



CAMEO MICRO LENDERS FORUM

Demystifying Opportunity Zones

A large, solid dark purple rectangular block occupies the bottom half of the slide, serving as a design element or a placeholder for content.

THE CALIFORNIA REINVESTMENT COALITION

Builds an inclusive and fair economy that meets the needs of communities of color and low-income communities by ensuring that banks and other corporations invest and conduct business in our communities in a just and equitable manner.



Displacement Financing

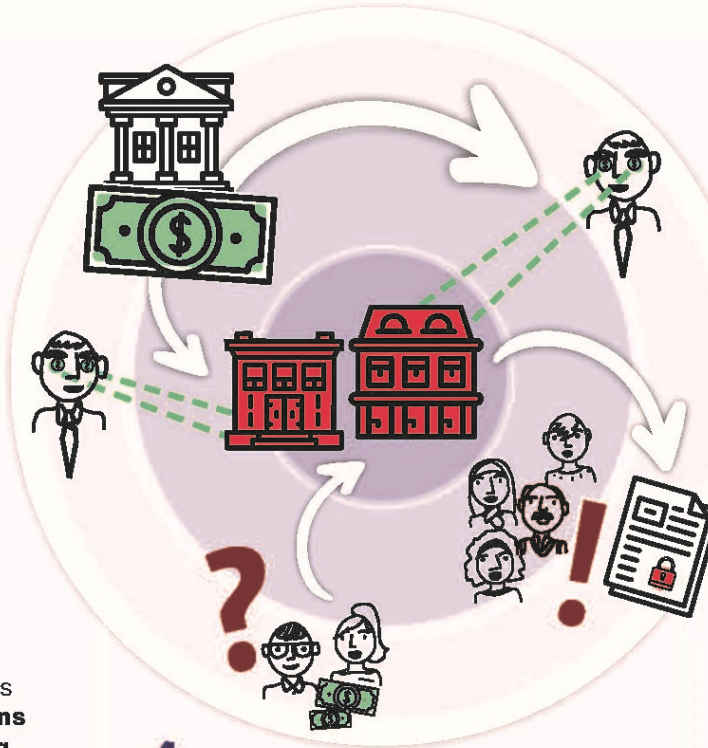
An example of how Displacement Financing works:



Speculator: Someone who speculates on the future worth of a building, often after the property is vacated of its current residents. Speculators see housing as a financial asset to be purchased for maximum profit, not as a person's home.

1.
Banks lend money
to a speculator.

5.
Finally, the
speculator
leverages the
existing property
to take out another
loan from the bank,
then buys a new
property and starts
the process again.
This becomes the
speculator's business
model, **the bank turns
a profit by financing
a serial evictor**, and
long-term community
members are displaced.



2.
The speculator buys a
multi-unit building.
**The speculator
then raises the
rent**, often beyond
what the current
tenants can pay.

The bank may
have underwritten
the loan based on
these higher rents.

3.
When current tenants
—who are often low
and moderate income
people of color—can't
afford the new rate, **the
speculator moves to
evict** them.

4.
Then, **the speculator rents to new tenants**
at a price that only the wealthy can afford.

WHAT ARE OPPORTUNITY ZONES?

IRS Tax Incentives based on:

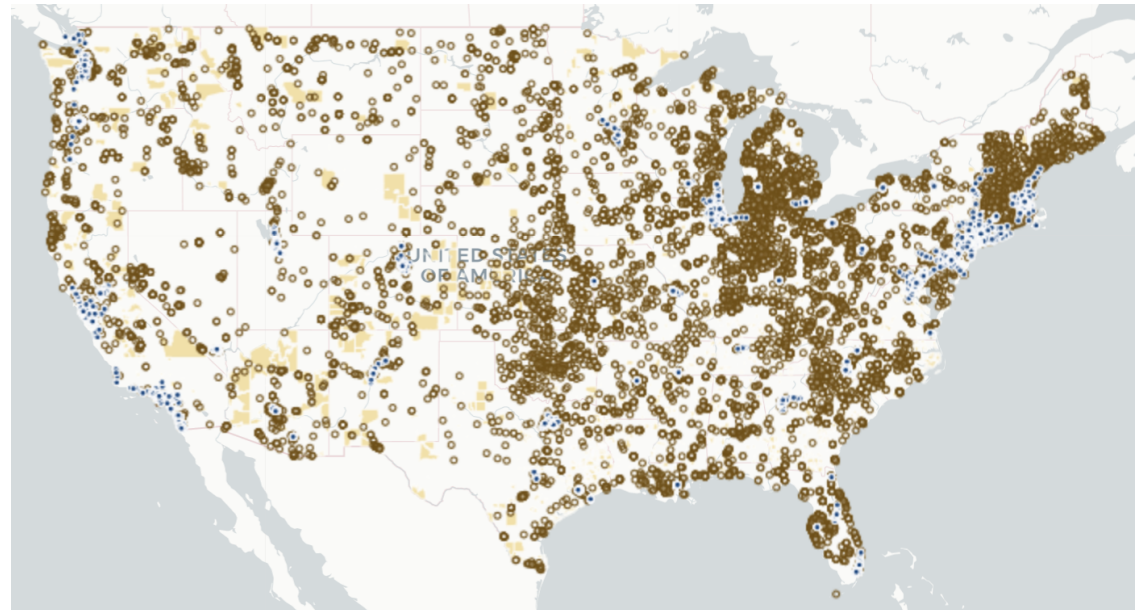
- Capital appreciation
- Rising property values

Tax Incentives Not Based on:

- Employment or local services
- Not on housing affordability
- Retention of local residents
- Inclusionary housing

The program is:

- Market-driven
- Does not require impact reporting



Smart Growth America map

WHO REALLY STANDS TO BENEFIT FROM OPPORTUNITY ZONES?



Property sale prices in opportunity zones have risen by 20% since they were chosen by state legislatures in April 2018.

NOTORIOUS LANDLORDS STAKING THEIR CLAIM



A family that just three years ago was San Francisco's largest and most notorious owner of apartment buildings is now facing the choice of paying up to \$10 million in fines or promising to cease property management in San Francisco forever.

Over the past decade, the Lembi family and its company, CitiApartments, grew infamous for refusing to return security deposits, forcing out rent-controlled tenants and, according to a series of lawsuits, harassing those who wouldn't leave — sometimes with guns.

Scion of Lembi real estate empire launches opportunity zone fund to buy up Bay Area apartment buildings

[Fiona Kelliher](#) Apr 5, 2019, 10:04am EDT

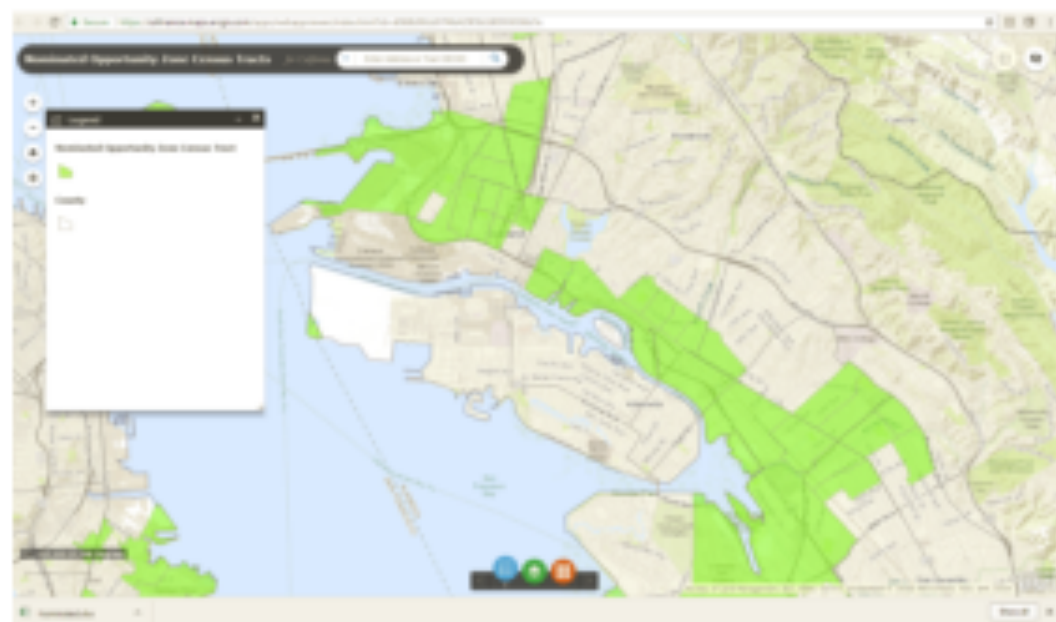


“THE BENEFITS TO THE DEVELOPER ARE VERY CLEAR. HOWEVER, SMALL BUSINESS AND COMMUNITY BENEFITS ARE NOT.” A VERY INFORMAL CRC SURVEY

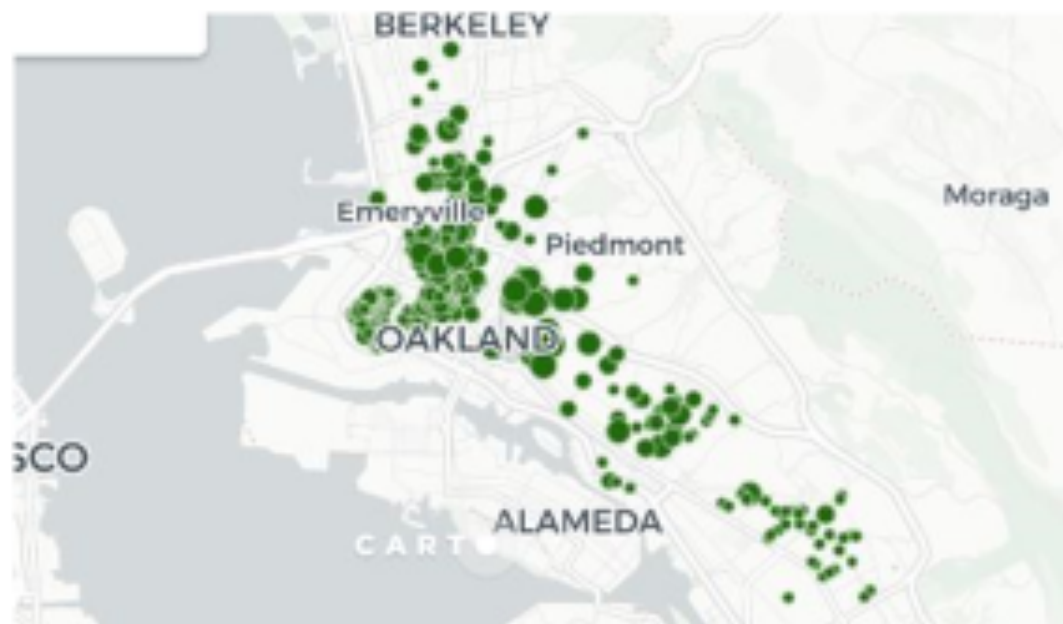
- Can OZ work for small business?
- Is your organization thinking about this?
- How can OZ benefit small businesses?
- What are the challenges?
- Will OZ lead to displacement of small businesses?

Opportunity Zones and Bank Displacement

East Bay Opportunity Zone Tracts
designed by Governor



Mortgages to
East Bay Serial Evictors
By First Republic Bank



CRC ANTI-DISPLACEMENT CODE OF CONDUCT

FINANCE SMALL BUSINESSES AND COMMUNITIES, DON'T DISPLACE

- Know Your Borrower. Do not finance serial evictors.
- Assume Existing Rents. Underwrite to current rents and local rent control laws.
- Check in With Small Business Tenants. Seek input from small business tenants regarding illegal evictions, unreasonable rent increases, and habitability issues.
- Invest in Small Business Stability. Help small businesses purchase buildings or negotiate long term leases to remain in the community.
- Finance and Support Small Businesses. Offer micro loans, support worker co ops, invest in small business technical assistance.
- Engage in Anti-Displacement Philanthropy

CRC RECOMMENDATIONS ON OPPORTUNITY ZONES EXPLORING ADVOCACY AT THE FEDERAL, STATE AND LOCAL LEVELS

1. Ensure that Investments ‘Do No Harm’ to Low-Income Residents and Small Businesses. No displacement.
2. Ensure Community Voice and Participation.
3. Incentivize community serving projects.
4. The IRS Should Require a Declaration of Intent, Define Abuse in the Regs.
5. Reporting requirements.



California
Reinvestment
Coalition

Kevin Stein

kstein@calreinvest.org

Website: calreinvest.org

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Post Forum Networking

Market Bar – Ferry Building 3:30

