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Opportunity Zones 2.0

Workshop #3: Capital Stack/General Q&A

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OZ 2.0 Financial Stack

- Community Development Financial Institutions (CDFI)
- Kansas Development Finance Authority
 - Kansas Housing Resource Corporation <https://kshousingcorp.org/>
- Qualified Opportunity Fund (QOF)
- Qualified Rural Opportunity Fund (QROF)

Key Features & Advantages of QROFs

- **Enhanced Incentives:** Under the Opportunity Zone Beneficial Business Act (OBBBA), investors holding investments in QROFs for five years get a 30% step-up in basis, reducing the original capital gain tax liability by 30%.
- **Reduced Improvement Requirement:** For rehabilitation projects, the substantial improvement threshold is halved from 100% of the building's value to 50% for rural tracts.
- **Targeted Investment:** These funds must hold at least 90% of their assets in qualified opportunity zone property located within a designated rural, low-income area.
- **Qualified Rural Zone Definition:** Qualified Rural Opportunity Zones (QROZs) are defined by the OBBBA as census tracts in rural counties experiencing high poverty.

Sample OZ Fund Listing

Novogradac® Resource Center

<https://www.novoco.com/resource-centers/opportunity-zones-resource-center/opportunity-funds-listing>

NOVOGRADAC® Opportunity Zones Resource Center			My Account	Contact Us	
About Opportunity Zones ▾			Guidance ▾	Legislation ▾	Advocacy ▾
Tools and Resources ▾					
eMpower Sponsor GHR QOF LP Menkiti Group Melissa Lee melissa@menkitigroup.com	Washington, D. C.	Office, retail			
Equity2 Impact Fund Equity2, LLC Emily Lecuyer 816.305.4767 emily@e2investing.com	Midwest with emphasis on Kansas and Missouri	Affordable housing, multifamily housing, mixed-use, workforce housing, operating business			
Kansas Qualified Opportunity Zone Livestock Fund Richard Wahl 785.769.4278 fbs_llc_nwks@reagan.com	Kansas/Colorado	Rural, agricultural livestock start-up businesses.			

Resource Checklist

- **What is Development Finance?**

- www.cdfa.net/cdfa/cdfaweb.nsf/pages/df.html

- **[Five Strategies for Engaging Opportunity Zone Investors \(pdf\)](#)**

- Includes key things to know about OZ investors and ideas for engaging with investors in equitable community development projects and helps communities get started in demonstrating readiness for investment.

- **Kansas Development Finance Authority**

- <https://kdfa.org/activities/>
- The Kansas Development Finance Authority promotes economic development for Kansas by facilitating long-term financing for capital projects and programs via the issuance of taxable and tax-exempt bonds or other securities. K DFA is the only multi-purpose, State-level finance authority serving Kansas.

- **Community Development Financial Institutions (CDFI) locators**

- <https://www.ofn.org/cdfi-locator/>
- <https://www.cdfifund.gov/cims>
- The primary mission of Community Development Financial Institutions (CDFIs) is to drive economic revitalization and expand financial opportunity in underserved, low-income communities. They provide fair, responsible financing and technical assistance to individuals, small businesses, and nonprofit organizations that lack access to traditional banking services.