

# Webinar

## ULI Nashville: Opportunity Zones: Updates and Unintended Consequences

Date: April 15, 2021

00:00:00 --> 00:00:04: These that are all designed to help colleagues connect to  
00:00:04 --> 00:00:08: build your network and to share lifestyle and business  
00:00:09 --> 00:00:10: experiences  
00:00:10 --> 00:00:11: and practices.  
00:00:11 --> 00:00:14: Next is led by Co chairs,  
00:00:14 --> 00:00:18: Dominic Anderson and Matt Nicholson.  
00:00:18 --> 00:00:20: An covid didn't stop the next leadership from expanding your  
00:00:20 --> 00:00:25: opportunities with you alive.  
00:00:25 --> 00:00:31: We will revisit opportunity zones today an explore how  
00:00:31 --> 00:00:35: they've  
00:00:35 --> 00:00:39: performed and what consequences both intended and  
00:00:39 --> 00:00:42: unintended they've had.  
00:00:42 --> 00:00:45: And what the future looks like for opportunity zones as  
00:00:45 --> 00:00:50: an effective development tool in disinvested in  
00:00:50 --> 00:00:53: neighborhoods,  
00:00:53 --> 00:00:54: so to do so, we're fortunate to have a team  
00:00:54 --> 00:00:56: of experts from various perspectives of opportunity zones,  
00:00:56 --> 00:01:00: and I'll reserve detailed introductions of our panel to  
00:01:00 --> 00:01:02: Dominique,  
00:01:02 --> 00:01:06: but I do want to extend my personal thanks to  
00:01:06 --> 00:01:09: Lamont Price,  
00:01:09 --> 00:01:15: Derrick Morgan, and Alicia Hill.  
00:01:15 --> 00:01:18: Thank you again. So much for sharing your time and  
00:01:18 --> 00:01:22: your expertise with RULI members.  
00:01:22 --> 00:01:25: Today's moderator will be Dominic Anderson.  
00:01:25 --> 00:01:28: She is an engaged leader throughout you Ally Nashville.  
00:01:28 --> 00:01:31: Her leadership extends through the industry as she's  
00:01:31 --> 00:01:34: executive director  
00:01:34 --> 00:01:37: of Tennessee Affordable Housing Coalition,  
00:01:37 --> 00:01:40: the executive director of SNAP in the Wedgewood Houston  
00:01:40 --> 00:01:43: neighborhood,

00:01:22 --> 00:01:26: and principle of her namesake consulting firm.

00:01:26 --> 00:01:32: As she provides connecting strategic partners facilitating strong social impact

00:01:32 --> 00:01:34: and empowering diverse communities.

00:01:34 --> 00:01:38: Our next Co chair. Matt Nicholson has a new business

00:01:38 --> 00:01:40: home now at Clear Blue Company,

00:01:40 --> 00:01:44: which is a private equity real estate firm based in

00:01:44 --> 00:01:47: Nashville with over 400,000,000 in assets.

00:01:47 --> 00:01:51: And Clearview is dedicated to helping solve the affordable housing

00:01:51 --> 00:01:52: crisis.

00:01:52 --> 00:01:55: The company's mission is to revitalize,

00:01:55 --> 00:02:01: extend the lifespan of workforce housing apartment communities throughout the

00:02:01 --> 00:02:02: southeast.

00:02:02 --> 00:02:04: And I'd also like to thank Brittany Rowe,

00:02:04 --> 00:02:07: who is a vice president at Bellwether Capital,

00:02:07 --> 00:02:10: for her active engagement in next initiatives,

00:02:10 --> 00:02:13: including helping plan plan today's program.

00:02:13 --> 00:02:17: So bellwether enterprise is one of the fastest growing commercial

00:02:17 --> 00:02:21: and multifamily mortgage banking companies in the country.

00:02:21 --> 00:02:25: While it defines the bottom line by contributing to its

00:02:25 --> 00:02:27: nonprofit parent company,

00:02:27 --> 00:02:32: Enterprise Community Partners, Enterprise is a leading nonprofit that advocates

00:02:33 --> 00:02:36: for creates and develops affordable housing.

00:02:36 --> 00:02:39: So in addition to these members and firms,

00:02:39 --> 00:02:43: I also want to always recognize our 2021 annual sponsors.

00:02:43 --> 00:02:46: Their support makes the work of you all.

00:02:46 --> 00:02:50: I Nashville possible and we have just such a strong

00:02:50 --> 00:02:52: group of sponsors and such.

00:02:52 --> 00:02:56: Active members, so please recognize these firms for their generous

00:02:57 --> 00:02:59: support that they provide to our Council.

00:02:59 --> 00:03:03: Through now 12 months, maybe even 13 months of the

00:03:03 --> 00:03:04: covid crisis,

00:03:04 --> 00:03:09: you Ally Nashville has remained committed to recognizing and appreciating

00:03:09 --> 00:03:10: our members,

00:03:10 --> 00:03:15: our sponsors, and continuing to pursue opportunities on behalf of

00:03:15 --> 00:03:16: all of our members.

00:03:16 --> 00:03:20: So this morning, we're hopeful that were on the positive

00:03:20 --> 00:03:23: end of the Kovin crisis as we come together to

00:03:23 --> 00:03:28: hear important and valuable information from our featured guest.

00:03:28 --> 00:03:30: So welcome you lie. Next members.

00:03:30 --> 00:03:36: Welcome panelist and Dominique. If you will lead us off.

00:03:36 --> 00:03:39: Absolutely thank you Kim. Good morning everyone.

00:03:39 --> 00:03:42: As Kim mentioned, I'm Dominic Anderson coach here.

00:03:42 --> 00:03:45: If you will lie in Nashville's next initiative along with

00:03:45 --> 00:03:46: Matt Nicholson,

00:03:46 --> 00:03:50: next provides opportunities for midcareer professionals in the 35 to

00:03:50 --> 00:03:50: 45 ish.

00:03:50 --> 00:03:53: I like put myself in that age range to connect

00:03:53 --> 00:03:55: and elevate their careers.

00:03:55 --> 00:03:58: In addition to the networking and leadership opportunities like the

00:03:59 --> 00:04:02: next cohorts and coffee Club that create opportunities to connect

00:04:02 --> 00:04:04: one to one in small groups.

00:04:04 --> 00:04:08: Next also offers thought leadership programming like our lunch with

00:04:08 --> 00:04:09: leaders series.

00:04:09 --> 00:04:13: And today's program, which is the first thought leaders conversation

00:04:13 --> 00:04:16: now that will bring diverse perspectives on timely development and

00:04:17 --> 00:04:21: community topics like this updated conversation we're having today about

00:04:21 --> 00:04:25: opportunity zones. We have a smartly diverse group of individuals

00:04:25 --> 00:04:27: here today to carry this conversation forward,

00:04:27 --> 00:04:31: but we immediately thought who better to moderate this conversation

00:04:31 --> 00:04:32: in Lamont Price.

00:04:32 --> 00:04:36: Lamont is the innovation director with the Tennessee Department of

00:04:36 --> 00:04:38: Economic and Community Development.

00:04:38 --> 00:04:42: He has experience with public private venture capital programs,

00:04:42 --> 00:04:46: has served on the Entrepreneurship Subcommittee of Tennessee's Rural Taskforce,

00:04:46 --> 00:04:50: and works on place based initiatives in rural communities.

00:04:50 --> 00:04:52: Lamont is also the liaison for launch Tennessee.

00:04:52 --> 00:04:55: A board member of the Council of Development,

00:04:55 --> 00:04:59: Financial Agencies and Works on Opportunity Zone related

00:04:59 --> 00:05:03: projects as  
 00:05:03 --> 00:05:05: well as the economic gardening pilot program for small  
 00:05:05 --> 00:05:08: businesses.  
 00:05:08 --> 00:05:08: He's not busy at all,  
 00:05:08 --> 00:05:08: huh? And with that I will turn it over to  
 00:05:08 --> 00:05:10: you,  
 00:05:10 --> 00:05:13: Lamont.  
 00:05:13 --> 00:05:15: Thank you Dominique. And So what I'm going to do  
 00:05:15 --> 00:05:18: is introduce our two guest speakers for today.  
 00:05:18 --> 00:05:21: I'm going to start off with Derek Morgan.  
 00:05:21 --> 00:05:24: Derek play for the Tennessee Titans for nine years before  
 00:05:24 --> 00:05:26: retiring in 2019 and launching the Kingdom Fund for Real  
 00:05:26 --> 00:05:29: Estate Development and investment firm.  
 00:05:29 --> 00:05:32: Focused on equitable and sustainable development,  
 00:05:32 --> 00:05:34: particularly for opportunity zones in a number of markets  
 00:05:34 --> 00:05:38: which  
 00:05:38 --> 00:05:40: includes Nashville.  
 00:05:40 --> 00:05:43: This vision includes workforce and affordable housing with an  
 00:05:43 --> 00:05:48: emphasis  
 00:05:48 --> 00:05:50: on homeownership single and multi family housing.  
 00:05:50 --> 00:05:53: Student housing and commercial slash hospitality.  
 00:05:53 --> 00:05:54: Developments welcome Derrick. Alicia Hill is an investment  
 00:05:54 --> 00:05:59: associate with  
 00:05:59 --> 00:06:01: Enterprise Community Investment.  
 00:06:01 --> 00:06:05: She has more than 10 years of experience in impact  
 00:06:05 --> 00:06:09: investing,  
 00:06:09 --> 00:06:09: community and economic development, early stage venture  
 00:06:09 --> 00:06:14: and project management.  
 00:06:14 --> 00:06:17: She now focuses on innovation,  
 00:06:17 --> 00:06:19: finance, product development, leads, project due diligence,  
 00:06:19 --> 00:06:23: slash execution, an phone operations as part of the  
 00:06:23 --> 00:06:25: underwriting  
 00:06:25 --> 00:06:28: team,  
 00:06:28 --> 00:06:31: and finally she also supports Community impact strategies  
 00:06:31 --> 00:06:35: for Enterprise,  
 00:06:35 --> 00:06:35: Community opportunity zone funds. Welcome Alicia.  
 00:06:35 --> 00:06:35: So what I'm going to do is just kick this  
 00:06:35 --> 00:06:35: first question off to Alicia and it's a three parter,  
 00:06:35 --> 00:06:35: so here's what I want to ask.  
 00:06:35 --> 00:06:35: Can you explain to us a bit about your impact  
 00:06:35 --> 00:06:35: investing focus at enterprise number one?  
 00:06:35 --> 00:06:35: And for those who may not understand what impact investing  
 00:06:35 --> 00:06:35: is,

00:06:35 --> 00:06:39: just a brief definition of what impact investing is an

00:06:39 --> 00:06:43: the long term social impact you desire to see with

00:06:43 --> 00:06:45: opportunity zone investing.

00:06:45 --> 00:06:49: Thank you Lamont for that intro and good morning everybody.

00:06:49 --> 00:06:51: It's a pleasure to join you so I guess I'll

00:06:51 --> 00:06:54: start with the definition of impact investing,

00:06:54 --> 00:06:57: which the first thing we should all know is that

00:06:57 --> 00:07:00: there really isn't one definition that everyone in the industry

00:07:00 --> 00:07:01: agrees upon.

00:07:01 --> 00:07:05: But generally speaking, the idea is that these are investments

00:07:05 --> 00:07:08: that are prioritizing some type of target impact outcome an

00:07:08 --> 00:07:10: as well as financial returns,

00:07:10 --> 00:07:12: so it distinguishes it from philanthropic efforts,

00:07:12 --> 00:07:16: but working towards a similar impact goal and with respect

00:07:16 --> 00:07:18: to enterprise in our work on impact investing,

00:07:18 --> 00:07:20: you know we've been focused on.

00:07:20 --> 00:07:24: Programmatic and capital solutions for the last almost 40 years.

00:07:24 --> 00:07:27: Anne really have been doing impact investing before.

00:07:27 --> 00:07:29: It was a known known terminan as we understand it

00:07:29 --> 00:07:32: today and we've always done our work through the Community

00:07:32 --> 00:07:36: development context through our CDF by the Enterprise Community Loan

00:07:36 --> 00:07:38: Fund through our new markets,

00:07:38 --> 00:07:41: tax credit and lightech business as well as through our

00:07:41 --> 00:07:43: affiliate on the debt side bellwether enterprise,

00:07:43 --> 00:07:47: as well as our conventional equity and capital innovation efforts.

00:07:47 --> 00:07:51: And really our opportunity zone work lives within that conventional

00:07:51 --> 00:07:51: equity.

00:07:51 --> 00:07:54: Bucket an in terms of the impact that we want

00:07:54 --> 00:07:54: to see,

00:07:54 --> 00:07:56: it really is the same as it is across all

00:07:56 --> 00:07:58: of our business lines.

00:07:58 --> 00:08:02: The goal is really focused towards supporting inclusive community growth,

00:08:02 --> 00:08:05: really focusing on those fundamentals that we think add to

00:08:05 --> 00:08:09: community vibrancy which are affordability with respect to housing having

00:08:09 --> 00:08:11: safe access to iaccessible quality,

00:08:11 --> 00:08:15: affordable housing focusing on the advancement of opportunity and racial

00:08:15 --> 00:08:18: equity in the communities that we serve and really supporting

00:08:18 --> 00:08:22: and investing in projects that we think help fortify communities

00:08:22 --> 00:08:25: in terms of resilience and upward mobility.

00:08:25 --> 00:08:28: And that's what we want to see for the opportunity

00:08:28 --> 00:08:29: zone program as well.

00:08:29 --> 00:08:32: Well, thank you for that kickoff question.

00:08:32 --> 00:08:35: Alicia, Derek good seeing you again your career path has

00:08:35 --> 00:08:39: been diverse from football and what I would call under

00:08:39 --> 00:08:42: the economic development umbrella entrepreneurship,

00:08:42 --> 00:08:46: investing, real estate development and that all indirectly impacts workforce

00:08:46 --> 00:08:47: development.

00:08:47 --> 00:08:51: So how does that diversity of your knowledge and the

00:08:51 --> 00:08:56: network that you've developed play into the investment strategies at

00:08:56 --> 00:08:57: the Kingdom Fund?

00:08:57 --> 00:09:01: Yeah it is. I would say it's been a journey

00:09:01 --> 00:09:01: Lamont,

00:09:01 --> 00:09:06: you know during my time in the League.

00:09:06 --> 00:09:10: I started to take advantage of my down time because

00:09:10 --> 00:09:13: you're so hyper focused on your career and everything on

00:09:13 --> 00:09:16: the field that a lot of the things that are

00:09:16 --> 00:09:19: off the field kind of get pushed to the wayside.

00:09:19 --> 00:09:22: So like for me, I would take my off seasons.

00:09:22 --> 00:09:25: For example, an I think you hit on a key

00:09:25 --> 00:09:27: factor is around network an.

00:09:27 --> 00:09:30: I would get outside of that football bubble an I

00:09:30 --> 00:09:33: had older guys that would tell me that they would

00:09:33 --> 00:09:36: say look there like leverage that NFL Shield,

00:09:36 --> 00:09:40: leverage that platform to get meetings with CEO's and.

00:09:40 --> 00:09:43: You know different decision makers and whatnot in the community

00:09:43 --> 00:09:46: and I would take that that I took that to

00:09:46 --> 00:09:48: heart and so I would take the time in the

00:09:48 --> 00:09:50: offseason and create. You know,

00:09:50 --> 00:09:54: different relationships and and develop networks and so I would

00:09:54 --> 00:09:57: just try things man like if I was interested in

00:09:57 --> 00:09:59: venture capital like I would go in and do a

00:09:59 --> 00:10:02: internship over a week or something with a VC or

00:10:02 --> 00:10:03: if I was,  
00:10:03 --> 00:10:05: you know interested more in real estate I I would  
00:10:05 --> 00:10:07: try to do a deal.  
00:10:07 --> 00:10:10: You know with one of my partners and be hands  
00:10:10 --> 00:10:11: on and learn.  
00:10:11 --> 00:10:13: So like I'm still like in that learning phase,  
00:10:13 --> 00:10:17: right? But we're starting to kind of actually get some  
00:10:17 --> 00:10:19: projects and traction going,  
00:10:19 --> 00:10:21: but you know, I think the more and more I  
00:10:21 --> 00:10:24: I did and started to learn and experience the more  
00:10:24 --> 00:10:27: and more I kind of was drawn to this notion  
00:10:27 --> 00:10:30: of, like, you know, aligning capital with my values.  
00:10:30 --> 00:10:33: A lot of the things that I was doing on  
00:10:33 --> 00:10:37: the philanthropic side didn't necessarily match what I was  
doing  
00:10:37 --> 00:10:39: on my private investment side.  
00:10:39 --> 00:10:41: Not that I was invested in like.  
00:10:41 --> 00:10:43: Private prisons or things like that,  
00:10:43 --> 00:10:46: but I was in things that really didn't I.  
00:10:46 --> 00:10:48: I, for one didn't really know and have a full  
00:10:48 --> 00:10:50: lens into what my money was doing.  
00:10:50 --> 00:10:53: But B. It was like I kind of sometimes felt  
00:10:53 --> 00:10:56: in conflict with my different approaches.  
00:10:56 --> 00:10:59: And so this common theme of impact really started to  
00:10:59 --> 00:11:00: resonate for me.  
00:11:00 --> 00:11:03: And the more and more I learned about it,  
00:11:03 --> 00:11:05: the more and more I seen that there were a  
00:11:05 --> 00:11:09: lot of opportunities in the marketplace really to invest in  
00:11:09 --> 00:11:11: profitable companies and initiatives.  
00:11:11 --> 00:11:13: That did deliver financial returns,  
00:11:13 --> 00:11:17: but also delivered some type of social or environmental  
impact.  
00:11:17 --> 00:11:20: And so I really just doubled down over the last  
00:11:20 --> 00:11:24: several years and started to like really aligned with you  
00:11:24 --> 00:11:24: know,  
00:11:24 --> 00:11:28: people who are mission driven who had similar interests as  
00:11:28 --> 00:11:31: me and so really focused on finding ways to scale  
00:11:31 --> 00:11:33: the impact in partnerships.  
00:11:33 --> 00:11:35: OK, great, thank you guys.  
00:11:35 --> 00:11:41: And so with opportunity zones they're definitely being critics  
of  
00:11:41 --> 00:11:44: the incentive of the legislation and so.  
00:11:44 --> 00:11:47: I want to keep this back to you Derek.

00:11:47 --> 00:11:51: To start, do you think the original intent of the  
00:11:51 --> 00:11:53: OSI legislation an incentive?  
00:11:53 --> 00:11:55: Are coming to fruition, and if so,  
00:11:55 --> 00:11:57: how? If not, why do you think that is?  
00:11:57 --> 00:12:00: And Alicia, I want you to respond to that as  
00:12:00 --> 00:12:01: well.  
00:12:01 --> 00:12:03: Do we you know with with what it was designed  
00:12:03 --> 00:12:04: to do,  
00:12:04 --> 00:12:07: to impact low to moderate income Census tracts to hit  
00:12:07 --> 00:12:09: these distressed areas?  
00:12:09 --> 00:12:12: Do you think the original intent of the incentive is  
00:12:12 --> 00:12:13: coming to fruition?  
00:12:13 --> 00:12:15: If so?  
00:12:15 --> 00:12:18: How and if not why not?  
00:12:18 --> 00:12:21: Yes and no.  
00:12:21 --> 00:12:23: You know, I don't have all the data,  
00:12:23 --> 00:12:26: I'm very data driven, so I don't want to speak  
00:12:26 --> 00:12:27: out of context,  
00:12:27 --> 00:12:30: but I'm just using anecdotal.  
00:12:30 --> 00:12:33: You know, evidence of like the deals that I see,  
00:12:33 --> 00:12:36: so I think it's all dependent on who the operator  
00:12:36 --> 00:12:37: is,  
00:12:37 --> 00:12:39: right? Like where is that money?  
00:12:39 --> 00:12:43: Being being funneled? And so I have seen great deals  
00:12:43 --> 00:12:45: that take into account the community,  
00:12:45 --> 00:12:50: right? Like understanding the different dynamics of a  
community on  
00:12:50 --> 00:12:51: the ground level.  
00:12:51 --> 00:12:56: And understanding the consequences of what this type of  
development,  
00:12:56 --> 00:12:59: whatever it is, are going to have on that community.  
00:12:59 --> 00:13:01: And there are aware of that,  
00:13:01 --> 00:13:05: you know. So I've seen great projects that Arosi focused  
00:13:05 --> 00:13:08: but have a community focus to him or an environmental  
00:13:08 --> 00:13:11: focused on from a renewable energy standpoint.  
00:13:11 --> 00:13:15: You know, I've seen solar farms and like vertical farming  
00:13:15 --> 00:13:19: and all these different things that are in opportunity zones,  
00:13:19 --> 00:13:20: but you also see the,  
00:13:20 --> 00:13:22: you know, the more capital.  
00:13:22 --> 00:13:26: Return driven projects right and that's that's gonna happen.  
00:13:26 --> 00:13:31: That's a natural byproduct when you create a tax incentive.  
00:13:31 --> 00:13:34: And so I think that you know when you have



00:13:34 --> 00:13:38: these projects that are more returns driven financial returns driven,

00:13:38 --> 00:13:43: you're gonna get negative consequences on the Community level because

00:13:43 --> 00:13:44: there is no.

00:13:44 --> 00:13:46: There's no regulations per say.

00:13:46 --> 00:13:50: There is no framework or legislation that dictates,

00:13:50 --> 00:13:52: hey, I have to measure my impact.

00:13:52 --> 00:13:56: Hey, I have to. Make sure that these legacy residents

00:13:56 --> 00:13:59: have a chance to stay in their geography and in

00:13:59 --> 00:14:00: their environment.

00:14:00 --> 00:14:04: So there is a lack of you know regulatory guidance

00:14:04 --> 00:14:04: there,

00:14:04 --> 00:14:06: and so I think there's guidance,

00:14:06 --> 00:14:10: but there's not really like hard lines in the sand,

00:14:10 --> 00:14:13: so you know if your profit driven then you're you're.

00:14:13 --> 00:14:15: You're led to these areas.

00:14:15 --> 00:14:19: I mean here in Nashville we have certain opportunity zones

00:14:19 --> 00:14:20: like like Wedgewood.

00:14:20 --> 00:14:24: Houston like that are really not distressed areas largely but

00:14:24 --> 00:14:25: still.

00:14:25 --> 00:14:29: Represent great return profile projects that are just opportunities on

00:14:29 --> 00:14:32: so sort a long way of saying yes and no.

00:14:32 --> 00:14:36: I've I've seen both sides over the last two years

00:14:36 --> 00:14:36: or so.

00:14:36 --> 00:14:39: Alright, thank you Alicia. Yeah I mean I you know

00:14:39 --> 00:14:42: I agree with much of what Derek shared an an.

00:14:42 --> 00:14:44: I would say you know if we really want to

00:14:44 --> 00:14:47: talk about the spirit of OSI initially it was really

00:14:47 --> 00:14:51: focused on business and economic growth through the business context

00:14:51 --> 00:14:54: and I think really early on we've moved away from

00:14:54 --> 00:14:54: that.

00:14:54 --> 00:14:58: The mechanics really lend themselves well to real estate execution

00:14:58 --> 00:15:02: and more sophisticated real estate execution in some cases.

00:15:02 --> 00:15:05: So from my perspective, I feel like the answer really

00:15:05 --> 00:15:06: is it depends,

00:15:06 --> 00:15:07: and it remains to be.

00:15:07 --> 00:15:11: Be seen, I think the operator or the stakeholder participation

00:15:11 --> 00:15:13: and intermediation is a huge component.

00:15:13 --> 00:15:16: The how and the typology of the deals that are

00:15:16 --> 00:15:19: being done is a huge factor and you know,  
 00:15:19 --> 00:15:22: I think the idea that we can reframe whether we're  
 00:15:22 --> 00:15:26: an intermediary like enterprise or real estate developer  
 reframe the  
 00:15:26 --> 00:15:30: ability to demonstrate the intention is still possible,  
 00:15:30 --> 00:15:32: but you really do from what we've seen,  
 00:15:32 --> 00:15:35: have to really think through what is the alignment with  
 00:15:36 --> 00:15:37: the Community on the ground.  
 00:15:37 --> 00:15:40: Who's involved? Who's around the table and how can you  
 00:15:40 --> 00:15:42: really intermediate for that for that impact?  
 00:15:42 --> 00:15:45: Because there certainly are projects that have no impact at  
 00:15:45 --> 00:15:48: all that are still benefiting and getting done.  
 00:15:48 --> 00:15:51: There are ones where I've seen deals where without the  
 00:15:51 --> 00:15:51: OSI capital,  
 00:15:51 --> 00:15:54: that OSI Capital is really the but for peace where  
 00:15:54 --> 00:15:57: otherwise that deal may have been abandoned or  
 reprogrammed with  
 00:15:57 --> 00:15:59: no intention ality at all,  
 00:15:59 --> 00:16:01: then there are some that were happening before and are  
 00:16:01 --> 00:16:04: happening anyways and sort of strike a balance that isn't  
 00:16:04 --> 00:16:07: the deepest impact and the most compelling story and  
 benefit,  
 00:16:07 --> 00:16:10: but also still are doing some good and delivering some  
 00:16:10 --> 00:16:11: additional.  
 00:16:11 --> 00:16:14: You know some additional activity and economic growth in  
 the  
 00:16:14 --> 00:16:15: community,  
 00:16:15 --> 00:16:19: so it is certainly sometimes yes and sometimes no for  
 00:16:19 --> 00:16:20: sure.  
 00:16:20 --> 00:16:21: You know you touched on something.  
 00:16:21 --> 00:16:24: It was a you know that incentive that legislation was  
 00:16:25 --> 00:16:27: originally designed for small business development.  
 00:16:27 --> 00:16:30: And now with the release of the new guidelines,  
 00:16:30 --> 00:16:33: there is hope that you'll start to see more operating  
 00:16:33 --> 00:16:34: businesses take off.  
 00:16:34 --> 00:16:38: But that being said, you talked about the but four  
 00:16:38 --> 00:16:41: piece where certain deals are getting done.  
 00:16:41 --> 00:16:44: We talk about, you know when we do trainings around  
 00:16:44 --> 00:16:48: the state or you know obviously in Tennessee and where  
 00:16:48 --> 00:16:49: you're located.  
 00:16:49 --> 00:16:52: Alicia, you know you still have a large number of  
 00:16:52 --> 00:16:57: people who don't even know opportunity opportunity zone  
 legislation exists.

00:16:57 --> 00:17:00: Who are, you know, maybe they've heard of it,  
 00:17:00 --> 00:17:04: but really don't understand it and where I'm going with  
 00:17:04 --> 00:17:08: this is what is the most common disconnect between hopeful  
 00:17:08 --> 00:17:11: OSI projects and sponsors and investors?  
 00:17:11 --> 00:17:13: If? It's almost like there's this matchmaking.  
 00:17:13 --> 00:17:16: You know that there are communities out there who have  
 00:17:16 --> 00:17:19: needs that there are potential projects that could take off  
 00:17:19 --> 00:17:22: and you have investors who are looking as as Derek  
 00:17:22 --> 00:17:23: and you have talked about.  
 00:17:23 --> 00:17:25: They won't. They want to invest,  
 00:17:25 --> 00:17:27: but they also want to have impact.  
 00:17:27 --> 00:17:31: What's the disconnect between the potential OG OSI project  
 sponsors  
 00:17:31 --> 00:17:34: and the capital that could help move the needle on  
 00:17:34 --> 00:17:35: getting something done?  
 00:17:35 --> 00:17:37: Sure, I think it's a great question.  
 00:17:37 --> 00:17:40: I would say the disconnect could be twofold.  
 00:17:40 --> 00:17:41: So on the one hand,  
 00:17:41 --> 00:17:45: something that Derek mentioned that I fully agree with is  
 00:17:45 --> 00:17:49: that the interest of impact investors is very personal and  
 00:17:49 --> 00:17:49: it's not.  
 00:17:49 --> 00:17:52: You know, there's not a one size fits all type  
 00:17:52 --> 00:17:53: of impact,  
 00:17:53 --> 00:17:56: so it very much is a matchmaking exercise in some  
 00:17:56 --> 00:18:00: ways because the impact priority of particular project needs  
 to  
 00:18:00 --> 00:18:04: potentially sync up with what investors have an appetite for  
 00:18:04 --> 00:18:07: an they still have their risk return.  
 00:18:07 --> 00:18:10: Understanding that you know has to be solved for through  
 00:18:10 --> 00:18:10: the project,  
 00:18:10 --> 00:18:13: I would say you know the other piece of it  
 00:18:13 --> 00:18:13: too.  
 00:18:13 --> 00:18:15: Is that in from a real estate context?  
 00:18:15 --> 00:18:19: I've seen, and certainly in through the pipeline that we've  
 00:18:19 --> 00:18:21: started to look at over the last number of months  
 00:18:21 --> 00:18:22: and year,  
 00:18:22 --> 00:18:24: plus is many more folks who are doing who are  
 00:18:24 --> 00:18:29: traditionally coming from a conventional market rate context  
 starting to  
 00:18:29 --> 00:18:29: think through.  
 00:18:29 --> 00:18:32: How do I execute an impactful real estate project?  
 00:18:32 --> 00:18:36: Maybe it's affordable housing. Maybe it's a mixed use project  
 00:18:36 --> 00:18:38: that contemplates some type of community retail.

00:18:38 --> 00:18:40: But there is this sort of,

00:18:40 --> 00:18:44: you know, bringing it, bringing folks along where the projects

00:18:44 --> 00:18:48: and understanding how to execute in opportunity zone communities which

00:18:48 --> 00:18:52: may be slightly different than places where the developer was

00:18:52 --> 00:18:54: working before is a factor,

00:18:54 --> 00:18:57: and then also trying to match that up with the

00:18:57 --> 00:18:57: capital.

00:18:57 --> 00:19:00: And you know, really, at the end of the day,

00:19:00 --> 00:19:04: also understanding how do you underwrite and evaluate the risk

00:19:04 --> 00:19:07: of an actual real estate project that has to pencil,

00:19:07 --> 00:19:10: and then you know. Also try to solve for.

00:19:10 --> 00:19:14: From the investor perspective, certain impacts that they're looking for

00:19:14 --> 00:19:17: and sometimes trying to make that match up.

00:19:17 --> 00:19:18: It's not always an easy,

00:19:18 --> 00:19:20: you know, an easy sort set of calculus,

00:19:20 --> 00:19:24: but there are other pieces where other incentives and other

00:19:24 --> 00:19:27: Community benefits can help solve for that as well.

00:19:27 --> 00:19:29: OK, Derek can you? Can you address that?

00:19:29 --> 00:19:32: You know what's you know anything to add to kind

00:19:32 --> 00:19:35: of that disconnect between potential projects and investors?

00:19:38 --> 00:19:42: Yeah, I mean I can only tell you from my

00:19:42 --> 00:19:43: experience so.

00:19:43 --> 00:19:47: The reason the whole reason behind me even getting into

00:19:47 --> 00:19:50: the OSI space is my hometown in Coats Ville,

00:19:50 --> 00:19:55: Pennsylvania. The whole city was designated an opportunity zone,

00:19:55 --> 00:19:57: and so it's an old steel town.

00:19:57 --> 00:20:01: The economy came and went with the steel industry and

00:20:01 --> 00:20:03: it's just kind of depressed.

00:20:03 --> 00:20:06: You know, from an economic standpoint.

00:20:06 --> 00:20:10: So when you go out to the marketplace and you're

00:20:10 --> 00:20:12: trying to tell a story about Coats,

00:20:12 --> 00:20:16: Ville, Pennsylvania. Like the narrative's there.

00:20:16 --> 00:20:19: Like you, you have a lot of things that need

00:20:19 --> 00:20:23: solved for like affordable housing and you know economic opportunities

00:20:23 --> 00:20:25: and workforce development,

00:20:25 --> 00:20:28: transit etc. But there's like this kind of like this.

00:20:28 --> 00:20:32: This disconnect of like people who are investing into these

00:20:32 --> 00:20:34: communities per southeast.

00:20:34 --> 00:20:37: A lot of them, the majority of them don't come

00:20:37 --> 00:20:39: from communities like my hometown.

00:20:39 --> 00:20:42: So there's like this. I'm not going to say it's

00:20:42 --> 00:20:43: like a culture.

00:20:43 --> 00:20:47: It's like a like. You're you're in this tax bracket

00:20:47 --> 00:20:50: in like the projects that are in these communities,

00:20:50 --> 00:20:53: people are like this tax bracket and so like there's

00:20:53 --> 00:20:53: this,

00:20:53 --> 00:20:55: there's this dichotomy of like,

00:20:55 --> 00:20:57: OK, I want to project.

00:20:57 --> 00:21:00: This has impact, but maybe I have no connection or

00:21:00 --> 00:21:02: no insight as to like what that truly means.

00:21:02 --> 00:21:05: And so like the thing that I've been finding out

00:21:05 --> 00:21:06: is like,

00:21:06 --> 00:21:08: OK, let's tell the story.

00:21:08 --> 00:21:10: But let's also tell the story of like OK,

00:21:10 --> 00:21:13: How is this going to make sense financially?

00:21:13 --> 00:21:16: But then tell tell the story around like measurement,

00:21:16 --> 00:21:20: right? Like there's there's different metrics of of impact that

00:21:21 --> 00:21:22: you can measure.

00:21:22 --> 00:21:24: We're working with Howard Buffett,

00:21:24 --> 00:21:28: who has this methodology called Lower Lower case IR,

00:21:28 --> 00:21:30: so it's an impact rate of return,

00:21:30 --> 00:21:34: so it's kind of borrowing some of that terminology around

00:21:34 --> 00:21:36: like a traditional IR.

00:21:36 --> 00:21:39: But then you're putting in metrics around,

00:21:39 --> 00:21:43: like job creation numbers, an access to quality education or

00:21:43 --> 00:21:45: affordable housing units created,

00:21:45 --> 00:21:49: and so you kind of start to speak that language,

00:21:49 --> 00:21:51: but. I think a lot of it is just,

00:21:51 --> 00:21:53: you know, not. Not being from these types of areas,

00:21:53 --> 00:21:57: not understanding, you know some of the nuances and these

00:21:57 --> 00:21:59: these areas and geographies and a lot of its place

00:21:59 --> 00:22:00: based.

00:22:00 --> 00:22:02: I think you know in Nashville per say.

00:22:02 --> 00:22:04: Like if I go out and talk to somebody about

00:22:04 --> 00:22:05: North Nashville,

00:22:05 --> 00:22:08: they may or may not have a context around that.

00:22:08 --> 00:22:10: But they understand like hey,

00:22:10 --> 00:22:12: this is a part of town that needs some help

00:22:12 --> 00:22:14: and it's probably a mile and a half two miles

00:22:15 --> 00:22:15: from downtown.

00:22:15 --> 00:22:18: So you can kind of talk from a geography geographical

00:22:18 --> 00:22:19: standpoint,

00:22:19 --> 00:22:22: but. A lot of it is just the overall disconnect

00:22:22 --> 00:22:22: for sure,

00:22:22 --> 00:22:24: so so with that in mind,

00:22:24 --> 00:22:27: I think you're touching on some some some things that

00:22:27 --> 00:22:29: you know we see around the state.

00:22:29 --> 00:22:30: I've seen around the state,

00:22:30 --> 00:22:33: so it's almost like these communities.

00:22:33 --> 00:22:34: Do you think it would be?

00:22:34 --> 00:22:37: These communities probably coming together to say how do we

00:22:38 --> 00:22:39: develop a prospectus?

00:22:39 --> 00:22:43: Another industry term around opportunity zones where you're highlighting here

00:22:43 --> 00:22:43: are,

00:22:43 --> 00:22:46: you know, you mentioned North Nashville.

00:22:46 --> 00:22:49: Here are the regional assets for North Nashville.

00:22:49 --> 00:22:50: It could be the HBC.

00:22:50 --> 00:22:53: Use the three that are in opportunity zones in North

00:22:53 --> 00:22:54: Nashville.

00:22:54 --> 00:22:55: Risk of Haryana TS you?

00:22:55 --> 00:22:57: How can you leverage those?

00:22:57 --> 00:23:00: And so one of the questions in the chat for

00:23:00 --> 00:23:01: example it says,

00:23:01 --> 00:23:03: is there a way so with that context in mind?

00:23:03 --> 00:23:06: If your if your region specific or even you know

00:23:07 --> 00:23:09: you know in terms of the radius,

00:23:09 --> 00:23:12: is there a way for small investors with a social

00:23:12 --> 00:23:15: goal to come together to form a local community impact

00:23:15 --> 00:23:15: fund?

00:23:15 --> 00:23:18: Have you seen any anything like that?

00:23:18 --> 00:23:21: Alicia and Eric just thinking through if you wanted to

00:23:21 --> 00:23:23: target a specific town,

00:23:23 --> 00:23:26: you know one of the questions we have in the

00:23:26 --> 00:23:27: chat already is.

00:23:27 --> 00:23:29: Could a group come together,

00:23:29 --> 00:23:31: you know, as Alicia said this,

00:23:31 --> 00:23:33: you know impact investing is really personal.

00:23:33 --> 00:23:37: Could a group come together and develop a fund to

00:23:38 --> 00:23:40: impact a particular part of town?

00:23:40 --> 00:23:42: So I'm happy to jump in first.

00:23:42 --> 00:23:45: I think you know, certainly it is possible for a

00:23:45 --> 00:23:48: group to come together and I think really what you

00:23:48 --> 00:23:51: touched on Lamont is that there are a number of

00:23:51 --> 00:23:55: very regional or hyper local focused opportunity zone funds out there.

00:23:55 --> 00:23:55: Many of the ones that we have seen are ones

00:23:55 --> 00:23:58: in which the developer themselves is a local developer or

00:23:58 --> 00:24:01: has chosen a particular region or area to focus on

00:24:01 --> 00:24:04: and they also are raising capital for their own funds through,

00:24:04 --> 00:24:07: you know, impact investors or retail or high net worth

00:24:07 --> 00:24:11: investors who have.

00:24:11 --> 00:24:12: That place is a priority,

00:24:12 --> 00:24:14: so that strategy of really trying to pool investor capital

00:24:14 --> 00:24:18: for a dedicated set of opportunity zone investments in a

00:24:18 --> 00:24:21: particular place and making it very place based is something

00:24:21 --> 00:24:25: that is happening out in the market and it is

00:24:25 --> 00:24:28: possible to do an an really even just from a

00:24:28 --> 00:24:31: broader impact investing context.

00:24:31 --> 00:24:33: That effort to really work towards hyper local focus

00:24:33 --> 00:24:37: executions

00:24:37 --> 00:24:40: is something that is growing and is becoming more

00:24:40 --> 00:24:43: common and potentially can offer some.

00:24:43 --> 00:24:45: Advantages if you know if you have the benefit of

00:24:45 --> 00:24:49: really being able to work with developers or work with

00:24:49 --> 00:24:52: folks who have projects that are have that story understand

00:24:52 --> 00:24:55: the story, know who they're talking to in the community,

00:24:55 --> 00:24:58: and can try to triangulate some of the interest and

00:24:58 --> 00:25:00: the need in one place.

00:25:02 --> 00:25:05: OK, well and so let me kick this next question

00:25:05 --> 00:25:08: to you Alicia and then Derek please,

00:25:08 --> 00:25:13: no please chime in. So from enterprises perspective a given

00:25:13 --> 00:25:14: enterprises mission,

00:25:14 --> 00:25:19: an involvement in impact investing and what has been your

00:25:19 --> 00:25:23: experience as far as OSI funds playing a role in

00:25:23 --> 00:25:24: preserving.

00:25:24 --> 00:25:28: Affordable housing and advancing impact investing so and the second

00:25:28 --> 00:25:33: component to that arozzi funds making a difference in this

00:25:33 --> 00:25:34: affordable housing.

00:25:34 --> 00:25:38: This workforce housing space in your opinion.

00:25:38 --> 00:25:41: Yeah, so I mean, I think you know this.

00:25:41 --> 00:25:44: This is one of those where although it feels like

00:25:44 --> 00:25:47: we've been in the OSI space for a long time

00:25:47 --> 00:25:48: and we're entering,

00:25:48 --> 00:25:51: you know, year three Covid had a very serious impact

00:25:51 --> 00:25:53: on on the real estate market,

00:25:53 --> 00:25:56: and I think on the OSI area in particular.

00:25:56 --> 00:25:59: So because of that, what I will say is that

00:25:59 --> 00:26:00: certainly there are those,

00:26:00 --> 00:26:05: including enterprise that evaluate and look for opportunity zone investments

00:26:05 --> 00:26:09: and want to work with developers that are doing projects

00:26:09 --> 00:26:10: that focus.

00:26:10 --> 00:26:14: On affordable housing and certainly ones that are focusing also

00:26:14 --> 00:26:18: on workforce housing and the missing middle sort of demographic

00:26:18 --> 00:26:20: to think about the impact of middle income,

00:26:20 --> 00:26:23: that area that is above what you would get in

00:26:23 --> 00:26:25: a subsidized tax credit deal.

00:26:25 --> 00:26:29: But that you could actually support folks who still fall

00:26:29 --> 00:26:33: within lower levels of area median income where they're feeling

00:26:33 --> 00:26:34: that economic pressure.

00:26:34 --> 00:26:38: So I do think opportunity zone projects and investments can

00:26:38 --> 00:26:41: help advance affordable housing and help deliver.

00:26:41 --> 00:26:44: New product we see a lot of projects where they

00:26:44 --> 00:26:46: are in areas where the existing supply is very much

00:26:47 --> 00:26:49: aging and very much you know certain at a certain

00:26:49 --> 00:26:52: price point. There isn't a whole lot of choice with

00:26:52 --> 00:26:53: respect to good quality,

00:26:53 --> 00:26:57: affordable product that's available. So it does make a huge

00:26:57 --> 00:26:58: difference in that regard.

00:26:58 --> 00:27:00: And I would also say in terms of how Rosie

00:27:00 --> 00:27:03: deals are making a difference you know and how opportunity

00:27:03 --> 00:27:06: funds can make a difference in the area of Community

00:27:06 --> 00:27:10: development through the one lens of real estate you're seeing

00:27:10 --> 00:27:11: a focus on affordability.

00:27:11 --> 00:27:15: Focus on green energy efficiency and sustainable development.

00:27:15 --> 00:27:19: You're seeing a focus on economic development and entrepreneurship by

00:27:19 --> 00:27:22: looking at mixed income or retail developments.



00:27:22 --> 00:27:25: So being able to think through pairing those different pieces  
00:27:25 --> 00:27:29: together to really customize or understand if a project can  
00:27:29 --> 00:27:30: align with the community,  
00:27:30 --> 00:27:33: which is so important from our perspective,  
00:27:33 --> 00:27:36: is really where I think you know the opportunity zone  
00:27:36 --> 00:27:39: effort in context really has a lot of meaning,  
00:27:39 --> 00:27:43: and within you know, with an enterprise that's always part  
00:27:43 --> 00:27:45: of what we're looking for is to understand.  
00:27:45 --> 00:27:47: Not only is this a good project,  
00:27:47 --> 00:27:50: not only is it solving towards our higher order mission  
00:27:50 --> 00:27:52: around affordability and inclusive growth,  
00:27:52 --> 00:27:55: but does it make sense for this community in this  
00:27:55 --> 00:27:55: place,  
00:27:55 --> 00:27:58: and to what extent has the developer or the partners  
00:27:58 --> 00:28:02: who are supporting the project thought through how this lines  
00:28:02 --> 00:28:04: up and then how can we increase the impact in  
00:28:04 --> 00:28:07: that area and make the deal still work?  
00:28:07 --> 00:28:09: OK Derek, same question to you.  
00:28:09 --> 00:28:13: Given the Kingdom funds mission and involvement in impact  
investing  
00:28:13 --> 00:28:16: and what's been your experience as far as OSI funds  
00:28:16 --> 00:28:20: playing a role in preserving affordable housing and  
advancing impact  
00:28:20 --> 00:28:24: investing? And do you think cozy funds are making a  
00:28:24 --> 00:28:25: difference?  
00:28:25 --> 00:28:28: Uhm?  
00:28:28 --> 00:28:31: I so I can only talk from my experience.  
00:28:31 --> 00:28:36: I think that in a market like Nashville.  
00:28:36 --> 00:28:39: The land prices in the home prices of like just  
00:28:39 --> 00:28:43: have they make the numbers very hard to work.  
00:28:43 --> 00:28:46: You know, without subsidy without tax incentives,  
00:28:46 --> 00:28:50: tax breaks and all these different karats that you gotta  
00:28:50 --> 00:28:52: kind of weave into the capital stack.  
00:28:52 --> 00:28:54: So one of my friends,  
00:28:54 --> 00:28:57: he's a consultant and I work with his name is  
00:28:57 --> 00:28:58: Clay Akerson.  
00:28:58 --> 00:29:00: I think he's on this call will open.  
00:29:00 --> 00:29:04: Works is. I'll have I'll send Clay like a site  
00:29:04 --> 00:29:07: and I say like they were looking at this.  
00:29:07 --> 00:29:09: We want to do mixed income housing.  
00:29:09 --> 00:29:12: How can we make the numbers work?  
00:29:12 --> 00:29:15: Because at this current land price is very hard.

00:29:15 --> 00:29:19: To make this an affordable or mixed income deal work

00:29:19 --> 00:29:22: just strictly based on opportunity zone benefit.

00:29:22 --> 00:29:26: Does it help? Absolutely, but is it like the linchpin

00:29:26 --> 00:29:27: to make the deal work?

00:29:27 --> 00:29:31: Not really on some of the deals that we've seen.

00:29:31 --> 00:29:34: So that being said, Clay will put it into his

00:29:34 --> 00:29:37: formula and I'll come out with like a.

00:29:37 --> 00:29:40: Income matrix and say hey look if you get you

00:29:40 --> 00:29:43: know this pilot or if you get you know maybe

00:29:43 --> 00:29:45: a new market tax credit or if you get if

00:29:45 --> 00:29:49: you partner with like a nonprofit housing developer and they

00:29:50 --> 00:29:52: buy they pre sale some of these units at a

00:29:52 --> 00:29:56: you know at a date before the construction like then

00:29:56 --> 00:29:57: you can make it work.

00:29:57 --> 00:30:01: So it's all about in my experience which is very

00:30:01 --> 00:30:03: you know it's not too much.

00:30:03 --> 00:30:06: I just started but like in my experience I've seen

00:30:06 --> 00:30:07: that.

00:30:07 --> 00:30:09: You gotta leverage other subsidies within.

00:30:09 --> 00:30:13: You know you know your jurisdiction wherever you're at state

00:30:13 --> 00:30:16: local federal to make these numbers work,

00:30:16 --> 00:30:18: especially in a market like Nashville.

00:30:18 --> 00:30:21: Because like I said, the prices are just so high.

00:30:21 --> 00:30:24: So either you know there are ways that you can

00:30:24 --> 00:30:25: know you can do,

00:30:25 --> 00:30:27: like Tekken. Do all affordable,

00:30:27 --> 00:30:30: but I really believe in mixed income and and layering

00:30:30 --> 00:30:32: amenities and resources around it.

00:30:32 --> 00:30:35: But you just gotta get creative.

00:30:35 --> 00:30:38: Yep, thank you, that's uh frankly.

00:30:38 --> 00:30:40: I mean, it's it's. It's one of those.

00:30:40 --> 00:30:44: Hey, here's the real. Here's the real picture of what

00:30:44 --> 00:30:44: what?

00:30:44 --> 00:30:48: It's going to take to make something work in Nashville.

00:30:48 --> 00:30:51: That being said, you know.

00:30:51 --> 00:30:54: Looking at the OSI perspective,

00:30:54 --> 00:30:58: what do you think could be improved around the OSI

00:30:58 --> 00:30:58: incentive,

00:30:58 --> 00:31:01: an initiative so you know?

00:31:01 --> 00:31:05: Obviously they Rs has come out with some additional

00:31:05 --> 00:31:07: guidelines

00:31:05 --> 00:31:07: here recently,

00:31:07 --> 00:31:10: but if you know with this new administration,  
 00:31:10 --> 00:31:14: if you had your druthers what and I'm going to  
 00:31:14 --> 00:31:15: kick this to Derek,  
 00:31:15 --> 00:31:19: what would you add to to improve on the OSI  
 00:31:19 --> 00:31:21: incentive based on the?  
 00:31:21 --> 00:31:23: The types of deals and your mission and and how  
 00:31:23 --> 00:31:25: you focused on investing,  
 00:31:25 --> 00:31:26: and I'll start with Derek.  
 00:31:26 --> 00:31:30: And then we'll kick this over to Alicia.  
 00:31:30 --> 00:31:34: So the first thing that comes to mind from that  
 00:31:34 --> 00:31:38: question is finding ways to almost mandate that the  
 Community  
 00:31:39 --> 00:31:40: is involved,  
 00:31:40 --> 00:31:43: right? So a lot of the OSI deals that I  
 00:31:43 --> 00:31:45: see are very top down there.  
 00:31:45 --> 00:31:50: They'll come into a neighborhood and they'll they'll basically  
 say  
 00:31:50 --> 00:31:53: we're going to do 150 unit market rate.  
 00:31:53 --> 00:31:58: Apartment complex here. Maybe their community doesn't  
 want that,  
 00:31:58 --> 00:32:01: or maybe that's not top of the list for them  
 00:32:01 --> 00:32:01: so,  
 00:32:01 --> 00:32:04: but with the way the current OSI is set up  
 00:32:04 --> 00:32:04: or whatever,  
 00:32:04 --> 00:32:07: like there's no way to know mandate like that.  
 00:32:07 --> 00:32:10: The community is consulted and there's there's a lot of  
 00:32:10 --> 00:32:12: the a lot of the people like.  
 00:32:12 --> 00:32:14: I'm my offices in the opportunity zone,  
 00:32:14 --> 00:32:16: like my juice in East Nashville,  
 00:32:16 --> 00:32:18: so it's a little antiquated.  
 00:32:18 --> 00:32:20: But you know, I was talking to some of my,  
 00:32:20 --> 00:32:24: you know, office neighbors and realizing like they don't even  
 00:32:24 --> 00:32:26: know that they're in an opportunity zone,  
 00:32:26 --> 00:32:29: or even how to make it work or Bill.  
 00:32:29 --> 00:32:30: No no, but I'm like,  
 00:32:30 --> 00:32:32: hey, you know that you could technically qualify as an  
 00:32:33 --> 00:32:34: opportunity zone business right?  
 00:32:34 --> 00:32:37: And so like they don't even really know what that  
 00:32:37 --> 00:32:37: means,  
 00:32:37 --> 00:32:39: so I think there's like a lack of education.  
 00:32:39 --> 00:32:42: There's a lack of involvement on the community level,  
 00:32:42 --> 00:32:45: but you know, just really like having ways for the  
 00:32:45 --> 00:32:46: community to participate,

00:32:46 --> 00:32:49: you know, and that could look like from a crowd  
 00:32:49 --> 00:32:52: funding perspective that could look like having you know,  
 00:32:52 --> 00:32:54: benefits to legacy residents that are like in the,  
 00:32:54 --> 00:32:56: you know, that are in the OSI.  
 00:32:56 --> 00:32:58: So like you could get creative with it,  
 00:32:58 --> 00:33:01: but I think. What it boils down to is like  
 00:33:01 --> 00:33:04: there's a lack of community involvement for a program that  
 00:33:04 --> 00:33:07: was propped up on the fact that this is a  
 00:33:07 --> 00:33:10: poor community, but they may or may not directly benefit  
 00:33:10 --> 00:33:11: from that.  
 00:33:11 --> 00:33:13: So that's what I would say.  
 00:33:13 --> 00:33:16: Well, you know, if I have my my wish list  
 00:33:16 --> 00:33:18: that would that would be part of it.  
 00:33:18 --> 00:33:21: OK, Alicia yeah and I would just piggyback on that  
 00:33:22 --> 00:33:25: and say you know really driving towards some guidance an  
 00:33:25 --> 00:33:27: requirements around impact.  
 00:33:27 --> 00:33:31: You know? Certainly depending on who's actually executing  
 and what  
 00:33:31 --> 00:33:33: funds or stakeholders are involved.  
 00:33:33 --> 00:33:35: At Enterprise we have impact reporting.  
 00:33:35 --> 00:33:39: We have an approach to thinking through what types of  
 00:33:39 --> 00:33:42: impact makes sense for a particular project and we do  
 00:33:42 --> 00:33:45: that across the board throughout the organization.  
 00:33:45 --> 00:33:49: But in general around opportunity zones there isn't a set.  
 00:33:49 --> 00:33:52: Guideline on here's what you need to report on with  
 00:33:52 --> 00:33:53: respect to impact,  
 00:33:53 --> 00:33:56: to try to understand as part of your process.  
 00:33:56 --> 00:33:58: Did you think about community engagement?  
 00:33:58 --> 00:34:02: Are you actually tracking how many jobs you're creating?  
 00:34:02 --> 00:34:04: And so I think being able to layer that on  
 00:34:04 --> 00:34:07: would have a real benefit and then separate from that.  
 00:34:07 --> 00:34:09: I would say you know,  
 00:34:09 --> 00:34:12: really thinking about how to ensure that other capital  
 solutions  
 00:34:12 --> 00:34:14: that are available,  
 00:34:14 --> 00:34:17: whether they're coming out of HUD or other areas or  
 00:34:17 --> 00:34:19: in a local from a local policy context,  
 00:34:19 --> 00:34:22: making sure that they. Match up to really compliment so  
 00:34:22 --> 00:34:24: that you can be creative so that you can be  
 00:34:24 --> 00:34:28: flexible with your capital stack and actually make the deal  
 00:34:28 --> 00:34:31: work. Certainly we've seen where that really adds to  
 success,  
 00:34:31 --> 00:34:33: but it also can sometimes be a lot of brain

00:34:33 --> 00:34:34: damage as well.

00:34:34 --> 00:34:36: To figure out how do we put all of these

00:34:36 --> 00:34:39: pieces together so if there's any effort that can be

00:34:39 --> 00:34:40: made,

00:34:40 --> 00:34:42: you know at a next level up to really think

00:34:42 --> 00:34:42: through,

00:34:42 --> 00:34:45: here's a set of capital solutions we have to work

00:34:45 --> 00:34:47: with in Community development.

00:34:47 --> 00:34:48: That set is not very large,

00:34:48 --> 00:34:52: generally speaking, and some of these tools have been

around

00:34:52 --> 00:34:53: for quite some time.

00:34:53 --> 00:34:56: So if you want to understand how to pair lightech

00:34:56 --> 00:34:57: with opportunity zones.

00:34:57 --> 00:35:00: Making that so that it matches up and is as

00:35:00 --> 00:35:03: seamless as possible or think through the mechanics of that

00:35:03 --> 00:35:05: thoughtfully or other tools.

00:35:05 --> 00:35:08: Thinking about subordinate sources that can be helpful.

00:35:08 --> 00:35:10: So I think it's both a combination of improving the

00:35:10 --> 00:35:12: policy as it exists,

00:35:12 --> 00:35:15: but also thinking through where else further downstream can

we

00:35:15 --> 00:35:18: try to match up so that there are some linkages

00:35:18 --> 00:35:21: so that these tools can work together to actually drive

00:35:21 --> 00:35:23: towards more projects that are doing what we want.

00:35:23 --> 00:35:27: Want them to do. And for good measure Derrick and

00:35:27 --> 00:35:27: Alicia,

00:35:27 --> 00:35:30: we keep hearing the term capital stack.

00:35:30 --> 00:35:33: And, you know, I don't want to assume that folks

00:35:33 --> 00:35:35: understand what we're talking about.

00:35:35 --> 00:35:37: When you say capital stack.

00:35:37 --> 00:35:39: So if you could just tackle what,

00:35:39 --> 00:35:41: what a you know. Just an example of a capital

00:35:41 --> 00:35:42: stack.

00:35:42 --> 00:35:44: Obviously with the OSI incentive,

00:35:44 --> 00:35:45: which is an equity piece,

00:35:45 --> 00:35:47: you could just, you know,

00:35:47 --> 00:35:49: help us understand what you know,

00:35:49 --> 00:35:52: just the generic, what a generic capital stack would even

00:35:52 --> 00:35:54: look like in entail,

00:35:54 --> 00:35:55: sure, so you know for a.

00:35:55 --> 00:35:59: Typical real estate project. The most conventional capital

stack would

00:35:59 --> 00:36:02: be having a significant portion of debt.

00:36:02 --> 00:36:04: Consider it, you know, call it 70%

00:36:04 --> 00:36:07: leverage of 70% of the capital sources will be debt

00:36:07 --> 00:36:10: based and then the other balance of that could be

00:36:10 --> 00:36:11: equity.

00:36:11 --> 00:36:15: Could be conventional equity. We're talking about opportunities own equity

00:36:15 --> 00:36:16: in this case,

00:36:16 --> 00:36:18: but any type of conventional equity,

00:36:18 --> 00:36:22: and that's sort of the traditional sort of most conventional,

00:36:22 --> 00:36:26: certainly within Community development that can get much more complex

00:36:26 --> 00:36:30: and much more interesting and nuanced where you may have.

00:36:30 --> 00:36:33: Both conventional debt you may have some type of soft

00:36:33 --> 00:36:35: subordinate financing sources.

00:36:35 --> 00:36:37: If there's some type of subordinate loan,

00:36:37 --> 00:36:40: you may have a piece that is coming from some

00:36:40 --> 00:36:43: tax credit equity or from grants potentially so really thinking

00:36:43 --> 00:36:44: through.

00:36:44 --> 00:36:46: What are your financing sources?

00:36:46 --> 00:36:48: That's what makes up your capital stack,

00:36:48 --> 00:36:51: and you know ultimately, being able to combine both debt

00:36:51 --> 00:36:54: and equity is what will also allow you to improve

00:36:54 --> 00:36:57: the economics and start to leverage some of the returns

00:36:57 --> 00:37:01: so that there's you know you're able to compensate investors

00:37:01 --> 00:37:01: for the risk.

00:37:01 --> 00:37:04: That they would potentially be taking by participating in that

00:37:04 --> 00:37:05: in that deal.

00:37:07 --> 00:37:09: Yeah, and so let me just kick up.

00:37:09 --> 00:37:14: What will will pose one more question and then open

00:37:14 --> 00:37:16: the floor up.

00:37:16 --> 00:37:22: So two questions from our attendees if that's OK,

00:37:22 --> 00:37:26: so. From you know enterprise you guys are a leading

00:37:26 --> 00:37:28: community development organization,

00:37:28 --> 00:37:31: with the national scope and Eric.

00:37:31 --> 00:37:34: The Kingdom fund has a while the scope may not

00:37:34 --> 00:37:36: be national there are you do have?

00:37:36 --> 00:37:40: What I would consider a regional approach the way I'm

00:37:40 --> 00:37:44: defining it where you're looking at different areas within the

00:37:44 --> 00:37:48: country for deals are there specific areas of the country

00:37:48 --> 00:37:51: or specific types of deals where you see oese funds

00:37:51 --> 00:37:54: having a greater impact relative to others.

00:37:54 --> 00:37:57: If that makes sense, and I'll kick that to Alicia,

00:37:57 --> 00:38:01: then to Derek. So are there specific areas of the

00:38:01 --> 00:38:05: country or specific types of deals where you're seeing OSI

00:38:05 --> 00:38:08: funds having a greater impact relative to others?

00:38:08 --> 00:38:10: So I think you know,

00:38:10 --> 00:38:13: fundamentally, an OSI deal can only be a good OSI

00:38:13 --> 00:38:16: deal if it's a good deal on its own face,

00:38:16 --> 00:38:19: and so I think part of that comes from not

00:38:19 --> 00:38:22: only being in markets that have all the inputs that

00:38:22 --> 00:38:25: make it a good market in terms of growth or

00:38:25 --> 00:38:28: a market that has some momentum and potential,

00:38:28 --> 00:38:31: but in addition, when it comes to the impact side,

00:38:31 --> 00:38:34: you know I hate to repeat it again,

00:38:34 --> 00:38:38: but this idea that alignment really is important alignment.

00:38:38 --> 00:38:40: But the community is a risk mitigation.

00:38:40 --> 00:38:44: It really helps reinforce the success and the performance of

00:38:44 --> 00:38:45: a project,

00:38:45 --> 00:38:47: not just because it might be a good market or

00:38:47 --> 00:38:48: a good deal,

00:38:48 --> 00:38:52: but also because it's something that the Community needs

00:38:52 --> 00:38:55: and

00:38:55 --> 00:38:58: or wants an it's lining up in that way you

00:38:58 --> 00:38:58: know in terms of having a greater impact.

00:38:58 --> 00:39:00: All the things that we've talked about,

00:39:00 --> 00:39:02: I think do really matter.

00:39:02 --> 00:39:04: So how much does it cost to build in a

00:39:04 --> 00:39:04: place?

00:39:04 --> 00:39:06: How much is the cost of Labor?

00:39:06 --> 00:39:10: We've seen certain markets where it just isn't feasible

00:39:10 --> 00:39:12: because

00:39:12 --> 00:39:13: of gaps in those areas to focus on ground up

00:39:13 --> 00:39:16: development.

00:39:16 --> 00:39:17: Maybe it's more of an acquisition rehab market from an

00:39:17 --> 00:39:21: economic standpoint,

00:39:21 --> 00:39:25: so you have all these different factors that really are

00:39:25 --> 00:39:27: contributing to what it's possible to achieve in different

00:39:27 --> 00:39:30: geographies.

00:39:30 --> 00:39:33: And you know, I, I don't think it's fair to

00:39:33 --> 00:39:36: say that there's one area that's better than another.

00:39:36 --> 00:39:39: But I will say where there is a cost advantage

00:39:39 --> 00:39:42: to development that can have a benefit in an impact

00:39:42 --> 00:39:45: if there is an area where there is reduced friction

00:39:39 --> 00:39:42: around the entitlement process or other aspects that are part  
00:39:42 --> 00:39:45: of trying to actually put together a deal and move  
00:39:45 --> 00:39:46: it forward.  
00:39:46 --> 00:39:49: Being able to reduce some of the friction along different  
00:39:49 --> 00:39:52: areas and vectors like that really does have an impact  
00:39:52 --> 00:39:54: in terms of being able to do the project and  
00:39:54 --> 00:39:57: then on top of that you know being able to  
00:39:57 --> 00:40:01: think through how to increase the impact as well.  
00:40:01 --> 00:40:04: OK. Derek, so same question you know,  
00:40:04 --> 00:40:07: are you seeing specific areas of the country or specific  
00:40:07 --> 00:40:10: types of deals where OSI funds are having a greater  
00:40:10 --> 00:40:11: impact relative to others?  
00:40:11 --> 00:40:14: Or maybe certain types of deals are taking golf quicker  
00:40:14 --> 00:40:15: than others,  
00:40:15 --> 00:40:17: just it may align with what Alicia said,  
00:40:17 --> 00:40:21: but just to see if you have any thoughts there.  
00:40:21 --> 00:40:25: I really I think she encapsulated it well.  
00:40:25 --> 00:40:26: Like if the deal doesn't work,  
00:40:26 --> 00:40:29: it just doesn't work like if it's if it's a  
00:40:29 --> 00:40:31: good deal and you put layer OSI on top of  
00:40:31 --> 00:40:31: it,  
00:40:31 --> 00:40:33: that's just a added bonus,  
00:40:33 --> 00:40:37: at least from what I've been looking at.  
00:40:37 --> 00:40:39: But I haven't really seen anything that's like,  
00:40:39 --> 00:40:42: OK, this is this. This makes a great OSI deal,  
00:40:42 --> 00:40:44: or this is a certain area like I can't.  
00:40:44 --> 00:40:48: I can't say that I have seen any correlation there.  
00:40:48 --> 00:40:50: OK.  
00:40:50 --> 00:40:54: And the last question, and then we'll open it up  
00:40:54 --> 00:40:57: to will open it up to the attendees so.  
00:40:57 --> 00:41:01: Just from a as we're thinking about.  
00:41:01 --> 00:41:05: The type of investor you know we talked briefly about  
00:41:05 --> 00:41:10: maybe a community group coming together to target a  
00:41:10 --> 00:41:14: specific  
00:41:14 --> 00:41:18: area that they they live in or may obviously have  
00:41:18 --> 00:41:22: a vested interest in. So when we talk about investors,  
00:41:22 --> 00:41:24: could you explain the difference between how may be a  
00:41:24 --> 00:41:27: retail investor?  
00:41:27 --> 00:41:28: And an institutional investor, how they look at a nosy  
00:41:28 --> 00:41:30: opportunity.  
00:41:30 --> 00:41:31: You guys have touched on it a little bit.  
00:41:31 --> 00:41:31: Derek and I think Alicia.



00:41:31 --> 00:41:34: Both of you have touched on it a little bit,  
00:41:34 --> 00:41:38: but. If you're trying to recruit an investor to your  
00:41:38 --> 00:41:41: area right or you're trying to get eyes on a  
00:41:41 --> 00:41:44: community in which you live in that has a nosy  
00:41:44 --> 00:41:48: census track. How would you approach a retail investor?  
00:41:48 --> 00:41:52: What's the difference between a retail investor versus an  
00:41:52 --> 00:41:52: institutional  
00:41:52 --> 00:41:52: investor?  
00:41:52 --> 00:41:55: And how, how, how, how might that impact you know  
00:41:56 --> 00:41:59: funds who are looking at Nashville based opportunities as  
00:42:00 --> 00:42:00: part  
00:42:00 --> 00:42:04: of their?  
00:42:00 --> 00:42:04: You know geographic focus, so hopefully that makes sense.  
00:42:04 --> 00:42:06: So if I'm a community and I I really am  
00:42:06 --> 00:42:10: trying to get institutional money in versus retail money,  
00:42:10 --> 00:42:14: explain the difference in what considerations are Community  
00:42:14 --> 00:42:18: needs to  
00:42:18 --> 00:42:21: really understand and look at before they're trying to pull  
00:42:21 --> 00:42:25: people to take a look at a nosey senses track  
00:42:25 --> 00:42:26: project in their community. And I'll start with Derek if  
00:42:26 --> 00:42:30: that makes sense.  
00:42:26 --> 00:42:30: Yeah, so your angle is going to be different depending  
00:42:30 --> 00:42:32: on who you're talking to.  
00:42:32 --> 00:42:35: If you're talking to institutions.  
00:42:35 --> 00:42:38: They're generally looking for scale,  
00:42:38 --> 00:42:42: and they're generally looking for ways to move lots of  
00:42:42 --> 00:42:43: money,  
00:42:43 --> 00:42:46: so a \$5 million deal for a Goldman Sachs or  
00:42:46 --> 00:42:51: something like that wouldn't necessarily cut you know.  
00:42:51 --> 00:42:55: Cut for there wouldn't be a good candidate for their  
00:42:55 --> 00:42:56: criteria,  
00:42:56 --> 00:42:58: but that's that being said.  
00:42:58 --> 00:43:00: They they let's take Little Miss X.  
00:43:00 --> 00:43:04: There are different divisions inside of Goldman's that that  
00:43:04 --> 00:43:09: care  
00:43:09 --> 00:43:09: about you know community development and in revitalization  
00:43:09 --> 00:43:11: of communities.  
00:43:11 --> 00:43:14: And so like from a mission standpoint,  
00:43:14 --> 00:43:14: you know, I think that there are deals that would  
00:43:14 --> 00:43:18: make sense,  
00:43:18 --> 00:43:18: but there's usually gotta be some type of minimum threshold  
00:43:18 --> 00:43:20: of scale to deploy capital.  
00:43:20 --> 00:43:23: That's just what I've seen from a retail investor like

00:43:23 --> 00:43:24: will get people.

00:43:24 --> 00:43:26: That's like, hey, we want to invest 50 grand an

00:43:27 --> 00:43:28: in Nashville or whatever.

00:43:28 --> 00:43:31: And so like. There is that angle is more like

00:43:31 --> 00:43:34: personal like hey you knew you wanted and a lot

00:43:34 --> 00:43:37: of the times it will get people to say look

00:43:37 --> 00:43:40: we want to invest our money into something that has

00:43:40 --> 00:43:41: a mission,

00:43:41 --> 00:43:44: impact or community impact and they might be 50 grand

00:43:44 --> 00:43:47: but they want to be like involved in like the

00:43:47 --> 00:43:50: deal and like from a from a standpoint of like

00:43:50 --> 00:43:53: hey we want to make sure you're investing into the

00:43:53 --> 00:43:56: right deal with my money and so from that standpoint

00:43:56 --> 00:44:00: that angle you're basically telling more of a story.

00:44:00 --> 00:44:02: As to like why your money is going to be

00:44:02 --> 00:44:04: put to use in a good way,

00:44:04 --> 00:44:06: and you're not going to lose your money,

00:44:06 --> 00:44:08: right? It's going to come back to you.

00:44:08 --> 00:44:11: But here are the elements on the ground that,

00:44:11 --> 00:44:14: like you may care about from a social standpoint that

00:44:14 --> 00:44:17: may resonate with more of a smaller you know investor

00:44:17 --> 00:44:18: or whatnot.

00:44:18 --> 00:44:21: And so I think our angles are different depending on

00:44:21 --> 00:44:22: who we're talking to.

00:44:22 --> 00:44:26: Different entities are looking for different things.

00:44:26 --> 00:44:29: Gay alica yeah, I agree with with all of that

00:44:29 --> 00:44:31: and not you know I would say with the retail

00:44:31 --> 00:44:33: investor sort of group.

00:44:33 --> 00:44:36: Certainly, and I think maybe this is what what Derek

00:44:36 --> 00:44:39: was pointing towards is there's flexibility,

00:44:39 --> 00:44:43: institutions have processes. They have an interest in scale

00:44:43 --> 00:44:44: and

00:44:43 --> 00:44:44: they have different needs,

00:44:44 --> 00:44:48: even those that are aligned around community development

00:44:49 --> 00:44:49: in different

00:44:49 --> 00:44:49: divisions.

00:44:49 --> 00:44:52: And I would say you know the other piece too.

00:44:52 --> 00:44:56: Is there's a difference between a focus on capital

00:44:56 --> 00:44:58: preservation.

00:44:56 --> 00:44:58: Versus thinking about financial return,

00:44:58 --> 00:45:01: an financial return that is more market like.

00:45:01 --> 00:45:04: So there is really quite a spectrum and in terms

00:45:04 --> 00:45:05: of the approach,

00:45:05 --> 00:45:08: being able to tell the story that's meeting that individual  
 00:45:08 --> 00:45:09: investors mission,  
 00:45:09 --> 00:45:13: that's consistent. Whether it's a retail high net worth group  
 00:45:13 --> 00:45:15: of individual investors versus institutions,  
 00:45:15 --> 00:45:18: and so being able to sort of craft that narrative  
 00:45:18 --> 00:45:21: and understand what are their compliance needs,  
 00:45:21 --> 00:45:24: you know how flexible are they in their processes?  
 00:45:24 --> 00:45:26: And also timing. I will say that you know.  
 00:45:26 --> 00:45:27: Early in the OSI phase,  
 00:45:27 --> 00:45:30: there was a lot of focus on shovel ready deals  
 00:45:30 --> 00:45:33: and making sure that you had a project lined up  
 00:45:33 --> 00:45:35: that was ready to go and so trying to find  
 00:45:35 --> 00:45:39: that balance of timing to get through an investors review  
 00:45:39 --> 00:45:42: and diligence process can also be impacted by whether or  
 00:45:42 --> 00:45:45: not it's an institution or if it's a smaller sort  
 00:45:45 --> 00:45:48: of retail fund or individuals who are coming together.  
 00:45:48 --> 00:45:50: So all those different factors really,  
 00:45:50 --> 00:45:52: really play play in that,  
 00:45:52 --> 00:45:55: but very much looking for very similar mission and impact  
 00:45:55 --> 00:45:59: focused goals and then figuring out the opportunity cost.  
 00:45:59 --> 00:46:02: Of a deal based on size and other factors.  
 00:46:02 --> 00:46:04: And let me ask you this,  
 00:46:04 --> 00:46:07: Alicia and Eric. So you mentioned you know that institutional  
 00:46:08 --> 00:46:08: investor.  
 00:46:08 --> 00:46:11: It's about scale. It's about moving a certain amount of  
 00:46:12 --> 00:46:13: capital that threshold.  
 00:46:13 --> 00:46:16: Would there be a scenario to where you could say  
 00:46:16 --> 00:46:19: one project in one community wouldn't get it done,  
 00:46:19 --> 00:46:22: but maybe across three or four communities?  
 00:46:22 --> 00:46:24: If there was community buy in,  
 00:46:24 --> 00:46:26: would say 4 projects together?  
 00:46:26 --> 00:46:28: Near one another, obviously a nosy,  
 00:46:28 --> 00:46:31: since his tracks would that move the needle from an  
 00:46:31 --> 00:46:33: institutional investor standpoint,  
 00:46:33 --> 00:46:35: if you have now we're talking about a lot of  
 00:46:35 --> 00:46:36: collaboration,  
 00:46:36 --> 00:46:39: a lot of planning, but could something across you know  
 00:46:39 --> 00:46:43: three or four areas that hit that institutional investors investor  
 00:46:43 --> 00:46:43: threshold?  
 00:46:43 --> 00:46:45: Have you seen something like that,  
 00:46:45 --> 00:46:48: or could that potentially move the needle?  
 00:46:50 --> 00:46:51: So there are you know,

00:46:51 --> 00:46:55: there certainly are examples, where more of a concentrated place

00:46:55 --> 00:46:59: based effort in our portfolio like approach are out there

00:46:59 --> 00:47:01: to your Point Lamont.

00:47:01 --> 00:47:04: It involves a lot of coordination and really you know

00:47:04 --> 00:47:06: in terms of investor appetite.

00:47:06 --> 00:47:10: It varies investors. In some cases are OK without diversification

00:47:10 --> 00:47:14: if they have the ability if there are huge institution.

00:47:14 --> 00:47:18: Maybe they're able to diversify across other areas in other

00:47:18 --> 00:47:18: cases,

00:47:18 --> 00:47:20: they are still looking for.

00:47:20 --> 00:47:23: Some other type of risk sharing where you know they're

00:47:23 --> 00:47:26: looking to have a multi investor experience so it really

00:47:26 --> 00:47:27: does vary,

00:47:27 --> 00:47:30: but I think what's really interesting about what you've raised

00:47:30 --> 00:47:33: is this idea of a portfolio approach is something that

00:47:33 --> 00:47:36: you know my team is actively brainstormed through to think

00:47:36 --> 00:47:39: through because there are a lot of communities and a

00:47:39 --> 00:47:41: lot of markets where the OSI deals are just not

00:47:41 --> 00:47:42: very big.

00:47:42 --> 00:47:44: There are several deals that need \$1,000,000 here.

00:47:44 --> 00:47:47: A couple \$1,000,000 there and so trying to think through

00:47:48 --> 00:47:50: is there a scenario where a portfolio approach and some

00:47:51 --> 00:47:53: coordination and intermediation from.

00:47:53 --> 00:47:55: A local partner to help sort of solve for that

00:47:55 --> 00:47:56: is feasible,

00:47:56 --> 00:47:59: so it's it's a great question.

00:47:59 --> 00:47:59: OK.

00:48:02 --> 00:48:06: There, I think that's you know it's funny you ask

00:48:06 --> 00:48:06: that Lamar,

00:48:06 --> 00:48:11: 'cause we're we're brainstorming through that right now.

00:48:11 --> 00:48:14: And that's our assumption is if you would be able

00:48:14 --> 00:48:18: to create a defined multi asset fund that accumulate the

00:48:18 --> 00:48:22: cumulative of the deals would meet that threshold to move

00:48:22 --> 00:48:27: institutional money. You know 'cause I'm talking to people who

00:48:27 --> 00:48:30: like their minimum equity check is \$50 million.

00:48:30 --> 00:48:33: And in some of these neighborhoods,

00:48:33 --> 00:48:34: you can't find that scale,

00:48:34 --> 00:48:36: so that is literally what we're at.

00:48:36 --> 00:48:38: What we're working on right now an,

00:48:38 --> 00:48:41: you know. At least, I think you said it best.

00:48:41 --> 00:48:44: It does take a lot of coordination.

00:48:44 --> 00:48:47: But I think if you have the mission driven like

00:48:48 --> 00:48:51: minded operators in the space you can you can you

00:48:51 --> 00:48:55: aggregate the right types of deals that make sense financially

00:48:55 --> 00:48:58: but also have a social component to him and so

00:48:58 --> 00:49:02: you know grouping those deals together to say hey look,

00:49:02 --> 00:49:06: we have 100,000,000 of pipeline and you know these are

00:49:06 --> 00:49:06: ideas.

00:49:06 --> 00:49:08: We have the site control,

00:49:08 --> 00:49:11: we have all these things and then go kind of

00:49:11 --> 00:49:13: raise against that.

00:49:13 --> 00:49:16: That's that's kind of what I'm working through with my

00:49:17 --> 00:49:18: team and other stakeholders.

00:49:18 --> 00:49:21: OK, well and so man that is great to know

00:49:21 --> 00:49:25: because the whole thing is about what are the options

00:49:25 --> 00:49:26: that are out there.

00:49:26 --> 00:49:30: And again Derek. Touchdown it Alicia touched on it.

00:49:30 --> 00:49:33: Part of it is just getting the education and information

00:49:33 --> 00:49:35: out there to understand.

00:49:35 --> 00:49:38: Some folks don't even know that they're even in an

00:49:38 --> 00:49:39: opportunity zone.

00:49:39 --> 00:49:43: Census track. And how do you leverage the incentive?

00:49:43 --> 00:49:45: You know what you know?

00:49:45 --> 00:49:48: How do you pull that equity component together?

00:49:48 --> 00:49:50: How do you develop a capital stack?

00:49:50 --> 00:49:53: But the bigger thing is just educating the community about.

00:49:53 --> 00:49:56: This is what you have in your backyard and this

00:49:56 --> 00:49:58: is what you can potentially do with it.

00:49:58 --> 00:50:01: So in that vein, what I want to do is

00:50:01 --> 00:50:03: is put out to everyone on the call before we

00:50:03 --> 00:50:06: open it up to questions from the attendees so the

00:50:06 --> 00:50:11: Biden administration recently approved what's called the

00:50:11 --> 00:50:12: State Small Business

00:50:11 --> 00:50:12: Credit initiative.

00:50:12 --> 00:50:18: Until 2.0 'cause there was actually a 1.0 and so

00:50:18 --> 00:50:24: effectively what's happening is \$10 billion of capital.

00:50:24 --> 00:50:29: Will be allocated out affectively to the States and tribal

00:50:29 --> 00:50:33: governments and So what is the overall goal of this

00:50:33 --> 00:50:34: capital?

00:50:34 --> 00:50:38: So 1.0 affectively moved capital to States and some of

00:50:38 --> 00:50:41: it was used for venture capital.

00:50:41 --> 00:50:44: Some of it was used for debt capital.

00:50:44 --> 00:50:48: The state of Tennessee at that time in 1.0 used

00:50:49 --> 00:50:54: all used our allotment strictly for venture capital now under

00:50:54 --> 00:50:54: 2.0.

00:50:54 --> 00:50:57: There will be a bucket of money that will be

00:50:57 --> 00:51:01: allocated to the state of Tennessee based on a Formula

00:51:01 --> 00:51:03: 2020 unemployment numbers.

00:51:03 --> 00:51:06: 5 billion will be allocated to the states out of

00:51:06 --> 00:51:10: this unemployment formula and so there may be the

00:51:11 --> 00:51:15: opportunity

00:51:15 --> 00:51:19: for debt flexibel affordable capital to be available for the

00:51:19 --> 00:51:22: state of Tennessee to use for economic development deals

00:51:22 --> 00:51:23: around

00:51:23 --> 00:51:26: whether whether it's small business.

00:51:26 --> 00:51:30: A lot of it you know,

00:51:30 --> 00:51:31: is really geared towards helping communities.

00:51:31 --> 00:51:35: That were impacted in small business that were impacted as

00:51:35 --> 00:51:36: a result of the pandemic.

00:51:36 --> 00:51:40: Small businesses which obviously opportunities own deals

00:51:40 --> 00:51:41: can can also

00:51:41 --> 00:51:45: can cover.

00:51:45 --> 00:51:47: Obviously the real estate component and the operating

00:51:47 --> 00:51:49: business component.

00:51:49 --> 00:51:53: I'm telling you all this.

00:51:53 --> 00:51:57: So as we're thinking through from a state perspective on

00:51:57 --> 00:51:59: how to allocate and use that capital,

00:51:59 --> 00:52:03: you know we're trying to figure it out and so

00:52:03 --> 00:52:06: there may be an opportunity we not making any promises,

00:52:06 --> 00:52:11: but that there will be capital hitting the ground probably.

00:52:11 --> 00:52:15: Mid to late summer. Affordable,

00:52:15 --> 00:52:16: flexible capital that could be used potentially again,

00:52:16 --> 00:52:20: potentially for some economic development.

00:52:20 --> 00:52:21: Deals a lot of it is around impacting.

00:52:21 --> 00:52:25: What's called socially and economically disadvantaged

00:52:25 --> 00:52:26: businesses,

00:52:26 --> 00:52:30: which it's a broad definition.

00:52:30 --> 00:52:33: But it's really designed to have impact in distressed areas

00:52:33 --> 00:52:35: to stress businesses,

00:52:35 --> 00:52:36: distress communities. So I want to put that on your

00:52:36 --> 00:52:37: radar because there may be,

00:52:37 --> 00:52:38: you know ways if you're working with a banking institution

00:52:38 --> 00:52:39: in there on the fence about providing debt,

00:52:39 --> 00:52:40: you know this could be a way to derisk some

00:52:40 --> 00:52:41: of that bank debt.

00:52:36 --> 00:52:39: Or maybe through a CDF I or maybe even through  
00:52:39 --> 00:52:40: a credit union.  
00:52:40 --> 00:52:42: So I say all that to say.  
00:52:42 --> 00:52:45: Just to educate, you guys look up the state small  
00:52:45 --> 00:52:49: Business credit initiative and I if you have questions I  
00:52:49 --> 00:52:53: can forward you the legislative information that I have and  
00:52:53 --> 00:52:55: kind of give a breakdown as to what it is  
00:52:55 --> 00:52:59: and and hopefully folks will begin to again just putting  
00:52:59 --> 00:53:01: education and information out there.  
00:53:01 --> 00:53:05: So that being said, we got we have a number  
00:53:05 --> 00:53:07: of questions in the chat.  
00:53:07 --> 00:53:10: And so to start.  
00:53:13 --> 00:53:15: So one of the one of the questions in here.  
00:53:15 --> 00:53:18: It's really more. Yeah, it is a question.  
00:53:18 --> 00:53:21: It's a. It would be interesting to hear about a  
00:53:21 --> 00:53:24: project in a nosey that is a success story and  
00:53:24 --> 00:53:25: go over how was financed.  
00:53:25 --> 00:53:29: The internal rate of return and the positive impact on  
00:53:29 --> 00:53:30: the community.  
00:53:30 --> 00:53:33: Without displacement an. Are there any case studies of this  
00:53:33 --> 00:53:34: for Nashville?  
00:53:34 --> 00:53:37: So if we could have examples of where this is  
00:53:37 --> 00:53:38: work and it.  
00:53:38 --> 00:53:41: Are there any cases of an OSI deal in Nashville?  
00:53:43 --> 00:53:46: And I'll start with Alicia and then kick it to  
00:53:47 --> 00:53:47: Derek.  
00:53:47 --> 00:53:50: Sure, so you know, I'm happy to give an example.  
00:53:50 --> 00:53:52: Unfortunately it's not in Nashville.  
00:53:52 --> 00:53:55: That will give you kind of a sense of the  
00:53:55 --> 00:53:56: essence of what's possible.  
00:53:56 --> 00:54:00: So there's a project that you know we had enterprise  
00:54:00 --> 00:54:02: supported along with our investor partners.  
00:54:02 --> 00:54:05: That is in Atlanta, and it was a project that  
00:54:05 --> 00:54:08: used both low income housing tax credits as well as  
00:54:08 --> 00:54:10: opportunities own capital.  
00:54:10 --> 00:54:13: And essentially it was a site that the developer had  
00:54:13 --> 00:54:16: an interest in was going to sit on for a  
00:54:16 --> 00:54:18: number of years until the market.  
00:54:18 --> 00:54:21: Really proved more viable for a conventional execution,  
00:54:21 --> 00:54:26: but through our intermediation and partnership and working  
00:54:26 --> 00:54:28: with them,  
00:54:26 --> 00:54:28: we really were able to bring on line.

00:54:28 --> 00:54:32: You know, almost 200 units of affordable housing into the  
00:54:32 --> 00:54:32: community.  
00:54:32 --> 00:54:34: It was in the Bankhead community.  
00:54:34 --> 00:54:38: It's a community where no one was being displaced.  
00:54:38 --> 00:54:41: And but for this partnership from an investor perspective,  
00:54:41 --> 00:54:45: having the OSI Capital piece there as well all those  
00:54:45 --> 00:54:48: parts working together really made it possible to deliver.  
00:54:48 --> 00:54:51: A project and to be able to have that project  
00:54:51 --> 00:54:55: be a transit oriented development that was easy access to  
00:54:55 --> 00:54:58: public transit that's in part of the city that is  
00:54:58 --> 00:55:02: rapidly redeveloping and where you know within a year or  
00:55:02 --> 00:55:03: two potentially,  
00:55:03 --> 00:55:07: this site could have been lost for more conventional  
00:55:07 --> 00:55:08: execution,  
00:55:08 --> 00:55:12: and so you know it really.  
00:55:12 --> 00:55:15: For me really drives home the point that there's this  
00:55:15 --> 00:55:16: combination both of having good alignment,  
00:55:16 --> 00:55:20: sort of boots on the ground,  
00:55:20 --> 00:55:23: understanding of what would benefit the community.  
00:55:23 --> 00:55:26: Having an intermediation partner both on the developer an  
00:55:26 --> 00:55:29: on  
00:55:29 --> 00:55:32: the capital side that understands how all these different tools  
00:55:32 --> 00:55:32: can work together and are willing to work together to  
00:55:32 --> 00:55:35: problem solve for that, and being able to also exert  
00:55:35 --> 00:55:37: influence.  
00:55:37 --> 00:55:40: You know we're all working in this industry together,  
00:55:40 --> 00:55:42: but at the same time there is a benefit to  
00:55:42 --> 00:55:45: being able to demonstrate and to be able to sort  
00:55:45 --> 00:55:48: of stand behind what your mission is.  
00:55:48 --> 00:55:50: An working with partners that where you underwrite and  
00:55:50 --> 00:55:53: evaluate  
00:55:53 --> 00:55:54: how aligned they are and their ability to execute these  
00:55:54 --> 00:55:56: kinds of projects that really make it possible.  
00:55:56 --> 00:55:57: And there are other projects that are like that out  
00:55:57 --> 00:56:00: in the country,  
00:56:00 --> 00:56:02: in various parts of the country,  
00:56:02 --> 00:56:04: and in particular in the Southeast.  
00:56:04 --> 00:56:06: There are quite a few lots of different executions around  
00:56:06 --> 00:56:09: opportunity zone projects,  
00:56:09 --> 00:56:11: an lots of pipeline activity that's ongoing,  
00:56:11 --> 00:56:13: so I think that bodes well for the future.  
00:56:13 --> 00:56:16: And I'll just just to add to that,  
00:56:16 --> 00:56:19: just add a note. I believe after this conversation we



00:56:13 --> 00:56:16: can follow up with a more detailed case study with  
00:56:16 --> 00:56:18: respect to that particular project,  
00:56:18 --> 00:56:21: just to give folks a sense of of what was  
00:56:21 --> 00:56:24: achievable there and how it was possible.  
00:56:24 --> 00:56:28: This has been an amazing conversation and we are tapping  
00:56:28 --> 00:56:31: on peoples times where it right at noon.  
00:56:31 --> 00:56:34: I think we could probably go another hour or two  
00:56:34 --> 00:56:36: on this conversation.  
00:56:36 --> 00:56:39: There are a few other questions in the in the  
00:56:39 --> 00:56:40: chat.  
00:56:40 --> 00:56:44: And also everybody's information. So both Derek and Alicia  
Ann  
00:56:44 --> 00:56:45: Lamont's information.  
00:56:45 --> 00:56:48: All three's information is in the in the chat.  
00:56:48 --> 00:56:52: There's a link so you can connect with them.  
00:56:52 --> 00:56:54: We're going to hit time now,  
00:56:54 --> 00:56:58: but I definitely want to thank everyone for being here.  
00:56:58 --> 00:57:01: I want to thank Alicia and Eric and Lamont for  
00:57:01 --> 00:57:02: such a arousing,  
00:57:02 --> 00:57:07: engaging, and smart conversation and such great thought  
leadership,  
00:57:07 --> 00:57:11: and from here make sure to connect and send any  
00:57:11 --> 00:57:13: questions that you may have.  
00:57:13 --> 00:57:15: Thank you, thank you, thank you,  
00:57:15 --> 00:57:18: thank you all for attending and have an amazing day.  
00:57:20 --> 00:57:21: Goodbye everyone.

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