residential development in Canton Report	31

1. Opportunity Zone Program Overview

1.1 History of the Opportunity Zone Program

The Opportunity Zones incentive is a new community investment tool established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. (Illinois Valley Chamber of Commerce, n.d., para. 1)

The Opportunity Zones provision is based on the bipartisan Investing in Opportunity Act, which was championed by Senators Tim Scott (R-SC) and Cory Booker (D-NJ) and Representatives Pat Tiberi (R-OH) and Ron Kind (D-WI), who led a regionally and politically diverse coalition of nearly 100 congressional cosponsors.

The concept was originally introduced in a 2015 paper, “Unlocking Private Capital to Facilitate Economic Growth in Distressed Areas,” to help address the persistent poverty and uneven recovery that left too many American communities behind. The idea has since been championed by a wide-ranging coalition of investors, entrepreneurs, community developers, economists, and other stakeholders.

Opportunity Zones are low-income census tracts nominated by governors and certified by the U.S. Department of the Treasury into which investors can now put capital to work financing new projects and enterprises in exchange for certain federal capital gains tax advantages. The country now has 8762 Opportunity Zones in every state and territory. (EIG, n.d., paras. 1–3)

1.2 Designation Process

To be an Opportunity Zone, a census tract or census tracts must meet the same criteria and definition of a “low-income community”¹ that is used by Treasury’s Community Development Financial Institutions (CDFI) Fund NMTC program. Every state or territory can then select up to 25 percent of its census tracts that meet those criteria to be Opportunity Zones. A unique feature of the Opportunity Zones designation process is that tracts contiguous to low-income tracts are

¹ Low-income communities (LICs) are defined by statute as any census tract where the poverty rate is at least 20 percent (the “poverty test”) or where the median family income for such tract does not exceed 80 percent of statewide median family income for census tracts located outside of a metropolitan area, or does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income for census tracts located within a metropolitan area (the “income test”). LICs also include two types of “targeted populations.” The first targeted population consists of individuals, or an identifiable group of individuals, who are low-income persons, whose family income is not more than 80 percent of the area median family income (for metropolitan areas) or 80 percent of the greater of area median family income or statewide non-metropolitan area median family income (for non-metropolitan areas). The second targeted population consists of individuals, or an identifiable group of individuals, who otherwise lack adequate access to loans or equity investments and who were displaced from their principal residences and/or lost their principal source of employment as a result of Hurricane Katrina (Keller et al., 2019, p. 2).

allowed to be designated, provided they meet other parameters;² a state's designated tracts may contain up to 5 percent non-low-income contiguous tracts. Opportunity Zone designations remain in place for a period of 10 years. As of June 26, 2018, Treasury had certified designations in all 50 states and territories (Keller et al., 2019, p. 2). The Internal Revenue Service (IRS) has determined that the list of census tracts designated as qualified OZs cannot be altered absent enactment of new legislation (Lowry & Marples, 2020).

In designating its tracts, the State of Illinois took into account poverty rates, unemployment rates, the total number of children in poverty, and crime rates, as well as general population analysis. It also took into account Dunn and Bradstreet business listings and proximity to natural or manmade amenities like water features, infrastructure, and economic development potential. Besides, the state considered whether the tracts had existing or previous projects receiving incentives under federal or state grant programs, tax credit programs, Tax Increment Financing designations, or Enterprise Zone designations. To ensure broad distribution throughout the state, 88 counties have at least one qualifying Opportunity Zone, and each municipality outside of Cook County was limited to five zones. The state of Illinois designated 327 tracts, the maximum number allowed by Congress under the federal Tax Cuts and Jobs Act of 2017. These tracts contain about 9 percent of the state's population, or nearly 1.2 million people (Keller et al., 2019, p. 4).

1.3 Establishing Opportunity Funds

Opportunity Funds are the investment vehicles that will manage investments in designated Opportunity Zones. Specifically, the draft regulations outline eligibility for Qualified Opportunity Funds (QOFs), stating that new partnerships or corporations, as well as existing entities, can become QOFs (Keller et al., 2019, p. 2):

QOF is any investment vehicle organized as a corporation or partnership for the purpose of investing in qualified Opportunity Zone property [and] must hold at least 90 percent of its assets in qualified Opportunity Zone property ... The proposed regulations clarify that there is no prohibition to using a pre-existing entity as a QOF or as a subsidiary entity operating a qualified opportunity business, provided that the pre-existing entity satisfies the requirements under section 1400Z-2(d).

QOFs are certified through a self-certification process (Keller et al., 2019, p. 2):

In order to facilitate the certification process and minimize the information collection burden placed on taxpayers, the proposed regulations generally permit any taxpayer that is a corporation or partnership for tax purposes to self-certify as a QOF, provided that the entity self-certifying is statutorily eligible to do so ... It is expected that taxpayers will use Form 8996, Qualified Opportunity Fund, both for initial self-certification and for annual reporting of compliance with the 90-Percent Asset Test ... attached to the taxpayer's Federal income tax return for the relevant tax years.

² The statute granted Puerto Rico an exception so that it could designate all eligible low-income communities as Opportunity Zones (Keller et al., 2019, p. 2).

1.4 Eligible Investments

QOFs invest in eligible property types in designated Opportunity Zones. As outlined in the Tax Cuts and Jobs Act, eligible property types include **tangible business property** (if substantially improved) (Figure 1), **stock, and partnership interests** (Figure 2), provided the investment happened after December 31, 2017. Certain types of “sin businesses” cannot receive investment, according to the draft regulations (Keller et al., 2019, p. 2).

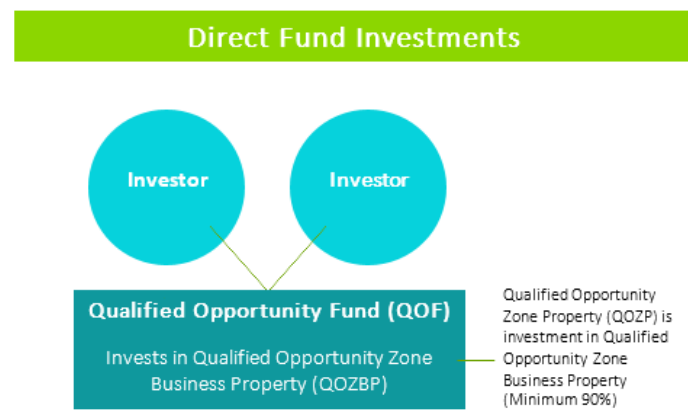


Figure 1 Direct OZ Investment (Fujita et al., 2021)

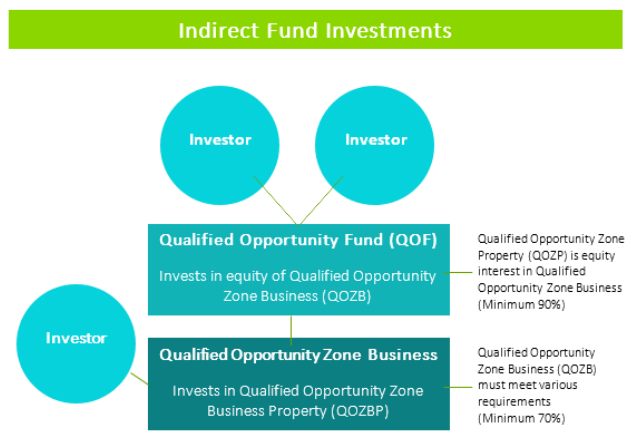


Figure 2 Indirect OZ Investment (Fujita et al., 2021)

1.5 Opportunity Zone Incentives

By establishing or investing in a QOF, investors can take advantage of incentives to invest “patiently” in low-income communities. In short, the incentive is deferred tax liability on capital gains, and the size of the incentive increases depending on how long the investment is held in the Opportunity Fund. Aspects of the incentives are as follows:

- A temporary deferral of tax liability for capital gains invested into an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the Opportunity Zone investment is disposed of or on December 31, 2026.

- A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis of the original investment is increased by 10 percent if the investment in the Opportunity Fund is held by the taxpayer for at least five years, and by an additional 5 percent if held for at least seven years, excluding up to 15 percent of the original gain from taxation.
- A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund, if the investment is held for at least 10 years.

As outlined above, initial investments in Opportunity Funds must be made by the end of 2026, and the tract designations will remain in place through 2028; however, the proposed regulations allow investments to be held for an additional twenty years, through 2047.

According to the draft regulations, tax benefits are restricted to investments with capital gains that would otherwise be recognized and taxed, and which are generated from the “sale or exchange” of an asset. (Keller et al., 2019, p. 2)

1.6 National Progress

The program performance exceeded the original estimates by the federal government. Investment in QOFs tracked on the Novogradac Opportunity Funds List has surpassed \$12 billion (Figure 3). This estimate is based on a voluntary rolling survey and many QOFs being tracked haven't revealed their fundraising levels. The total invested in all QOFs is likely significantly more than that. A report by the White House Council of Economic Advisors (CEA) published in Aug 2020 estimated a total QOF investment at \$75 billion. Although the tracking system has not been up to the speed of the activities, the program has brought enormous investment to the selected zones.

Novogradac Opportunity Funds Listings Totals

As of September 1, 2020

FUNDS RAISED BY QOFS REPORTING EQUITY	QOFS REPORTING EQUITY RAISED	TOTAL QOFS
\$12.05 billion	580	811



Figure 3 NOVOGRADAC Opportunity Funds Listing Totals

2. Motivation of the Project

There are contradictory opinions on how likely the OZ program would succeed in rural areas. The pessimistic urban-rural divide narrative caused many to believe that the Opportunity Zone (OZ) program is less likely to flourish in rural areas since larger, more urbanized sites are positioned to generate a higher return on investment. An example is a CEO who stated in a 2019 article in *Governing* that “she was skeptical that the OZ program would attract investments into rural areas, even if a complementary set of state incentives was available to investors” (Beaulieu, 2020). Conversely, Ajilore and Willingham argue that “rural communities are not an economic liability to the country; every rural community has a unique combination of assets in which they can invest to grow and promote resilience.” These assets – lower cost of living, safer places to raise children, less traffic congestion, and ready access to natural resource amenities – are attracting a growing number of millennials and younger Gen Xers, especially in small towns located within reasonable proximity to larger urban areas (Beaulieu, 2020).

It is this more favorable prospect for rural areas that prompted the Spoon River Partnership for Economic Development and Greater Peoria to join together in supporting the development and delivery of a cohesive system of support for rural OZs in central Illinois. Focusing on rural sites in this region makes sense given Peoria and other metropolitan areas are actively engaging with investors. Rather than ignore the rural OZs, the team is seeking to build strategies to ensure these rural zones have a fair chance to build and act on a plan that could rekindle their community and economic efforts.

Two specific rural opportunity zones in Canton, IL, and Havana, IL are the primary focus of this study (Figure 4). The program aims to develop a great understanding among community stakeholders on how best to utilize opportunity zones as an economic development tool in their communities.

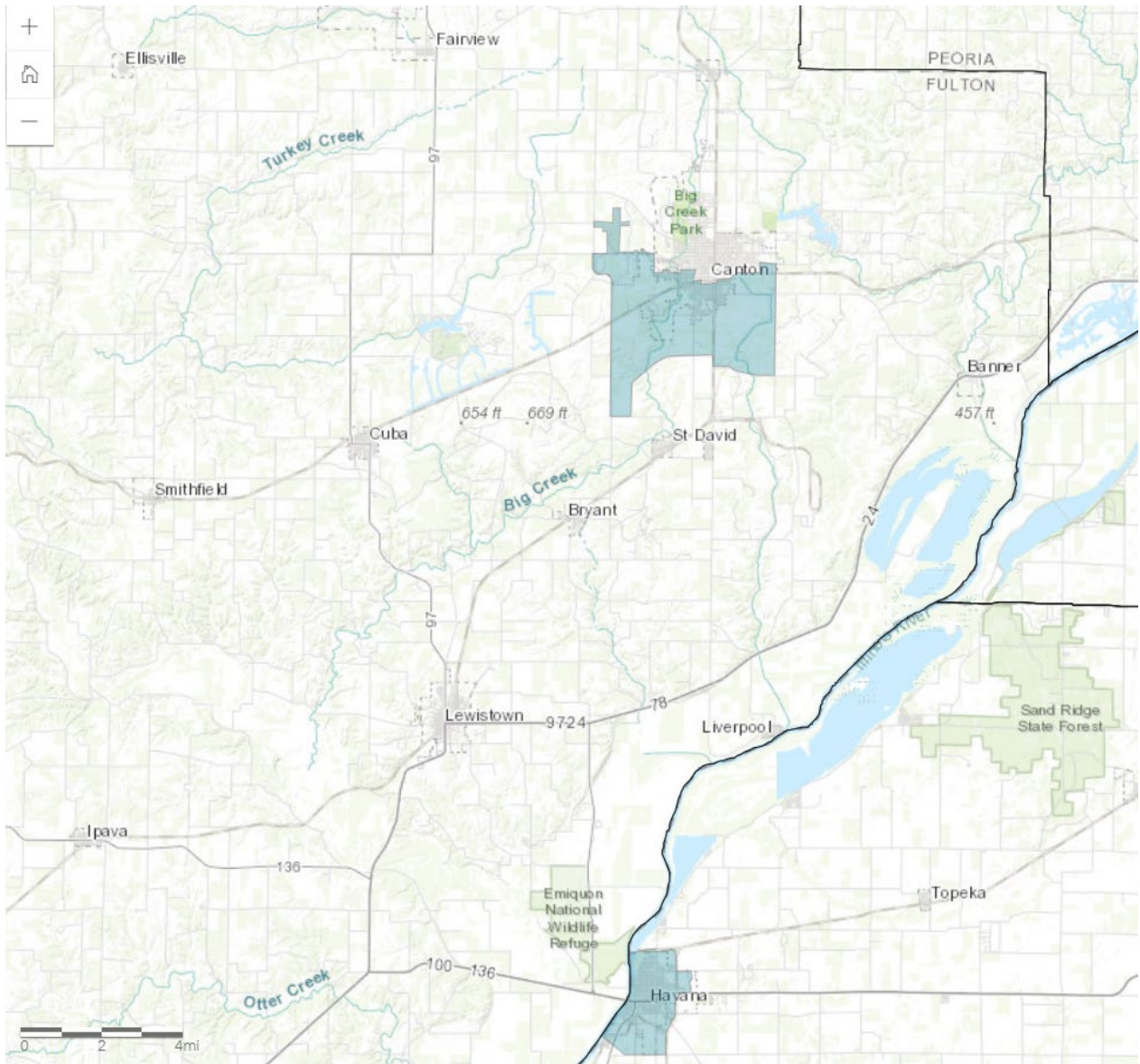


Figure 4 Locations of Studied Opportunity Zones. Source: IRS.gov

3. Methodology and Outcomes

The project adopted various tools started from literature review, focus groups, key informant interviews, and finally to mapping and marketing tool development. There are three lines of work interwoven throughout the project, (i) building awareness of the OZ program, (ii) collecting and incubating project ideas, and (iii) collecting data of local properties for marketing. Through the iterative process of learning from key informants and reporting back to the communities, priorities emerge from a collection of projects during conversations. Then we reach out to the QOF consultant to seek advice and potential investors for each project (Figure 5).

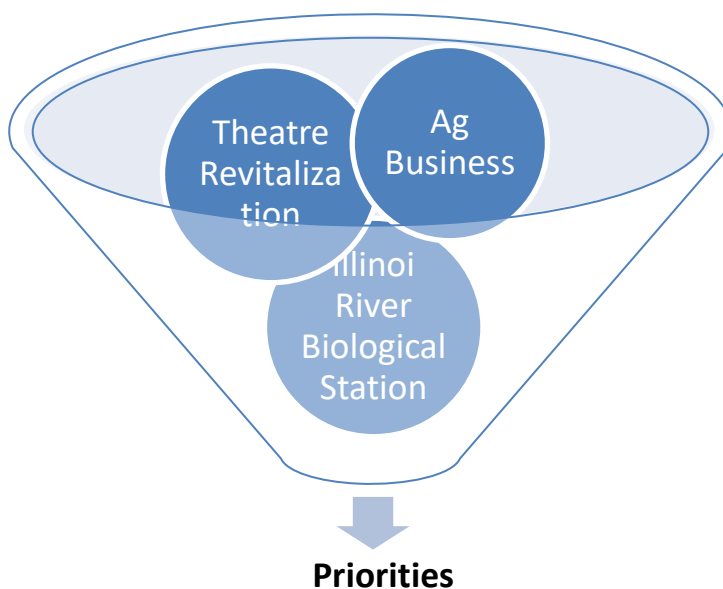
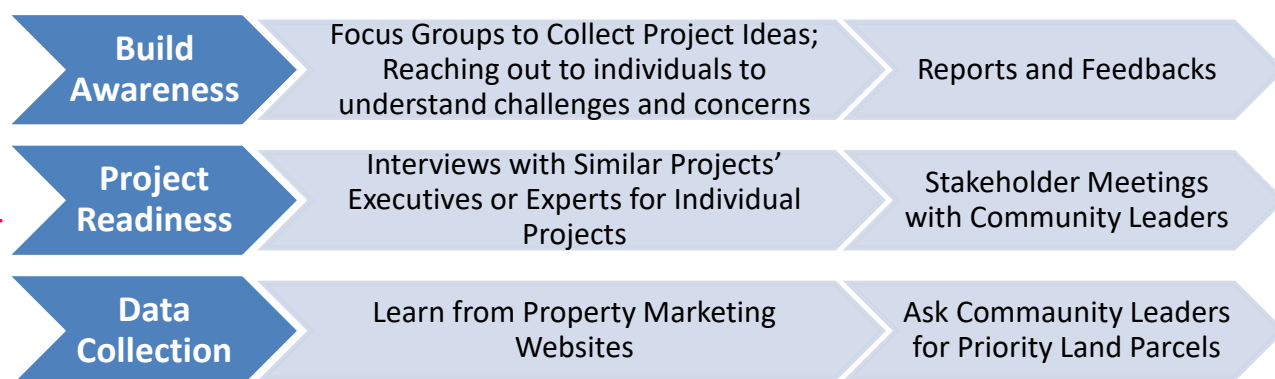


Figure 5 Planning Processes

The project plan evolved as the conversations brought in new ideas for the next steps. The final timeline is described as follows.

- Map out the planning process – timeline, stakeholder engagement, identification of core plan elements, and allocation of resources. (September 2020)
- Structure and schedule the process – identification of key stakeholders, define consultant and staff member roles. (October 2020)
- Learn about the OZ activities from multiple perspectives, e.g. policy and regulations, capital raising, QOF formulation and management, community development, businesses, real estate, marketing tools, and information portals (October - November 2020)
- Gather data and information on the property and region – land ownership, local assets, owner’s willingness to sell properties or engage in planning (October - November 2020)
- Learn about other economic development policies such as brownfield development, rural development, social impact investment (October - November 2020)
- Identify opportunities, problems, issues, and concerns for the two Opportunity Zone areas in Havana & Canton through a series of focus groups (January 2021)
- Key informant interviews for individual projects or perspectives as follows (February - March 2021)
 - Datacenter:
 - Talked to Adam Fulton, Deputy Director, Planning & Economic Development, City of Duluth about bringing Involta, LLC to Duluth
 - Co-working space
 - Housing renovation, infill development
 - Attorney
 - Historical building renovation
 - Ag business
 - Talked with Professor Matt Hudson about the trend in ag businesses and data center development
 - Agribusiness Development Roundtable at Havana City Hall with the following attendants:

First Name	Last Name	Position/Company
Ben	Miller	Plant Facility Manager, Cargill
Jay	Frye	
Stevan	Hofreiter	Manager
Austin	Ramsey	Manager, ADM
Jim	Meinhart	General Manager, Growmark

- Solar development
 - Conversation among Yvonne Long, Jason Hawksworth from Hawk Energy Solutions, and Gina M. Staudacher from Howard & Howard Attorneys PLLC (referred to as Gina for the rest of the report)
- Coal plant conversion
 - Talked with Fred Lutzi about an attempt to convert closed fire plants in another rural community in IL to biorefinery to save lives
- Asian carp

- Talked with Sean Park, Program Manager Value Added Sustainable Development Center of Western Illinois University, regarding the possibility of developing a dock and aggregation site for Asian carp in Havana
 - Connected Sean Park with Havana community leaders
 - Community Foundation
 - Talked with Jeff Bonnett to explore possibilities to establish a city fund
 - Infrastructure and utilities
 - Emailed Gary Davis from Farnsworth Engineering in Peoria for infrastructure data
 - Connected Cheryl R. (Cheri) Welge and Roy Newman with Ameren Illinois with Havana and Canton, IL
 - Illinois DCEO
 - Talked with Mike Pomerantz, Real Estate and Tax Incentive Administrator, DCEO, to understand how the State supports the program
 - Site selection
 - Explored how we might best position specific properties for marketing through Intersect Illinois and Location One with Lenora Fisher, Director of Business Attraction, Greater Peoria EDC
 - Talked with Laura A. Frerichs, Executive Director of University of Illinois Research Park, about site selection
 - Researcher
 - Talked with Ph.D. candidate Natalie Karen Prochaska about her research on the Opportunity Zone program
- Develop the marketing tool (March 2021)
- Evaluate the marketing tool (April 2021)
- Publish the marketing tool and engage private investors (May 2021)

The advisory group is composed of economic development director and coordinator in the two cities, Mayor of Havana, Administrator of Mason County, President of Spoon River College, and Greater Peoria Economic Development Council (Table 1). The team met bi-weekly or tri-weekly to exchange ideas and to decide the next steps. The team supported organizing focus group meetings and making important connections with the key local stakeholders and informants.

Key outcomes of the project include:

- Raised awareness of Opportunity Zone Incentives in two communities
- Helped communities identify potential projects and establish priorities
- Created and reinforced networks with other cities, the university, local stakeholders, utility providers
- Identified 8 potential OZ projects
- Developed a webpage marketing potential projects in Canton and Havana's OZs
- Planning for a state-wide webinar and networking event

Name	Title	Geography
William R. Blessman	Administrator	Mason County
Brenda Stadsholt	Mayor	City of Havana
Brenda Davenport-Fornoff	Economic Development Coordinator	City of Havana
Cole A. McDaniel	Spoon River Partnership for Economic Development, Executive Director	Fulton County
Curt Oldfield	President of Spoon River College	Fulton County
Casey Peterson	Director of Rural Outreach and Development	Greater Peoria Economic Development Council
Christopher Setti	Chief Executive Officer	Greater Peoria Economic Development Council

Table 1 Project Advisory Group Members

4. Reflections

1.1 Less Socio-economic Changes in Opportunity Zones in Illinois Requires More Activation Efforts or Structural Changes

According to an analysis of the Opportunity Zone designations, across the nation, “tracts experiencing socioeconomic change³ were more represented among designated tracts (3.2 percent) than among eligible nondesignated tracts (2.4 percent)” from 2012 to 2016 (Theodos et al., 2018, p. 6). The States of Illinois, District of Columbia, and Wyoming are opposite to the national trend, where significantly fewer designated census tracts experienced socioeconomic changes than the non-designated tracts (Table). This again confirms that the designated census tracts in Illinois were left out from the economic recovery process. Also, this means more efforts or even structural changes are required to use the OZ tool in Illinois before being ready for private capital compared to those already experiencing significant growth. (Katz & Saadine, 2019).

State	Designated (%)	Eligible, nondesignated (%)	State	Designated (%)	Eligible, nondesignated (%)
Alabama	1.3	0.1	Montana	0.0	0.7
Alaska	4.0	0.0	Nebraska	4.5	0.0
Arizona	1.8	1.3	Nevada	0.0	0.0
Arkansas	1.2	0.2	New Hampshire	0.0	0.0
California	3.9	2.7	New Jersey	4.7	2.7
Colorado	3.2	4.0	New Mexico	0.0	0.0
Connecticut	6.9	1.1	New York	13.0	7.1
Delaware	8.0	0.0	North Carolina	1.6	2.2
District of Columbia	32.0	49.5	North Dakota	4.0	0.0
Florida	1.4	1.8	Ohio	5.3	0.6
Georgia	2.7	2.6	Oklahoma	3.4	0.4
Hawaii	4.0	1.9	Oregon	1.2	2.8
Idaho	0.0	0.6	Pennsylvania	5.0	2.8
Illinois	1.5	4.5	Rhode Island	4.0	2.8
Indiana	3.8	0.8	South Carolina	2.2	3.1
Iowa	0.0	0.6	South Dakota	0.0	0.0
Kansas	0.0	0.0	Tennessee	4.0	1.4
Kentucky	0.0	0.5	Texas	1.8	2.1
Louisiana	2.0	3.3	Utah	4.3	1.7
Maine	0.0	0.5	Vermont	0.0	0.0
Maryland	6.0	5.2	Virginia	4.2	2.9
Massachusetts	3.6	4.5	Washington	3.6	1.1
Michigan	2.1	0.6	West Virginia	0.0	0.0
Minnesota	2.3	0.5	Wisconsin	0.8	1.3
Mississippi	2.0	0.2	Wyoming	0.0	3.2
Missouri	1.9	1.5	US	3.2	2.4

Sources: Community Development Financial Institution Fund and Urban Institute analysis of 2012–16 US Census Bureau American Community Survey.

Note: This table excludes US territories.

Table 2 Share of Tracts Experiencing Socio-economic Change by State (Theodos et al., 2018)

³ The socioeconomic change index is calculated based on four measures: (i) Percentage-point change in the share of residents with a bachelor’s degree or higher (ii) Dollar change in median family income (iii) Percentage-point change in the share of non-Hispanic white residents (which, for example, can help to explain difference in assets, not just incomes) (iv) Change in average housing burden (Theodos et al., 2018)

4.1 SWOT Analysis for Rural OZs

As briefly mentioned in the motivation section, there are opposite views on how likely rural Opportunity Zones will thrive. A SWOT analysis (Table 2) summarizes the different perspectives gathered from research and conversations with community members, attorneys, economic development organizations, and local government officials. Records of specific community assets and challenges for Havana and Canton are documented in the focus group reports in Appendix 3 and Appendix 4.

To the designated communities, the Opportunity Zone program can be a double-edged sword. It can bring in either millions or billions of dollars into a distressed community, driving job, wealth creation, and economic resilience, or unwanted investments that displace local people (Fulton, 2019; Theodos & Meixell, 2019; “Understanding the Relationship between Opportunity Zones and Displacement Pressure in Chicago”).

Unlike States such as Colorado giving chances for qualified communities to pitch themselves before the OZ selection, the State of Illinois did not engage communities during the OZ selection process to avoid lobbying and to ensure fairness. Therefore, the communities are often unaware of the huge opportunity assigned to them or unprepared for the big investment and the successive socio-economic changes.

Moreover, many rural communities suffered from unemployment due to coal plant closure to meet more stringent pollution standards. Recent coal plant closures in Canton and Havana created a loss of 60 and 75 jobs respectively for the communities. (Kaergard, 2019). The small communities bear the cost for the lack of long-term planning for a smooth transition at the State level and within energy companies, losing the local tax base, and more importantly, causing hardships to families. There is an urgent investment need for transitioning the local economy to ensure families can receive living wages and cleanup of toxic sites for other uses. The OZ program can also be added as one of the tools considered for redevelopment by both economic development organizations and environmental justice groups.

Meanwhile, rural communities hold the primary resources including land, water, and forestry, which are essential to maintain human life and well-being. With increasing awareness of the central role rural communities play in the creation of a competitive economy, ensuring national security, and social justice, how to use this powerful tool is worth investigations for mission-driven organizations. Environmental Protection Agency (EPA)⁴ and U.S. Department of Agriculture (USDA)⁵, both provide supportive programs to OZs. There are many large-scale developments, such as wind farms, solar farms, or data centers, which are billion-dollar projects happening in the

⁴ EPA Opportunity Zone resources: <https://www.epa.gov/opportunity-zones>

⁵ USDA Opportunity Zone programs including

- Rural Business Development Grants
- Solid Waste Management Grants
- ReConnect Pilot Program
- Water and Waste Disposal Technical Assistance and Training Grants
- Distance Learning and Telemedicine Grants

Available at: : <https://www.rd.usda.gov/about-rd/initiatives/opportunity-zones>

rural areas with a lot of land, though not necessarily in the OZs (from the interview with IL DCEO).

OZ has become a symbol for prioritization in state and federal grants and programs. Federal government departments have come together to support OZ’s economic development, entrepreneurship, safe neighborhoods, education, and workforce development, and reporting and analytic framework development. “The White House Opportunity and Revitalization Council members have identified over 300 Federal programs where targeting, preference, or additional support could be granted to Opportunity Zones. As of September 30, 2020, the Council has already taken action on 333 grants or programs.”⁶ Illinois Department of Commerce and Economic Development (DCEO) has also awarded \$14.7M in grants to 10 communities on a competitive basis⁷ with a special focus on supporting infrastructure upgrades. While there are plenty of public grants available to communities that can be leveraged to attract private investors, rural communities often lack the capacity to follow and understand how to take advantage of such programs (Appendix 1) and to develop nascent project ideas to feasible project plans. Moreover, the programs often have a very short application window, e.g. 90 days for the Illinois DCEO grants. Therefore, it is crucial to keep a database of potential projects to be prepared to engage related partners for grant applications whenever opportunities arise.

Strength	Weakness
<ul style="list-style-type: none"> • Nature resources and landscape amenities (community input) (Knierim & Nowicki, 2010) • Recreation value and tourism potentials (community input) (Knierim & Nowicki, 2010; Shelley, 2021) • Competitive agriculture businesses (community input) (Knierim & Nowicki, 2010) • Land availability (Knierim & Nowicki, 2010) numerous large-size vacant or inactive sites (community input, interviews) • Cultural heritage, protected buildings (community input) (Knierim & Nowicki, 2010) • Lower cost of living, less traffic (Knierim & Nowicki, 2010) 	<ul style="list-style-type: none"> • Insufficient awareness of the OZ program in the community (observation) • Individual projects are often too small to attract wealthy investors’ attention (community input) (Podcast sharing⁸) • Lack of marketing capacity and site selection database (observation) • Insufficient public sector capacity to learn Opportunity Zone legislation and to build business plans to develop nascent concepts

⁶ The White House Opportunity and Revitalization Council. Report to the President: https://opportunityzones.hud.gov/sites/opportunityzones.hud.gov/files/documents/OZ_One_Year_Report.pdf

Completed Actions: https://opportunityzones.hud.gov/sites/opportunityzones.hud.gov/files/documents/OppZone_Agency_Completed_Actions_2020_09.30.pdf

⁷ Pritzker Administration Announces Nearly \$40 Million In Rebuild Illinois Grants To Jumpstart Capital Projects Across The State: <https://www2.illinois.gov/Pages/news-item.aspx?ReleaseID=21959>

⁸ Creating Catalytic Impact in Rural Opportunity Zones, with Chris Montgomery. Available at: <https://opportunitydb.com/2020/03/chris-montgomery-082/>

<ul style="list-style-type: none"> • Strong community spirit (community), experience in bottom-up development (Knierim & Nowicki, 2010) 	<p>to shovel-ready feasible projects (observation)</p>
<p>Opportunity</p> <ul style="list-style-type: none"> • Potential for bringing in an uncapped amount of private investment into a distressed economy with large flexibilities, driving job, wealth creation, and economic resilience • Provide an opportunity for planning (community inputs) • Give the community the chance to reflect on priorities, e.g. IRBS, businesses presence, tourism in Havana (community inputs) • Focus on community strengths that they can build upon, reflections on existing assets and the potentialities (community inputs, interviews) • Potential for reaching actors that had not been engaging with the community development field and cultivating an ecosystem of community development efforts (Theodos et al., 2020) • Potential for added value in agriculture, forestry, biomass, biotechnology (community input) (Knierim & Nowicki, 2010) • Potential for tourism (community input) (Knierim & Nowicki, 2010) • Attractive for remote workers (community inputs) Attractive place for secondary residence (Knierim & Nowicki, 2010) • Potential prioritization in grant allocation (interview with Illinois DCEO) • OZ activities eligible for Community Reinvestment Act (CRA)⁹ considerations (interviews) (Office of the Comptroller of the Currency, 2020) • Potential use of other financial incentives, e.g. New Market Tax Credit (NMTC), HUB Zone, Enterprise Zone, Low-Income Housing Tax Credit (LIHTC) • Technical assistance, grants, tools, and publications from EPA, USDA, CDFI 	<p>Threat</p> <ul style="list-style-type: none"> • Giving way to investment inconsistent with local goals and needs causing property value increase, gentrification, and displacement (literature) • “Stealing” opportunities from other communities, inciting unhealthy competition (community input) • Missing out opportunities to support businesses urgent for funding and to catalyze new projects • Losing the 10% basis step-up of capital gains tax incentive after December 31, 2021, reducing the attractiveness of the tool

Table 2. SWOT analysis of rural Opportunity Zones

⁹ Under the CRA regulation in effect for OCC-supervised banks until October 1, 2020, loans, investments, or services in an opportunity zone transaction may be eligible for CRA consideration if they meet the definition of community development. Source: 12 CFR 25.12(g) (national banks) and 12 CFR 195.12(g) (FSAs)

4.2 Key Players in OZ activities

Many people self-exclude from the OZ program, thinking it is not related to them after reading on its face and abstaining from taking more time to learn about the complex rules. Actually, the program can almost benefit everybody. A scattershot list includes investors, communities, and professionals with key credentials, such as CFA, attorneys, state and local government, economic development agencies, property and business owners, entrepreneurs, and nonprofits. It is important to understand what different players in OZ activities are looking for and what roles they can play to help each other to move the OZ projects forward.

4.2.1 Private Investors

What investors are looking for and how different players are involved are summarized in Table 3. In our project, we have not engaged private investors but mainly depend on the relationship with Attorney and Counselor Gina M. Staudacher from Howard & Howard who has connections with private investors interested in investing in the region. A Story Map¹⁰ has also been developed for marketing. Many guides in Appendix 1 have more strategies on how community leaders may engage the investors.

Investors' concerns	Explanation	Key players involved
Program benefits	Tax shelter, exclusion of appreciation	<ul style="list-style-type: none"> Attorneys
Project readiness due to pressing timing requirements	180 days from realizing capital gains to investment into QOF, 31 months (or up to 86 months) from investment to project completion	<ul style="list-style-type: none"> Business owners (must have a clear business plan)
Investment certainty	Site availability	<ul style="list-style-type: none"> Property owners Site selectors
	Permit approval	<ul style="list-style-type: none"> State and local government
	Federal regulation fulfillment	<ul style="list-style-type: none"> Attorneys
	Community buy-in	<ul style="list-style-type: none"> Local leaders Media
	Infrastructure capacity	<ul style="list-style-type: none"> Local utility providers Engineering consultants State economic development grants
An acceptable rate of return	Depending on the type of investor and the type of deal	<ul style="list-style-type: none"> Business consultants (resources in Appendix 1)
A clear exit plan	When and how they get their money back	<ul style="list-style-type: none"> Business owners Fund managers
Social impacts	E.g. job creation, education opportunities, workforce development	<ul style="list-style-type: none"> Businesses owners Economic Impact Calculator from Discover Peoria Opportunity Zone Community Impact Assessment Tool¹¹

¹⁰ Opportunity Zones in Canton and Havana Website: <https://arcg.is/aL94y1>

¹¹ Available at: <https://www.urban.org/oztool>

Table 3 Investors' concerns and key players involved

4.2.2 State and Local Government

There are contrasting views on how big the role state and local government can play in this program. Although the report by Urban Institute suggests that State and local governments are likely to play a larger role in influencing the types of projects that will be funded in OZs (Theodos et al., 2020), one interviewee in this project expressed frustration on the lack of support from State and local government when consulting on potential projects. The State DCEO representative shared that the lack of reporting mechanism other than an IRS form caused the government to have no really good way to track what is happening with OZs in Illinois, which is a common frustration shared by counterparts in other states such as Maryland, New Jersey. Interestingly we heard from both the IL DCEO representative and attorney Gina expressing frustration about the one-way outreach efforts – either private funds are not interested, or the public sector is not willing to understand how the program works. Local Government Education webinars have provided a strong platform for sharing information with communities. Illinois DCEO Director of Opportunity Zone program agreed there is a need for more discussion and networking among communities to truly take advantage of Opportunity Zone programs in Illinois.

From the literature review, there are many ways that the State and local government can support OZ activities other than direct subsidizing, including using State OZ legislation, developing central OZ databases, and appointing OZ coordinators.

Some states have enacted or introduced their own **State OZ legislation** to further encourage investment in their jurisdictions. NOVOGRADAC¹² compiles the State OZ Legislation since 2018. Other than offering state capital gains tax benefits, there have also been many innovative uses of the OZ program. For example, Connecticut introduced an act increasing opportunities for workforce housing development in the state. Vermont introduced an act reducing student loan debt for rural Vermont workers. Virginia introduced an act giving tax credit for solar energy equipment. Missouri SB590 modifies state Historic Preservation Tax Credit. California would add projects financed by Opportunity Funds to the list of those exempted from the California Environmental Quality Act. Vermont, Alabama, Washington, Texas, Kentucky all introduced acts that support their rural OZs.

Some states (including Maryland, New Jersey, Virginia, and West Virginia) maintain **central databases** of aspiring fund managers and interested investors.

“A handful of cities (including Atlanta, Baltimore, Cleveland, DC, Kansas City, and Norfolk) and states (including Alabama, Colorado, and Virginia) have **OZ coordinators** that serve as project-investor matchmakers.” (Theodos et al., 2020, p. 42). These positions are usually funded by philanthropy, such as the Rockefeller Foundation’s grant (Theodos et al., 2020, p. 17). There are opposite views on whether a dedicated OZ coordinator is impactful. An investor considered local government dedicated positions on OZs the most effective among the array of initiatives to foster OZ activity, mission-oriented or otherwise: “I can pick up the phone and ask the OZ coordinator

¹² Opportunity Zones Resource Center, State Opportunity Zones Legislation: <https://www.novoco.com/resource-centers/opportunity-zones-resource-center/state-opportunity-zones-legislation>

directly about deals in her or his city,” he added (Theodos et al., 2020, p. 18). Another statewide investment coordinator interviewed by Theodos et al. (2020) had been able to get only one project to closing so far out of 200 projects they were attempting to assist.

Potential roles of an OZ coordinator can include:

- Digest information from all sources and send relatable information to key stakeholders.
- Cultivate innovation by drawing case studies and best practices
- Develop a project pipeline and organize them in terms of investment sizes, types of deal, impacts, tuck-in smaller projects into bigger ones
- Approach investors, attorneys, existing funds, banks.
- Develop regional partnerships with other OZs
- Develop local asset inventory as deepening community engagement
- Establish reporting framework

4.2.3 Economic Development Entities

It is a common observation from both research (Theodos et al., 2020) and interviews that conventional economic development actors have been less engaged with OZ activities, especially during COVID, Economic Development Executives are occupied with more urgent duties to save businesses on the fringe of survival.

Economic development entities discussed here include the public sector, economic development department in big companies, banks, and Community Development Financial Institutions (CDFIs).

At the first sight of the program structure, the public sector seems to have nothing to do with the OZ program – public sectors do not (i) have capital gains, (ii) operate businesses, (iii) issue stocks, or (iv) sell partner interests. However, according to an interview with Gina, the QOF consultant, if the communities push out their priorities, many investors would be interested.

Big companies are less engaged because of the organizational structure, where the tax department has little interaction with the corporate development department internally. Similar to community development, big companies also need to come together to identify where their needs are, and either mobilize their capital gains or seeking outside investors.

OZ incentives are for equity, but banks and CDFIs tend to operate as lenders. “Even for CDFIs willing to deploy equity, deployment rules create compliance risk for multi-investment funds that must be carefully managed... The vast majority of CDFIs, however, have not entered the OZ market directly (Vasiloff 2019).” (Theodos et al., 2020, p. 8) However, there is a way for banks to participate in OZ activities as investors and convert the investment into a loan according to an interviewee. This is a powerful tool if the community knows how to collaborate with the banks. Therefore, usually, communities have to drive the conversation and educate their banks on the program if they know how to put the finances together.

Although CDFIs have not established many QOFs, they are actively providing other supports such as organizing community meetings, optimizing and leveraging public dollars for impact investing,

providing consultancy on best practices, developing web portals¹³. For example, LISC developed the OZ playbook¹⁴ which provides resources and guidance for the following recommended steps:

Step 1: Hold a Stakeholder Meeting

Step 2: Embarking on a Plan for Work in OZs

Step 3: Develop Incentives and Guardrails in OZs

Step 4: Collaborate to Build a Project Pipeline and Leverage Expertise

Step 5: Ramp Up Your Investor Marketing

Step 6: Develop Impact Metrics and Encourage Transparency

Regionally, communities can come together to leverage OZ “to solidify their standing before the scrutiny of potential investors, and to avoid having communities and tribes raising capital individually project by project” (Theodos et al., 2020, p. 19). For example, North Central Washington Economic Development District created and launched the prospective multi-asset QOF as a blind pool fund that could support the many different project prospects of all the communities (Theodos et al., 2020, p. 19). Another example of regional collaboration is the Opportunity Investment Consortium of Indiana, which was among the State of Indiana, LISC, Cinnaire, Indy Chamber, Indiana Bond Bank, Indiana Economic Development Corporation, Office of Community and Rural Affairs, Indiana Housing Authority, Prosperity Indiana, Vectren Foundation, and Indiana Economic Development Association.

4.2.4 Real Estate Developers

Real estate developers are the first actors in the OZ program. Chris Montgomery, whose fund was awarded the top rural fund awarded by Forbes and the Sorenson Impact Foundation, shared that the catalytic effect comes from the ability to attract capital **at scale** and invest it into the long-term needs of the communities where capital has never been deployed at a significant level before.

“If we can build the housing and someone else can build the brewery, we can build the warehouse and someone else, maybe philanthropy, can build a daycare center, the more we can work together to serve those communities and solve those needs, it doesn’t just help the community, it makes our investment less risky, it makes the financial returns from our investments better, and really turn it into, you know, a win-win scenario for these communities.”

Residential development is also identified as one of the priorities in Canton’s OZ. Inspired by the 1% down payment credit incentive provided by NEST QOF¹⁵ and the City of Lexington, a nascent idea mentioned in our previous discussion was to create a partnership with the Graham Health System and housing renovation contractors to attract a critical workforce.

¹³ Duluth Opportunity Zone Portal: <https://arcg.is/0v9bDS>

¹⁴ LISC OZ Community Partner Playbook: <https://www.lisc.org/opportunity-zones/community-partners-playbook/>

¹⁵ Nest Opportunity Fund’s 1% down payment credit: our economic development partnership with the city of Lexington: <https://nestopportunityfund.com/faqs/for-investors/>

4.2.5 Local Entrepreneurs

The program creates a chance for the communities to recruit new players for economic development. A research report from Urban Institute found that “OZs are reaching actors that had not been engaging with the community development field”, “OZs are catalyzing an ecosystem of community development efforts”, “most observers appear to agree that a primary benefit of the program is that it elevates the visibility of neighborhoods and deals that investors might not have considered otherwise” (Theodos et al., 2020). People with little background in the mainstream community development industry who uses OZ for equitable development included “a musician who is obtaining OZ financing to redevelop a theatre in Birmingham, Alabama; a NASA engineer who became a part-time solar entrepreneur after volunteering on a project to bring solar power to her children’s school; and a grassroots group seeking to develop tiny homes for the homeless”. “The people working on this are not the traditional community development people,” said an OZ consultant (Theodos et al., 2020, p. 7) While our initial conversations did include local entrepreneurs, there is certainly an opportunity to explore development ideas more comprehensively with local business leaders.

4.2.6 Property Owners

The team also tried to organize priority land tract (Appendix 2) information for marketing sites utilizing Intersect Illinois¹⁶ and Location One¹⁷ protocols. The only GIS information available is Mason County¹⁸ and Fulton County Property Tax Inquiry Systems¹⁹ with parcel numbers, owner’s information, and property class. However, they have limited data on acreage and zoning in these databases. Infrastructure and zoning in Havana can be found in their Comprehensive Plan 2016²⁰. Utility capacity data are proprietary and often subject to changes as development occurs. Keith J. Plavec, Vice President at Maurer-Stutz, Inc., and Ameren agreed to provide utility and infrastructure consultancy as projects move forward. The communities experienced difficulties in gathering the comprehensive data Intersect Illinois requests from property owners.

4.2.7 Researchers

Our preparation before the ag business roundtable and data center development involved interviews with several faculties at the University of Illinois at Urbana-Champaign to gather insights on (i) the emerging trend in agriculture technologies and businesses, (ii) project requirements, and what types of projects fit Havana and Canton, and (iii) what gaps should the community strive for. We learned that many of the big companies have moved their data centers to developing countries, so data centers with high-security concerns might be more suitable to pursue. Graham Health System represents one of the largest employers and has experienced significant growth over the past few years, making them an ideal company to take advantage of Opportunity Zone funding.

¹⁶ Intersect Illinois website: <https://intersectillinois.org/>

¹⁷ Location One website: <https://www.locationone.com/>

¹⁸ Mason County GIS website: <http://masonil.wthgis.com/>

¹⁹ Fulton County GIS website: <http://fultonil.devnetwedge.com/>

²⁰ City of Havana, Comprehensive Plan 2016. <http://www.havanail.gov/wp-content/uploads/Comprehensive-Plan-2016.pdf>

4.3 Transparency Issues

State governments are not the only ones frustrated by the lack of transparency of the program. Many call for transparency for the OZ program to bring more benefits than harms such as gentrification and displacement (EIG, 2019; Gelfond & Looney, 2018; Pipa, 2018; Soergel, 2019). For example, many of the luxury student housing in Champaign, IL took advantage of the program. Some researchers even use OZ as one of the indicators for gentrification risk²¹. The current law limits IRS's ability to share information other than aggregated data. These negative reviews affect people's prospects of the program and deter actions due to the fear that the program will end soon (interview with IL DCEO).

Developing and maintaining a tracking system incurs additional cost, thus is considered counter-productive, but there are emerging initiatives working on the issue. The state of New York is introducing an Act to increase the transparency of the project. The Forbes OZ 20 list, which highlights the top OZ fund founders and community leaders from both urban and rural parts of the US, emphasizes transparency and monitoring efforts as one of the selection criteria. The concern points to another function of the investment prospectuses, it is not only a marketing tool but also a tool to inform the communities about outside investors' activities.

4.4 Project Impacts on the Community

Regardless of whether the identified projects will use the OZ tool or not, the effort to build an investment prospectus (a guide to the investors) prompts the community to review community assets and challenges, to reflect on long-term priorities, to develop upon their strengths, and to re-discovery their position in the new markets and networks. For example, focus group participants from Canton shared that the discussion shed new light on the potential of infill development in the defined geographic area. Havana identified the Illinois River Biologic Station and ag businesses as their pillars. To ensure the feasibility of these projects, both communities strengthen their connections with their regional utility provider through community conversations.

4.5 Uses of Data

Some sites rank Opportunity Zones based on data. The author is doubtful about such an approach since it serves the interests of the investors instead of communities, which betrays the original intent of the program. The scores ignore the reasons why the selected areas are depressed, creating a new competition among the places already left out in the economic recovery process. The top-scoring Opportunity Zones ranked by Smart Growth America²² are Downtown Oakland, Downtown Seattle, Downtown Portland, Downtown Newark, and the International District in Seattle, which are places relatively depressed compared to their surroundings, but still in a much more advantageous position compared to rural OZs. It indicates that some OZs are not "smart" enough to be worthy of investors' consideration. This points to the questions of how to use data in a socially responsible way, instead of helping investors to reap the biggest benefits. Therefore, I

²¹ Climate Justice Series: Climate Gentrification in Florida. Department of Urban and Regional Planning at the University of Illinois Urbana-Champaign. Available at:

https://mediaspace.illinois.edu/media/t/1_pa0fb7ot

²² <https://smartgrowthamerica.org/program/locus/opportunity-zones/>

intentionally did not use a standardized way to measure up and describe the communities on the website, but only picked the statistics showing needs and strengths related to priority projects.

4.6 Lessons about Community Development

The project not only greatly enriched my learning experiences, but also fulfilled my interests in rural development, environmental protection, agriculture business, infrastructure data and needs, land use planning, housing, and policy design and implementation. It was a precious opportunity to talk to people from different sectors and geography to learn about their work, understand priorities, and connecting resources to tackle frustrations.

The experience of building lists of focus group participants, designing the questions, and moderating the meetings was also a great learning process. Every focus group takes a few weeks to gather insights on how to best structure the conversation. We found it helpful to rally community spirit by asking the groups for examples of times the community came together to accomplish something. It was also important to give people time to reflect instead of moving on many questions fast. Participants are less used to digital documents and handouts are more helpful. We gathered limited feedbacks on focus group reports on Google docs but received a lot of comments in our bi-weekly or tri-weekly advisory group meetings.

Project ideas grew exponentially after the first two focus groups. The way the connections were made was largely unexpected. For example, the connection with the Asian Carp Co-op was made through Fred Lutzi, a participant in a biofuel and bioproduct-related focus group I facilitated. I made a follow-up call to learn about the lessons from a past project converting a closed fire plant to a biorefinery trying to save the jobs. Through Fred, I was connected to Sean Park who has been worked on the Asian Carp project and looking for an aggregation site. The connection with the Qualified Opportunity Fund consultant was made through Spoon River Partnership for Economic Development during an advisory meeting, which may solve the Solar-for-All project's funding needs. Also, I was surprised to find faculty from the University also endorses that Havana has great tourism potential, which can also be a potential OZ project. Many other ideas require further conversation, such as establishing a city fund, engaging banks, and high net-worth individuals, data center, affordable housing, manufacturing, workforce development, art education, small businesses, hemp farm, and composting business.

I appreciate the generosity of everyone who spent their precious time talking to us and helped with their expertise. I cannot be grateful enough for the care and guidance from my advisor Kathie, who allowed me to make connections to people I would have never imagined talking to, encouraged me to stay resilient in community development efforts and be open to options, identified feasible next-steps from the ideas I threw out, and supported me mentally throughout this special year under lockdown along with many disheartening events. As an international student, I feel honored to be welcomed, valued, and supported by both communities. I am looking forward to witnessing the progress in the communities in the future.

References

- Beaulieu, B. (2020). *Opportunity Zones: Building a Brighter Future for Rural Indiana*. <https://pcrd.purdue.edu/opportunity-zones-building-a-brighter-future-for-rural-indiana/><https://pcrd.purdue.edu/opportunity-zones-building-a-brighter-future-for-rural-indiana/>
- EIG. (n.d.). *HISTORY OF OPPORTUNITY ZONES*. Retrieved April 5, 2021, from <https://eig.org/opportunityzones/history>
- EIG. (2019, December 12). *Unpacking the IMPACT Act*. <https://eig.org/news/unpacking-the-impact-act>
- Enterprise Community Partners. (2018). *Opportunity Zones State and Local Policies to Prevent Displacement and Attract Investment*. <https://www.enterprisecommunity.org/download?fid=9451&nid=6906>
- Fujita, R., Nelson, K., Avery, B., & Anderson, K. (2021). *Want to Defer or Reduce Capital Gains Tax? What to Know About the Tax Benefits of an Opportunity Zone Investment [Updated]*. <https://badermartin.com/want-to-defer-or-reduce-capital-gains-tax-looking-to-invest-in-a-real-estate-or-other-business-what-to-know-about-the-tax-benefits-of-opportunity-zones/#:~:text=Two Types of Qualified Opportunity Zone Investments&text=indirect investments in the equity,Qualified Opportunity Zone Business Property>
- Fulton, W. (2019). Opportunity Zones: Gentrification on Steroids? In *Kinder Institute Research*. <https://kinder.rice.edu/urbanedge/2019/02/20/opportunity-zones-gentrification-steroids>
- Gelfond, H., & Looney, A. (2018). *Learning from Opportunity Zones: How to improve place-based policies*. https://www.brookings.edu/wp-content/uploads/2018/10/Looney_Opportunity-Zones_final.pdf
- Illinois Valley Chamber of Commerce. (n.d.). *Opportunity Zones*. Retrieved April 5, 2021, from <https://www.ivaced.org/opportunity-zones#:~:text=The Opportunity Zones incentive is,urban and rural communities nationwide.>
- Kaergard, C. (2019, August 21). About 195 to lose jobs as 3 local power plants close. *Journal Star*. <https://www.pjstar.com/news/20190821/about-195-to-lose-jobs-as-3-local-power-plants-close>
- Katz, B., & Saadine, M. (2019). *Organizing Opportunity: How to Drive Responsible Real Estate Investment in Opportunity Zones*. <https://drexel.edu/nowak-lab/publications/reports/organizing-opportunity/>
- Keller, J., Kenney, E., O'Dell, M., & Schuh, E. (2019). Opportunity Zones: Understanding the Background and Potential Impact in Northeastern Illinois. *ProfitWise News and Views*, 1, 2. [https://www.chicagofed.org/~media/publications/profitwise-news-and-views/2019/pnv1-2019-opportunity-zones-cmap.pdf](https://www.chicagofed.org/~/media/publications/profitwise-news-and-views/2019/pnv1-2019-opportunity-zones-cmap.pdf)
- Knierim, A., & Nowicki, P. (2010). SWOT Analysis: Appraisal of a New Tool in European Rural

Development Policies. *Outlook on Agriculture*, 39, 65–72.
<https://doi.org/10.5367/000000010791169970>

Lowry, S., & Marples, D. J. (2020). *Tax Incentives for Opportunity Zones*.
<https://fas.org/sgp/crs/misc/R45152.pdf>

Office of the Comptroller of the Currency. (2020). *Community Developments Fact Sheets: Opportunity Zones*. <https://www.occ.gov/publications-and-resources/publications/community-affairs/community-developments-fact-sheets/cd-fact-sheet-opportunity-zones.pdf>

Pipa, A. F. (2018). *Maximizing the impact of new Opportunity Zones requires transparency and citizen engagement*. BROOKINGS. <https://www.brookings.edu/blog/up-front/2018/04/16/maximizing-the-impact-of-new-opportunity-zones-requires-transparency-and-citizen-engagement/>

Shelley, T. (2021, January 29). Havana Looks To Reinvent Itself As An Outdoor Tourism Destination. *WCBU.Org*. <https://www.peoriapublicradio.org/post/havana-looks-reinvent-itself-outdoor-tourism-destination#stream/0>

Soergel, A. (2019, November 8). Lawmakers Demand Answers as Spotlight Shines on Opportunity Zones. *U.S.News*. <https://www.usnews.com/news/cities/articles/2019-11-08/lawmakers-demand-more-transparency-on-opportunity-zones>

Theodos, B., Hangen, E., & González-Hermoso, J. (2020). *An Early Assessment of Opportunity Zones for Equitable Development Projects: Nine Observations on the Use of the Incentive to Date*. <https://www.urban.org/sites/default/files/publication/102348/early-assessment-of-opportunity-zones-for-equitable-development-projects.pdf>

Theodos, B., & Meixell, B. (2019). *How Chicago and Cook County Can Leverage Opportunity Zones for Community Benefit*. https://www.urban.org/sites/default/files/publication/99586/how_chicago_and_cook_county_can_leverage_opportunity_zones_for_community_benefit_1.pdf

Theodos, B., Meixell, B., & Hedman, C. (2018). *Did States Maximize Their Opportunity Zone Selections? Analysis of the Opportunity Zone Designations*. https://www.urban.org/sites/default/files/publication/98445/did_states_maximize_their_opportunity_zone_selections_7.pdf

Understanding the Relationship between Opportunity Zones and Displacement Pressure in Chicago. (, February). *Institute for Housing Studies at DePaul University*. <https://www.housingstudies.org/blog/opportunity-zones-and-displacement/>

Appendix

1. List of Resources

National

- IRS: <https://www.irs.gov/credits-deductions/businesses/opportunity-zones>
- HUD: <https://opportunityzones.hud.gov/> Highlights:
 - Rural Opportunity Zone Targeted Programs (Programs are hyperlinked to their respective agency's website):
https://opportunityzones.hud.gov/sites/opportunityzones.hud.gov/files/documents/WHO_RC_Rural_Opportunity_Zone_Resources.pdf
 - Local Leaders: <https://opportunityzones.hud.gov/localleaders>
 - OPPORTUNITY ZONES TOOLKIT | VOLUME 1: A Roadmap to Planning for Economic Development within Opportunity Zones
https://opportunityzones.hud.gov/sites/opportunityzones.hud.gov/files/documents/Opportunity_Zones_Toolkit_Roadmap_FINAL_Edited_092319.pdf
 - OPPORTUNITY ZONES TOOLKIT VOLUME 2: A Guide to Local Best Practices and Case Studies:
https://opportunityzones.hud.gov/sites/opportunityzones.hud.gov/files/documents/Opportunity_Zones_Phase2_Community_Toolkit.pdf
 - Mailing list:
<https://www.hud.gov/subscribe/signup?listname=Opportunity%20Zones&list=OPPORTUNITY-ZONES-L>
- EDA: <https://www.eda.gov/opportunity-zones/>
- NOVOGRADAC Opportunity Zones Resource Center: <https://www.novoco.com/resource-centers/opportunity-zones-resource-center>
Include: News; OZ Basics; Guidance and Tools; Legislation and Court Rulings; Research and Reports; Advocacy, Correspondence and Testimony
- Economic Innovation Group (EIG) Opportunity Zone activities in the country: funds, businesses, initiatives. Available at: <https://eig.org/oz-activity-map>
- Opportunity Zone Database: <https://opportunitydb.com/>
Include: Free Guide; OZ Map, OZ Podcast; Fund Database; Form an OZ Fund; OZ Tax Calculator
- Council of Development Finance Agencies (CDFA):
<https://www.cdfa.net/cdfa/cdfaweb.nsf/tags.html?open&tag=Opportunity%20Zones>
- National Association of Development Organizations (NADO):
<https://www.nado.org/tag/opportunity-zones/>
- NCSHA Zone Fund Directory: <https://www.ncsha.org/resource/opportunity-zone-fund-directory/>
- NCSHA Opportunity Zones | Articles and Background Materials
<https://www.ncsha.org/resource/opportunity-zones-articles-and-background-materials/>
- Rural OZ Scout: <https://startup-scout.ruralopportunitymap.us/#/>

Illinois

- Illinois Department of Commerce & Economic Opportunity (DCEO). Illinois Opportunity Zones: <https://www2.illinois.gov/dceo/Pages/OppZn.aspx>
- Illinois Valley Chamber of Commerce: <https://www.ivaced.org/opportunity-zones#:~:text=The%20Opportunity%20Zones%20incentive%20is,urban%20and%20rural%20c ommunities%20nationwide>
- Opportunity Zone Database. Opportunity Zones in Illinois: <https://opportunitydb.com/location/illinois/>
- Illinois Geospatial Data Clearing House: <https://clearinghouse.isgs.illinois.edu/data>

Regional / Other States:

- Midwest Opportunity Zone Forum. <https://www.midwestoppzone.com/>
- Colorado Opportunity Zone Program. <https://oedit.colorado.gov/colorado-opportunity-zone-program>

Investment Prospectus

- EPA Guide: https://www.epa.gov/sites/production/files/2021-01/documents/building_community_prospectus.pdf
- The Acadiana Planning Commission: <http://planacadiana.org/opportunity-zones/opportunity-zone-prospectuses/>
- Accelerator for America. Investment Prospectus Guide: A How-To for Opportunity Zones <https://static1.squarespace.com/static/5d9f9365f67b454b1ce2dc2f/t/5e38ae218a999b24d895fe2e/1580772908835/New+AFA+Prospectus+Guide.pdf>
50+ Investment Prospectuses examples: <https://www.acceleratorforamerica.org/economic-development>
- Colorado Opportunity Zone Program with prospectus examples and link to project/investor database. Available at: <https://oedit.colorado.gov/colorado-opportunity-zone-program>

Investor Engagement

- EPA Guide: https://www.epa.gov/sites/production/files/2021-01/documents/five_strategies_engaging_oz_investors.pdf
- Fund listing: NOVOGRADAC, EIG, OZ Database, Databases by States

Site Selection Databases:

- Intersect Illinois: <https://intersectillinois.org/>
- Enterprise Zones Illinois: <http://www.enterprisezonesillinois.com/>

Other Supportive Programs:

- EPA Brownfield development grants and technical assistance: <https://www.epa.gov/brownfields>
- Historic Preservation, Illinois Historic Preservation Tax Credit Program, Available at: <https://www2.illinois.gov/dnrhistoric/Preserve/Pages/statecredit.aspx>

Small businesses

- Illinois University Incubator Network, Available at: <http://illinoisincubators.org/>
 - Illinois Small Business Development Center at Western Illinois University. Contact: Jim Boyd
Director America's SBDC Illinois at Western Illinois University | phone 309-298-3040 |
jc_boyd@wiu.edu. Available at: <https://wiusbdc.org/our-offices/>
 - U of I Extension Webinar: How to Finance a Business 2 17 21:
https://www.youtube.com/watch?v=nlaoAuy-GDk&ab_channel=IllinoisExtensionCED Slides:
<https://uofi.app.box.com/s/h5jfe0mfrow2xaz38vg9sn6fzhhe56kk>
- ✓ Find a Small Business Development Center near you: <https://americassbdc.org/find-your-sbdc/>
- ✓ In Illinois you can find your local SBDC at
<https://www2.illinois.gov/dceo/SmallBizAssistance/BeginHere/pages/sbdc.aspx>

Other Theatre Projects in OZs

- The Historic Dunbar Theatre. Available at:
<https://www.wichita.gov/Economic/OZ/Pages/Dunbar.aspx>
- Victory Theatre. Available at: <https://opportunitydb.com/projects/victory-theatre-4040878480/>
- Fitchburg State University (FSU) has acquired a historic downtown commercial property which includes a former 1,600-seat Fitchburg Theatre (currently dormant), 7 commercial storefronts, and upper-story office space which was recently developed into FSU's "ideaLAB" facility (entrepreneurial workspace combined with academic computer gaming lab). Currently, the university is preparing the design for full restoration of the theatre and actively obtaining historic tax credits. Available at: <https://opportunitydb.com/projects/fitchburg-theatre-block-5734851532/>

Fiber Access

Broadband Illinois: <http://www.broadbandillinois.org/index.html>

2. Priority tracts in Havana and Canton

The Lawford Theatre in Havana

Parcel Number 0901226002

225 West Main Street, Havana, IL

Morgan's lot in Havana

Parcel Number 0901230001, 0901230002, 0901230003

300 Block of East Main Street

There are three vacant lots.

Onken's lot in Havana

Parcel Number 0912200002

This is industrial, South of town, at Pear and Wagner Streets

Commercial Development Location in Canton

PIN 09-08-29-200-003

This site is the location is on property currently owned by the Canton

Residential Housing Opportunity in Canton

PIN 09-08-36-100-004

This is the original site we went and looked at in person that is currently a farm field. This area has been discussed previously as potential for residential development.

3. Focus Group 1: Creating new opportunities for the Arts in Havana Report

Participants: *Phil Funkenbusch, Lincoln Museum Director; Savanna Burgett, City of Havana; David Alan Badger, Local Artist; Mayor Brenda Stadsholt, City of Havana; Brenda Devenport-Fornoff, City of Havana; Gracie Mott, Havana Park District Director; April Burgett, Havana Chamber of Commerce & Historic Havana Lofts; Bill Blessman, Mason County Administrator; Casey Peterson, Greater Peoria EDC; Beth Reusch, Peoria Area Convention & Visitors Bureau; Edward David Anderson, Local Artist; Matt Plater, Superintendent Havana School District; Shelley Hocking, Havana National Bank; Jason Beverlin, Deputy Director River Conservation at The Nature Conservancy; Brenda Haare, SBHRedevelopment.*

Poll 1 – Have you heard of Opportunity Zones?

Participant experiences – examples of times the community came together to accomplish something:

- Following World War II, the area came together to create Mason District Hospital. That sense of pride and community commitment has remained as demonstrated by a repeated investments and expansions of the hospital and its services. In 2006 the community raised 1.2 million in private funding for hospital improvements.
- Numerous collaborative events and festivals have been created through the Emiquon Partnerships, which brings together City of Havana, Chambers of Commerce, University of Illinois Biological Station, The Nature Conservancy, Illinois Department of Natural History, US Fish and Wildlife and others. Key successes have included Eagle Days and American Queen riverboat visit. The events have educated the public and promoted the area as a designation for outdoor recreation opportunities.
- Renovation of the historic downtown Havana over the past couple of years is a remarkable demonstration of revitalization and the community's willingness to invest sweat equity into projects that provide mutual benefit to businesses and the community.
- Riverside Renovation & Restoration Committee is yet another great illustration of private investment/efforts to the benefit of the entire community. The building started as a private residence in the late 19th century and then served as the headquarters of a couple clubs before becoming the USO building that served Fort Ellis during the World War II era and has been a great source of pride for the community.
- Hava-Vision committee has been in existence for almost 20 years, the goals and sub-committees formed as part of this planning project have played an important role in advancing community's development.

What general areas do you see where investment should be pursued in Havana within the designated opportunity zone?

- Create new opportunities for light industrial development utilizing abandoned factory sites, especially in the southern side of the community.

- Look for recreation/park enhancements that would serve public interests and spur private investments.
- Some work has been completed looking for suitable sites for Asian Carp Processing plant.
- Follow models set forth in other site selection protocols such as those utilized by GP EDC Site Selection process.
- Hemp production/processing facility
- Historical Theatre renovation for arts/entertainment opportunities – films, plays, musical performances, competitions, e.g. dot color competition, and community events.
- Follow guidelines, suggested approaches as those currently utilized in Colorado. (slide referenced in discussion, as best practice)

What other community assets/resources/collaboration could be leveraged in our community that support opportunity zone? What are challenges or factors that might hinder investment and needs to be taken into consideration with these potential opportunity zone investments?

Community Assets and Resources Supporting Development	Challenges that Hinder Investments/Development
<ul style="list-style-type: none"> · Historic theatre with a lot of potentials because of its size. · Private investment readiness as demonstrated through downtown business development. · Parks, schools, churches are all great sources of community pride and engagement. · Public funding available through Tax Increment Financing and Enterprise Zones. · Tourism amenities and strong advocates for additional recreational opportunities present in numerous collaborations throughout the region. · Strong potential for continued growth and development, creating new opportunities for positive economic impact. · GP EDC Site Selection and marketing efforts. · Plenty of dredging for composting business (need a large enough site and willing sellers) · USDA Rural Development · Historic Building Renovation funding – experienced grant writers. · Economic Impact Calculator Tool for events and projects from Discover Peoria to market the projects · Water availability → good for wine/beer production · Microbrewery already running but needs a location and capital · Rooftop solar is worth investigation 	<ul style="list-style-type: none"> · Finding projects fit the rules for OZ program · High utility fees to run the theatre. Monthly expenses projection required. · Economic viability is always of concern; careful feasibility analysis is needed for projects. · Discovery of similar efforts to learn from and to build upon, i.e. SWAMP theatre in the south wrote plays and performances based on their own community stories. · Time constraints – need projects ready for investment immediately · Limited access to the resources needed to incubate ideas, mentor business startups, and other business planning/coaching resources. · Investments made in study and information needed to inform project design and aide in making a project ready for investment.

What were your “ah-ha” moments during this focus group experience? What did you discover/learn that you would otherwise not have known if you had not participated?

- Economic development requires careful attention to how incentives are utilized, understanding the impact of incentives on existing businesses.
- Prioritization of projects will require careful examination to pursue those which benefits the community as a whole.
- Important not to limit ourselves on ideas, staying static is not an option for sustaining the community. We need to take actions.
- Schools, churches, and many other elements of the community have a lot at stake in the growth and development of the region. It’s about economic stability and growth that sustains the fabric of our community.

4. Focus Group 2: Creating new opportunities for residential development in Canton Report

Participants: *Keith Plavic, Mauer Stuts Engineering; William Debord, Bank of Farmington; Clint Naugle, Bank of Farmington; Bobby Brown, Flat Branch Home Loans; Curt Oldfield, Spoon River College; Kent McDowell, Mayor City of Canton; Tad DeRenzy, Canton Public Schools; Cole McDaniel, Spoon River Partnership for Economic Development.*

Poll 1 – Have you heard of Opportunity Zones?

Participant experiences – examples of times the community came together to accomplish something:

- Recently 2018, the Canton Area Chamber of Commerce and others in the community joined together in a restoration of the garden theatre - <https://www.pjstar.com/news/20170713/canton-brightens-to-announcement-of-new-movie-theater>
- Significant private investments have been made in the downtown in recent past, and currently there has emerged a renewed effort of private investment in downtown buildings and businesses. In addition to private funding, public funding strategies will be put in place to create an investible community/downtown.
- Planning efforts for rehabilitation have successfully engaged Canton High School Construction classes in rehabilitation efforts.

What general areas do you see where investment should be pursued in Canton within the designated opportunity zone?

- Residential development has been a priority area of development for the city for some time, the following types of development were noted and areas for consideration were identified during the discussion:
 - o **Conservation Development** – development that enhances the natural amenities of the region providing much sought-after open spaces, including opportunities for outdoor recreation – trails, fishing, boating, gardening, enjoying the outdoors.
 - o **New subdivisions** – traditional planned development in areas within close proximity to city limits and within the opportunity zone.
 - o **Infill Development** – identification of strategic areas of the city which present the greatest opportunity for infill development that would serve both the need for new housing and improvement of existing housing stock.
 - o *Add specific addresses/descriptions and previously identified efforts that align with each of these types of potential development opportunities.*

What other community assets/resources/collaboration could be leveraged in our community that support opportunity zone? What are challenges or factors that might hinder investment and needs to be taken into consideration with these potential opportunity zone investments?

Community Assets and Resources Supporting Development	Challenges that Hinder Investments/Development
<ul style="list-style-type: none"> · Private investment readiness as demonstrated through past residential development and downtown business development. · Currently, there are existing plans/studies that are working to identify properties for acquisition in key areas of the city. · Parks, trails, neighborhood schools, employment centers such as Graham Medical Center. · Interested local builders and existing plans. · Need for transitional housing. · Planned highway enhancements Hwy. 24 to Peoria. 	<ul style="list-style-type: none"> · Land access · Topography, abandoned strip mine land may limit development potential · Water/sewer infrastructure access and costs · Planned 336 highway development

What were your “ah-ha” moments during this focus group experience? What did you discover/learn that you would otherwise not have known if you had not participated?

- Utilizing the concept of infill development as a strategy that works and fits well within the defined geographic area.
- Pursuit of infrastructure/site readiness funding to enhance development opportunities.
- The opportunity for focused conversation around opportunity zones was much appreciated by all, as this has not previously been a topic of conversation among those present.