Searching for Opportunity in the Land of OZ

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What Are Opportunity Zones?

Created in 2017 as part of the TCJA

» 8,766 low-income census tracts that are designated by governors and certified by the U.S. Treasury
» 35 million Americans live in an Opportunity Zone
» Opportunity to roll existing capital gains over into new investments for tax reductions and possible exemptions
» Capital must be invested through a Qualified Opportunity Fund to be eligible for tax incentives
In Search of Growth: The Opportunity Zone Index

X-axis: Composite OZI score; Y-axis: 10-yr population growth score

Sources: Census Bureau, IRS, Moody’s Analytics

Hillsborough County FL → McKenzie County ND
Alexander County IL → Hays County TX

Suburban, Rural, Urban
Building the Opportunity Zone Index

OZI is based on four metrics:

- Moody’s Analytics Quality of Life Index (county and OZ data)
- Moody’s Analytics Vitality Index (county data)
- 5-yr historical growth rate in the prime working-age population (OZ data)
- 10-yr forward-looking population trends (county data)
Use Case 1: Expanding High-Tech Company

Key criterion is large, skilled workforce

*Highest scoring - All OZs*

<table>
<thead>
<tr>
<th>OZ name</th>
<th>OZI score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hillsborough County 0040.00 (Suburban Florida)</td>
<td>0.503</td>
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<tr>
<td>McKenzie County 9401.00 (Rural North Dakota)</td>
<td>0.466</td>
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<tr>
<td>Osceola County 0411.00 (Suburban Florida)</td>
<td>0.457</td>
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<tr>
<td>Hays County 0107.01 (Suburban Texas)</td>
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<td>Osceola County 0429.00 (Suburban Florida)</td>
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<td>Osceola County 0427.01 (Suburban Florida)</td>
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<td>Osceola County 0435.00 (Suburban Florida)</td>
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<td>Hays County 0103.03 (Suburban Texas)</td>
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<td>Osceola County 0423.00 (Suburban Florida)</td>
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<tr>
<td>Hays County 0107.02 (Rural Texas)</td>
<td>0.436</td>
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</tbody>
</table>

### Hays County 0107.01 (Suburban TX)
- 3rd highest Suburban OZI score
- 3rd highest 10-yr county pop forecast
- Top 3% in prime working-age pop growth
- Top 5% in educational attainment (40.3% bachelor’s degree or higher)

### Hays County 0107.02 (Rural TX)
- 2nd highest Rural OZI score
- 5th highest 10-yr county pop forecast
- Top half in prime working-age pop growth
- Top 10% in educational attainment (34.6% bachelor’s degree or higher)
Hays County TX, OZI

OZI score, %
- >.35
- .2 to .35
- .05 to .2
- -.1 to .05
Hays County TX, Bachelor’s or Higher

% bachelor’s or higher
- >45
- 30 to 45
- 15 to 30
- 0 to 15
Use Case 2: High-End Real Estate Developer

Key criterion is affluent neighborhood of renters in Philadelphia

82 OZs in Philadelphia County PA

High-income renters

OZI score

Philadelphia County 0143.00 (Urban Philadelphia)

» Highest-scoring in Philadelphia, renter household income $150K+
  – Top quartile in prime working-age pop growth
  – 2nd highest educational attainment (51.7% bachelor’s degree or higher)
» Top quartile in OZI score
Philadelphia, Fishtown (0143.00) – High-Income Renters

$150K+ renters, %
- >15
- 10 to 15
- 5 to 10
- 0 to 5
Philadelphia, Fishtown (0143.00) – Bachelor’s or Higher
Questions? Contact us at help@economy.com

Download the paper: https://bit.ly/2O4TW8j