



City of Cedar Rapids Opportunity Zones Investment Prospectus

Introduction to Opportunity Zones



Opportunity Zones

- + Established by the 2017 Tax Cuts and Jobs Act (New Internal Revenue Code Section 1400Z – Opportunity Zones)
- + Federal program designed to foster community investment by providing tax benefits to investors who hold their investment between 5-10 years
- + Opportunity Zones are low income census tracts where investors can finance new projects and enterprises in exchange for certain federal capital gains tax advantages



Opportunity Funds

- + Private sector investment vehicles that invest at least 90% of their capital in Opportunity Zones
- + This fund model enables a broad array of investors to pool their resources in Opportunity Zones, increasing the scale of investments going to underserved areas



Opportunity Zone Tax Incentives

Temporary Deferral

A temporary deferral of inclusion in taxable income for capital gains reinvested 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 December 31, 2026.

Step-Up In Basis

A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis is increased by 10% if the investment in the Opportunity Fund is held by the taxpayer for at least 5 years and by an additional 5% if held for at least 7 years, thereby excluding up to 15% of the original gain from taxation.

Permanent Exclusion

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. This exclusion only applied to gains accrued after an investment in an Opportunity Fund.



Opportunity Zones

Who can establish an opportunity fund?

Any entity, from a large bank to a community development financial institution, from a venture capital group to a developer consortium, as well as regional economic development organizations, can establish a fund as long as they follow the guidelines set out by the statute and Treasury (forthcoming).

What can an Opportunity Fund invest in?

Opportunity Zones enable funds to be responsive to the needs of different communities, allowing for investment in operating businesses, equipment, and real property. Funds can also invest directly in qualifying property, such as real estate or infrastructure, if the property is used in the active conduct of a business and if either the original use of the property commences with the fund or the fund substantially improves the property.

How is this different than other tax credits?

- More market-oriented
- Includes residential, commercial real estate, and business investments
- No benefit cap



Introduction to Cedar Rapids



Cedar Rapids

Cedar Rapids is a vibrant city, encompassing unique attractions, exciting events, specialty shopping, a dynamic art scene, and a large variety of restaurant and nightlife options. You'll find that Cedar Rapids offers one of the best places to live, work and play in the country.



We're known for our family-friendly climate, with plenty of public and private school options, popular youth sports programs, and a wealth of healthy outdoor recreation, from walking and biking, to hunting and fishing, and more. Local residents enjoy a full calendar of activities like fairs, festivals, and farmer's markets.

Housing choices in Cedar Rapids cover the entire spectrum, from stylish rentals and condominiums, to quiet, tree-lined neighborhoods, to executive housing, and rural settings. Best of all, the cost of housing and other elements of life is delightfully affordable, so residents are able to get more value for every dollar earned.



Cedar Rapids

- + In the last decade, the City has leveraged over \$400 million in private investment through incentives in the core of the community, in addition to other private investment
- + During this time, over 1,000 new housing units have sprung up as part of the revival for downtown housing
- + There is more than \$100 million worth of projects in the pipeline, including additional housing options

AS THE SECOND LARGEST CITY IN THE STATE, WE ARE:

The largest corn-processing city in the world



One of the leading bio-processing and food ingredient centers in North America



One of the leading manufacturing regions in the United States

Regional job concentration for professional engineers at 1.4 times the national average

Home to almost 300 different manufacturing plants and two dozen Fortune 500 companies, including:



Rockwell Collins, AEGON, General Mills, Cargill, Ingredion, PepsiCo, Archer Daniels Midland, Tata Consultancy Services, Transamerica, and Nordstrom



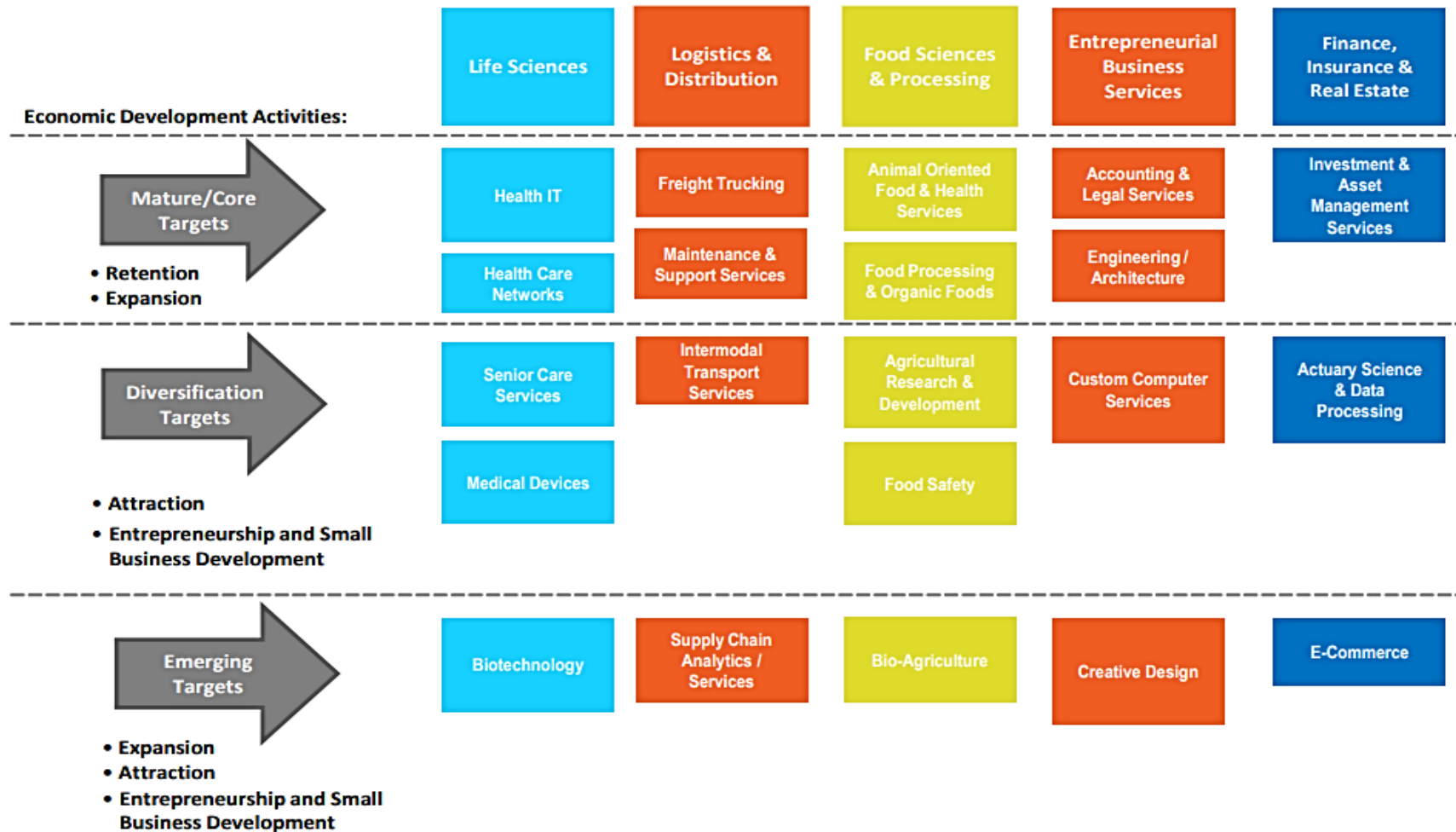
Cedar Rapids – Iowa City Corridor



Cedar Rapids is located within the heart of the 7-county region known as the Cedar Rapids-Iowa City Corridor. Cedar Rapids anchors the northern end of the Corridor which is 4,400 square miles and population of 463,000 and home to 30 Fortune 500 Companies. There are numerous cultural institutions, health care facilities, and recreation & entertainment amenities. In addition the corridor is home to numerous higher education institutions including the University of Iowa, Coe College, Mt. Mercy University, Cornell College, and Kirkwood Community College.



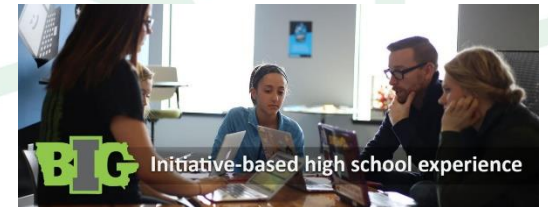
Target Industries & Niches



Workforce

Cedar Rapids is within a one-hour drive, we have **more than 788,000 workers**, many with the skill sets and educational attainment needed for today's technical, creative, and research jobs. Local workers have long been known for being **highly educated, hard-working, and more productive**, thanks in no small part to the longstanding work ethic woven into the fabric of eastern Iowa. In fact, national companies with operations here have said that our workforce is as much as **25 percent more productive than comparable workers in other cities**.

State and local governments are focused on keeping our area productive through **workforce initiatives** such as the Iowa Apprenticeship Program and the Iowa Industrial New Jobs Training Program. Our area's K-12 and higher education providers have strong partnerships that are **ensuring a steady pipeline of workers with the skills local employers need**. For example, the Cedar Rapids public schools have offerings that include Project Lead the Way, the Johnson STEAM Academy Magnet School, AP programs, robotics clubs, and the Iowa BIG program.



By the Numbers

- + Population: 134,662
 - *2023 Projected Population: 140,707 (4% growth)*
- + Median household income: \$57,113
- + Number of employees: 107,627
- + Unemployment rate: 3.5%
- + Housing units (Linn Co.): 97,259
 - *20.7% growth since 2000*
- + Median home value (Linn Co.): \$177,473
 - *20.7% growth since 2010*



Higher Education

Cedar Rapids is also home to a long list of higher education programs developed to support entrepreneurs and other employers. Kirkwood Community College has an array of employer-based programs delivered at multiple locations, and can even create custom on-site classes. Both the University of Iowa and Mount Mercy University have MBA programs, and Iowa State University has programs in the area that are suitable for the needs of nearly every industry. Other local providers and services include Coe College, Cornell College, and the Iowa Startup Accelerator.

Kirkwood
COMMUNITY COLLEGE



COE COLLEGE

MOUNT
MERCY 
UNIVERSITY



Cornell College

91.1%

of CR population has a high school diploma

28.7%

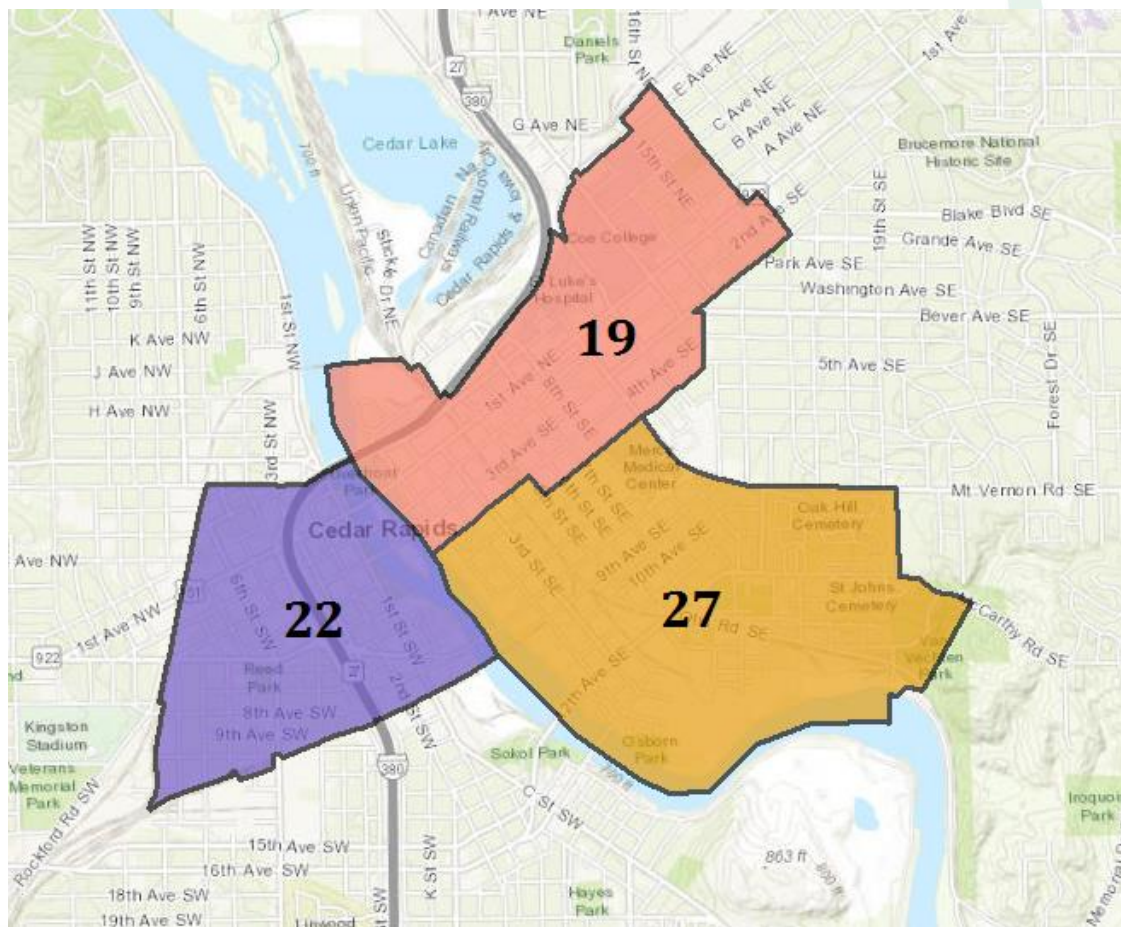
of CR population has a Bachelors Degree or higher



Cedar Rapids Opportunity Zones



CR Opportunity Zones



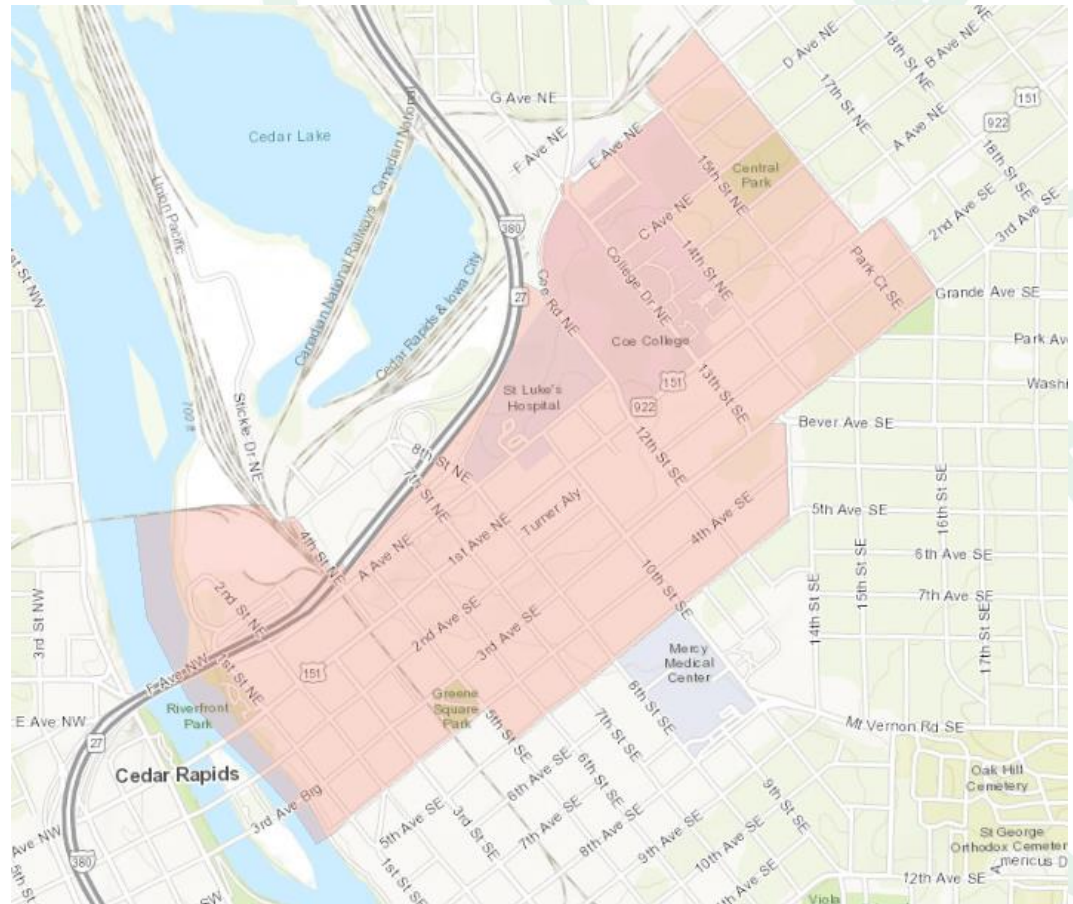
Cedar Rapids has 3 designated Opportunity Zones:

- + Census Tract 19
- + Census Tract 22
- + Census Tract 27



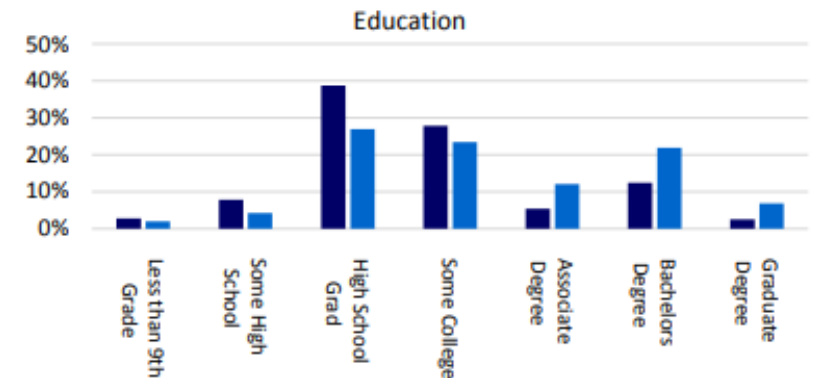
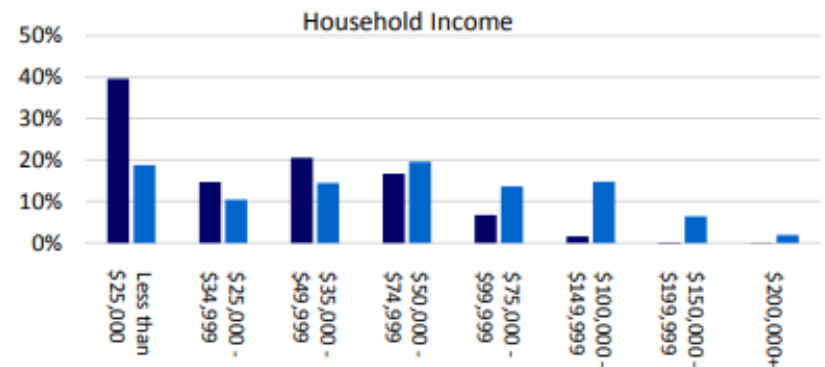
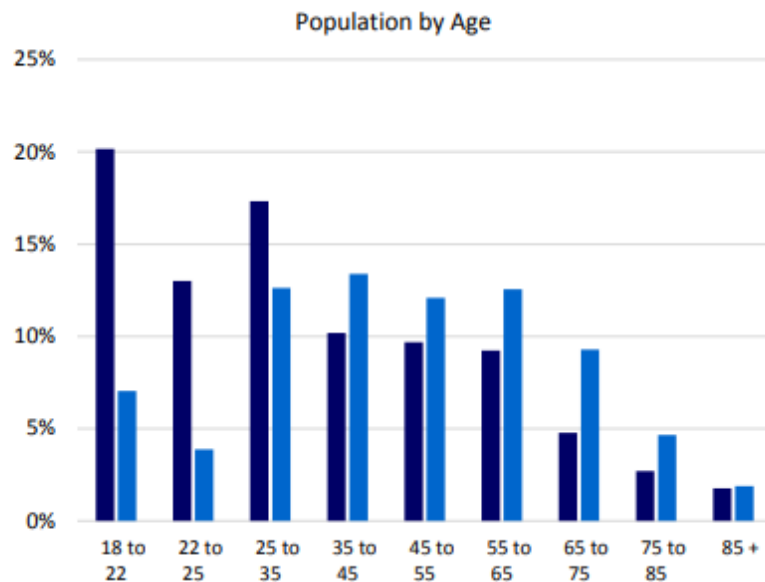
Census Tract 19

- Includes Downtown Core, MedQuarter, and Coe College
- 2018 Population: 3,048
- 2023 Population: 3,146
- 2018 Households: 909
- 2023 Households: 975
- Size: 0.7 square miles
- Key area assets:
 - US Cellular Center & Hilton DoubleTree Hotel
 - Theatre Cedar Rapids
 - Cedar Lake
 - Coe College



Census Tract 19: By the Numbers

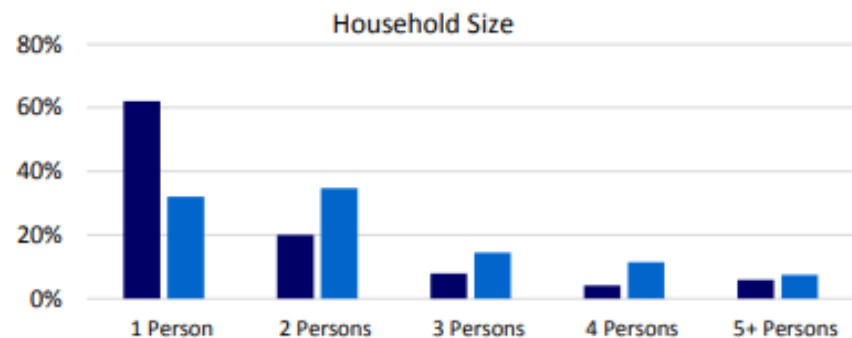
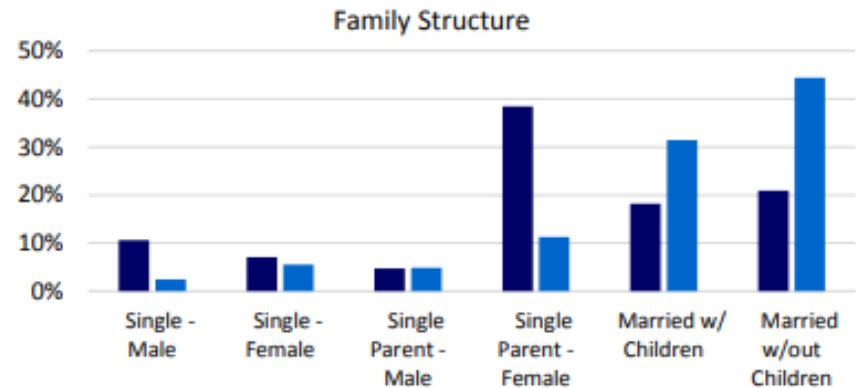
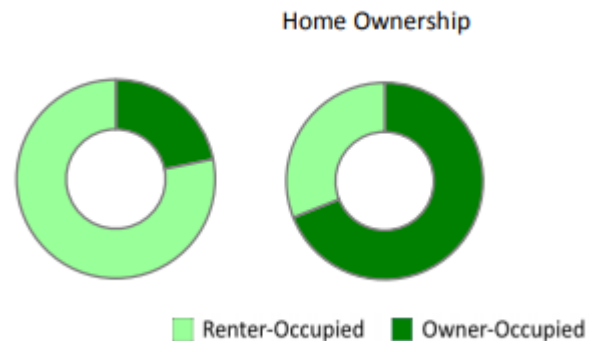
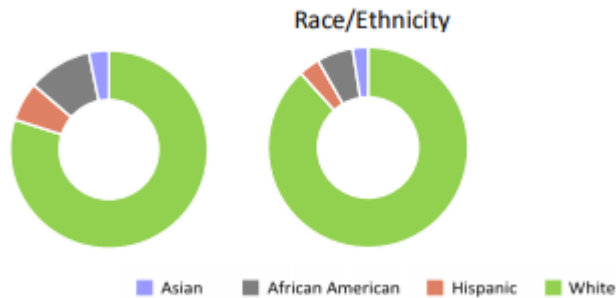
■ Census Tract 19 Opportunity Zone
■ Cedar Rapids, IA



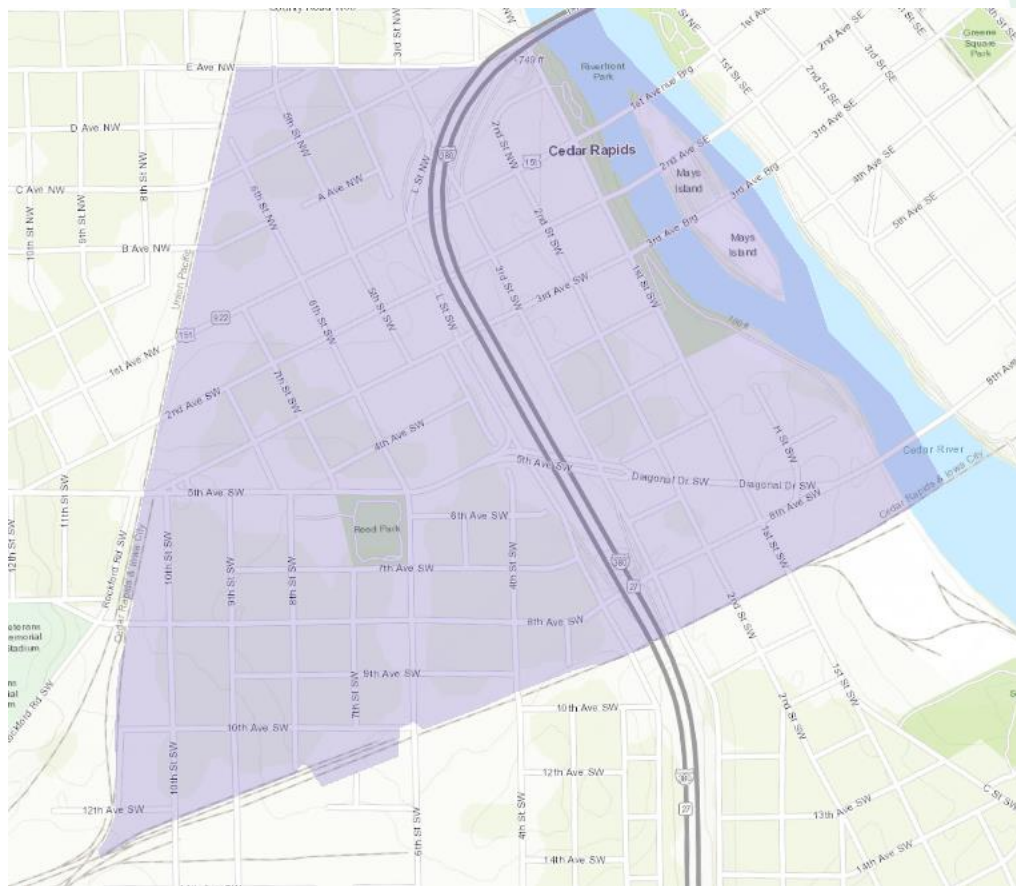
Census Tract 19: By the Numbers

Census Tract 19:

Cedar Rapids:



Census Tract 22

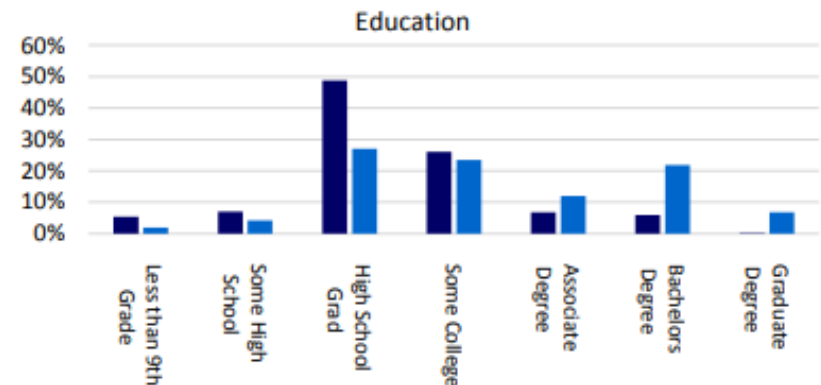
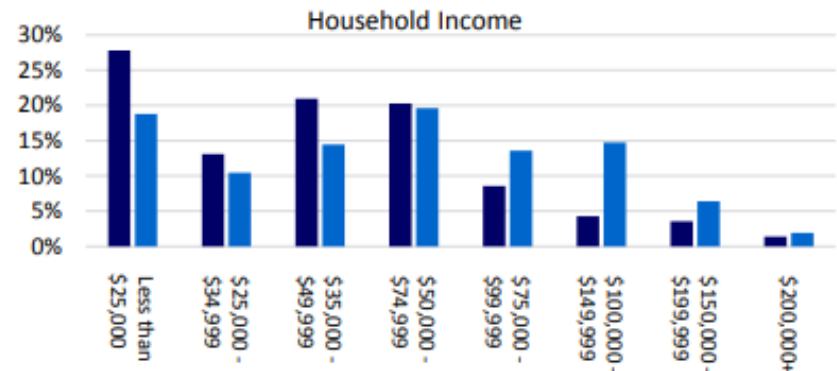
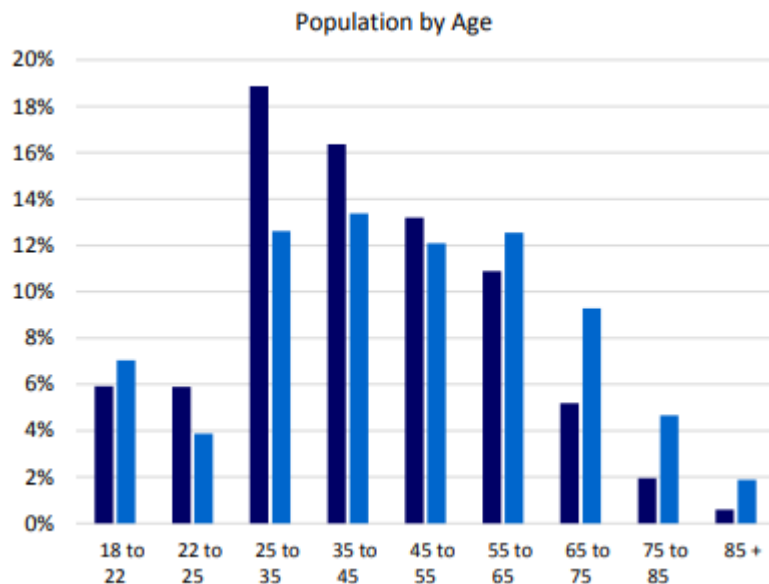


- Includes Kingston Village & Taylor Neighborhood
- 2018 Population: 2,204
- 2023 Population: 2,388
- 2018 Households: 789
- 2023 Households: 868
- Size: 0.6 square miles
- Key area assets:
 - McGrath Amphitheater
 - Sunner Memorial Park
 - Kernels' minor league baseball stadium



Census Tract 22: By the Numbers

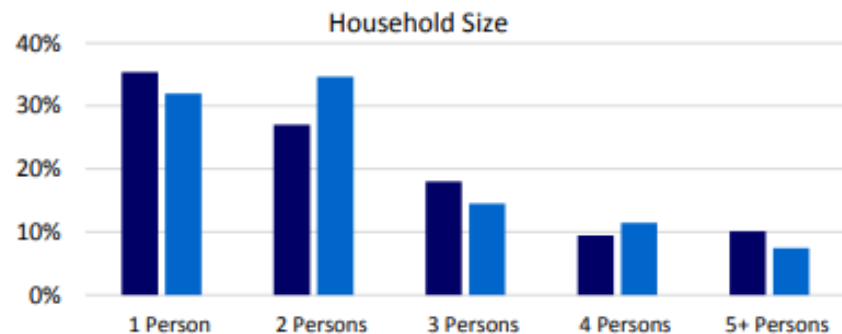
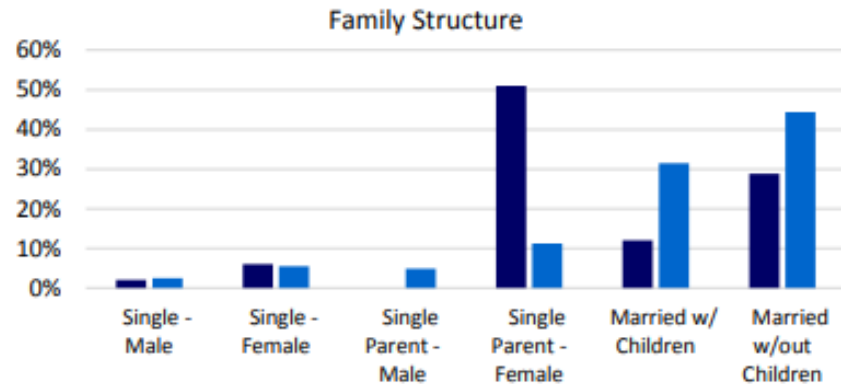
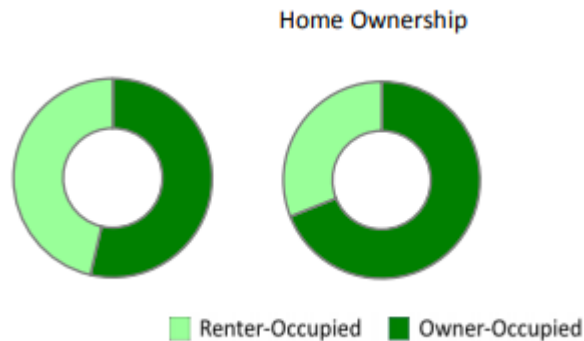
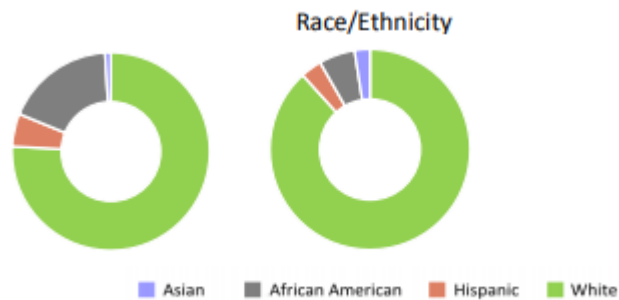
■ Census Tract 22 Opportunity Zone
■ Cedar Rapids, IA



Census Tract 22: By the Numbers

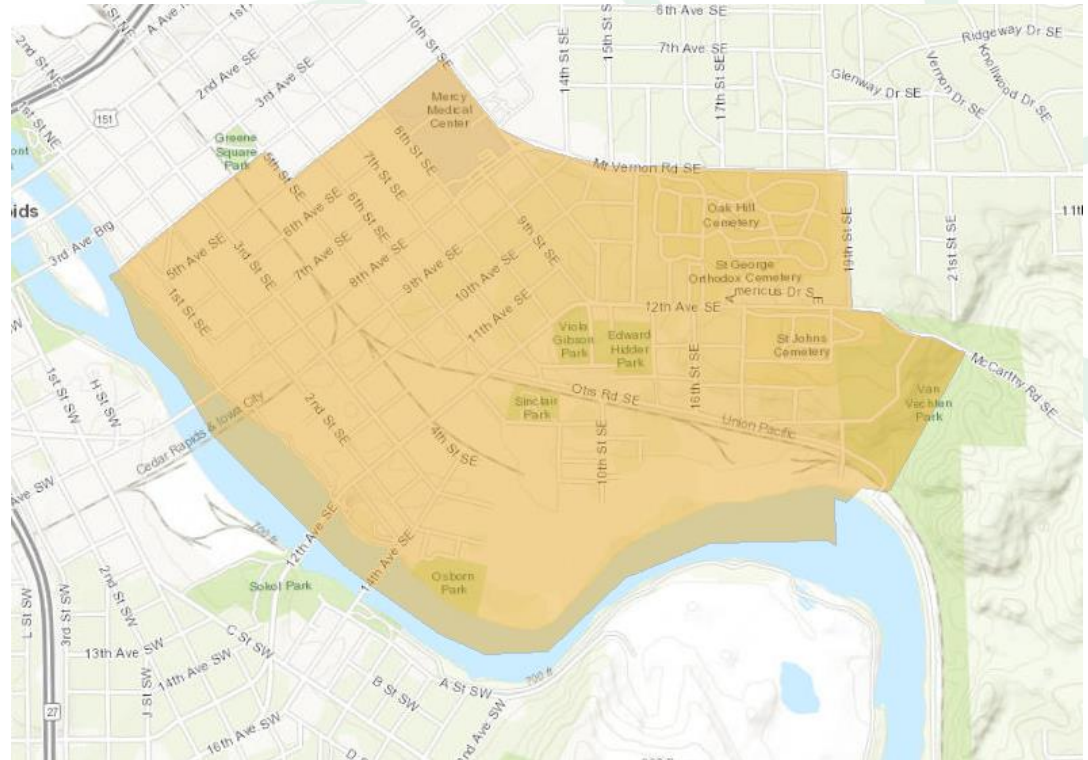
Census Tract 19:

Cedar Rapids:



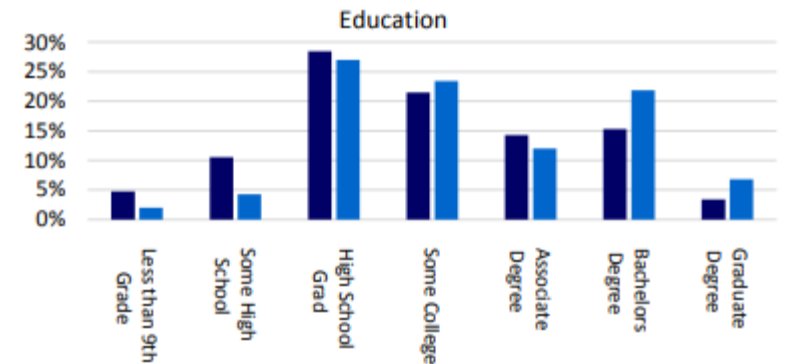
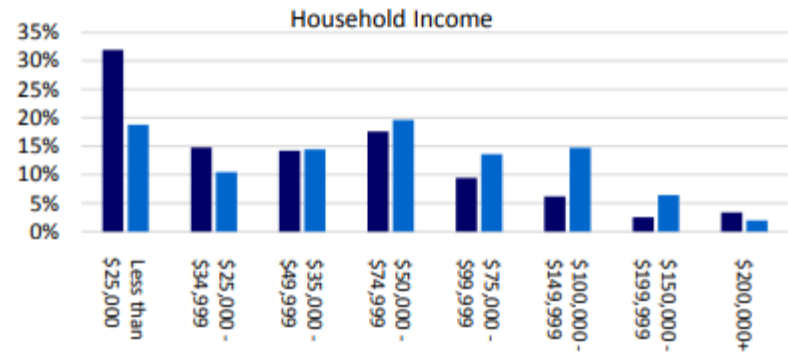
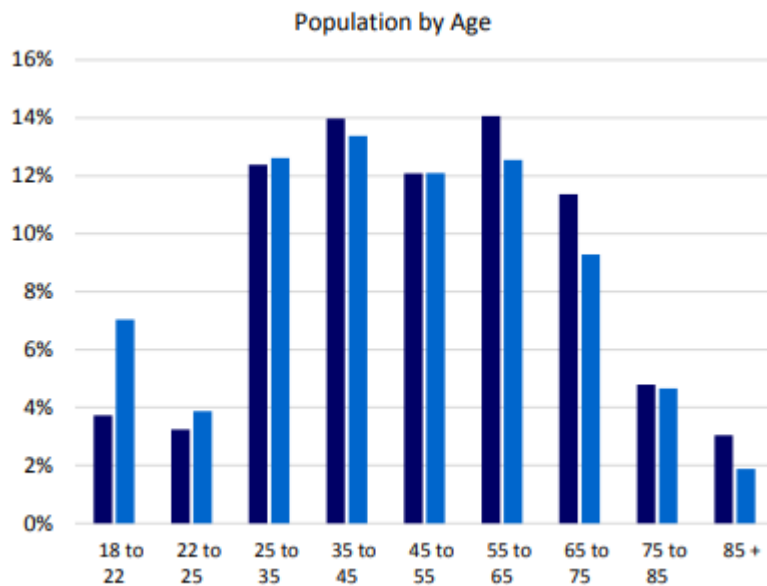
Census Tract 27

- Includes NewBo & Oak Hill Jackson Neighborhood
- 2018 Population: 2,068
- 2023 Population: 2,493
- 2018 Households: 1,036
- 2023 Households: 1,259
- Size: 1 square mile
- Key area assets:
 - NewBo City Market
 - Sinclair Levee Trail
 - Legion Arts
 - Federal Courthouse



Census Tract 27: By the Numbers

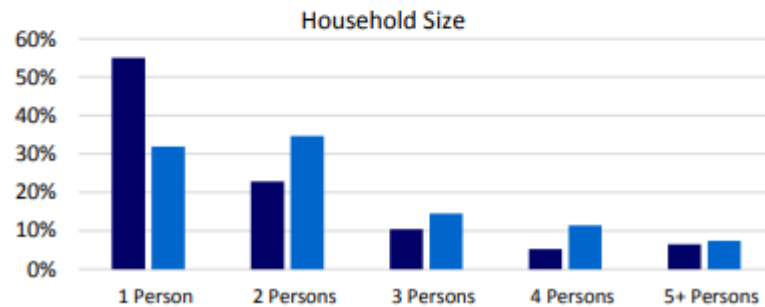
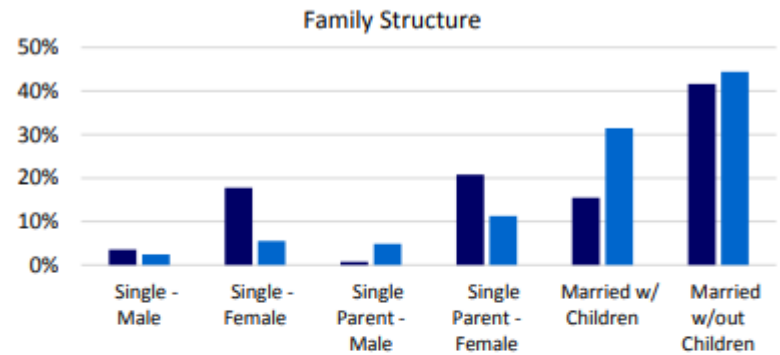
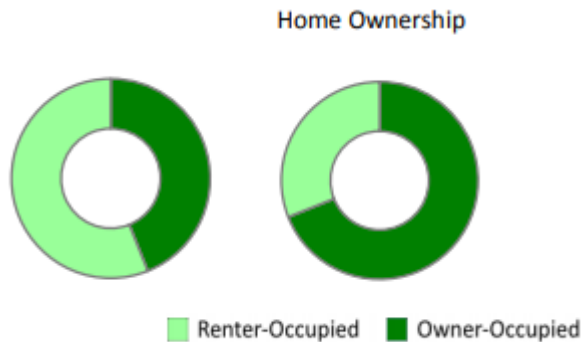
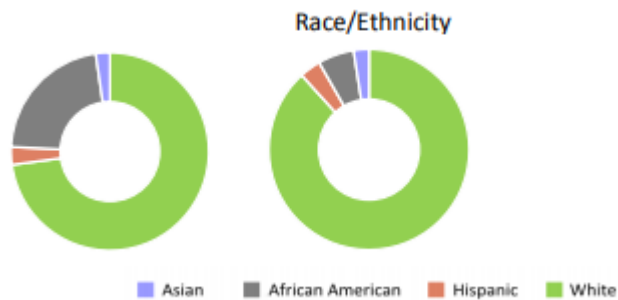
■ Census Tract 27 Opportunity Zone
■ Cedar Rapids, IA



Census Tract 27: By the Numbers

Census Tract 19:

Cedar Rapids:



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