

CITY MANAGER'S WEEKLY REPORT

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CITY OF
Raleigh
MANAGER'S
OFFICE

Issue 2019-01

January 5, 2019

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Special Work Session - Monday, January 7 - 4:00 P.M.

Reminder that the third and final work session for the Dorothea Dix Park Master Plan will be held Monday in the **Council Chamber** beginning at **4:00 P.M.**

The agenda for the work session was posted to the electronic agenda management system Thursday.

Regular Council Meeting Tuesday, January 8 - No Lunch Work Session - Afternoon and Evening Sessions

Reminder that Council will meet in regular session next **Tuesday** at **1:00 P.M.** and **7:00 P.M.** The agenda for the meeting was published on Thursday:

<http://boarddocs.com/nc/raleigh/board.nsf>

Please note there will be a **Closed Session** immediately following the afternoon session of the Council meeting.

Reminder: If there is an item you would like to pull from the consent agenda for further discussion, please send an e-mail mayorstaff@raleighnc.gov before 11 A.M. on the day of the meeting.

INFORMATION:

Civic Campus Phase I – Public Information Sessions Scheduled

*Staff Resource: Priscilla Williams, Engineering Services, 996-4147, priscilla.williams@raleighnc.gov
Beth Nooe, Urban Design Center, 996-4635, beth.nooe@raleighnc.gov*

To kick-off the public engagement process for the design phase of the Civic Campus Phase I project, staff will host a series of informational sessions open to the public. These sessions will provide an overview of the

Civic Campus Master Plan and present the next steps for the Phase I project. While the informational sessions will be advertised publicly and open to all who have an interest, Staff is also reaching out in a targeted way to ensure that users and owners of downtown property, community groups, CAC chairs and vice-chairs, business leaders, and others with a significant interest in the project are aware of the meetings.

Sessions are scheduled for January 16 (7:30 - 9:30 A.M. and 5:00 - 7:00 P.M.) and January 24 (11:00 A.M. - 1:00 P.M.) at the Raleigh Convention Center. Staff from Engineering Services and City Planning will present a summary of the Civic Campus Master Plan and other Phase I project information and will provide an opportunity for the public to interface with Staff to gain additional information about the project and/or to have any questions answered.

(No attachment)

Raleigh Street Design Manual – Initial Public Review Time Extension

Staff Resource: Rene Haagen, Development Services, 996-2483, rene.haagen@raleighnc.gov

In a revision to an item from Weekly Report 2018-47 (December 14), the deadline for public review and comment on the draft *Street Design Manual* has been extended. The deadline for public review is now January 31 to accommodate stakeholder requests for more time. The original deadline was January 14; public participation and collaboration is paramount to the success of updating this design manual. The original *Weekly Report* item from December is reprinted below for reference.

Raleigh Street Design Manual – Revision Update

Staff Resource: Rene Haagen, Development Services, 996-2483, rene.haagen@raleighnc.gov

Adopted in 2013 along with the Unified Development Ordinance, the Raleigh Street Design Manual serves as the technical guide for design of streets, streetscapes and pedestrian facilities. Based on collaboration with Transportation, Engineering Services, Parks, City Planning and Solid Waste Services departments, as well as the development community and public input over the last five years, staff is seeking to update Raleigh Street Design Manual to ensure effective facilitation of the Comprehensive Plan, the Transportation Plan, and the Unified Development Ordinance. This update will include reformatting as well as modifications to the technical language to better clarify existing policies and regulations.

The manual update will propose to incorporate changes associated with city/state/federal policy and regulatory updates, as well as incorporate technical clarifications based on feedback from staff, development professionals and the public. Ultimately this update to the manual must be authorized and approved by City Council through the Unified Development Ordinance text change process.

Prior to finalizing the draft document, it will be made available for initial public review through January 14; a second round of public review is planned for late first quarter of 2019. A copy of the draft document can be accessed here: [Raleigh Street Design Manual DRAFT](#); comments can be provided via email to RSDMComments@raleighnc.gov.

(No attachment)

Opportunity Zones – Federal Regulations and Guidance Released

Staff Resource: Jenn Bosser, City Manager's Office, 996-2601, jenn.bosser@raleighnc.gov

Opportunity Zones are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The Opportunity Zones program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds, that are dedicated to investing into Opportunity Zones, designated by each State in the United States and confirmed by the US Department of Treasury.

While the Opportunity Zone program was established through legislation in December 2017, the rules and regulations were not released by the U.S. Department of Treasury until October 18, 2018.

The proposed regulations released in October 18, 2018 provided much needed clarity and guidelines for the program, but outstanding questions remain. Upon releasing the guidelines in October, the Department of Treasury requested feedback on outstanding questions and recommendations to the rules and regulations. The Department of Treasury is now reviewing that feedback and will provide additional guidelines expected in the first quarter 2019. Below is a link to key questions that have been answered and additional questions that remain outstanding: <https://www.novoco.com/periodicals/articles/treasurys-opportunity-zones-guidance-answers-many-key-questions>

On December 12, the White House signed an executive order establishing the White House Opportunity Revitalization Council to work across agencies to ensure investments are made in economically distressed areas to include Opportunity Zones. Additional information may be found by following this link: <https://www.whitehouse.gov/presidential-actions/executive-order-establishing-white-house-opportunity-revitalization-council/>.

Council may recall the May 9, 2018 work session topic where staff shared an overview of Opportunity Zones. Since that time the Office of ED+I has worked closely with the NC State Department of Commerce as well as regional and local economic development partners to better understand what Opportunity Zones can mean for Raleigh. Listed below is a summary of efforts the City has taken since the work session:

- On October 30, 2018, the Office of ED+I hosted a webinar with City of Raleigh staff and partner organizations to learn more about the program and how communities are leveraging it for investment.
- On October 26, 2018, the Office of ED+I met with the North Carolina Department of Commerce's Deputy Secretary for Economic Development & Workforce Development, Napoleon Wallace and Legislative Director, John White, to better understand the state's plans and resources associated with Opportunity Zones.
- On December 13, the State of NC Department of Commerce in partnerships with several partners including the North Carolina Economic Development Association, Federal Reserve Bank of Richmond and UNC School of Government, hosted a full day forum in Raleigh for governments, industry and investors to learn more about the program.
- The Office of Economic Development and Innovation has received an uptick in inquiries on Opportunity Zones and has created an information page on the website with additional information and links to resources for those interested in learning more about Opportunity Zones in the City of Raleigh. <http://www.raleigh4u.com/business-assistance/opportunity-zones>.

- The Office of ED+I and GIS department have connected with Wake County Government and the Wake County Economic Development teams to determine opportunities to collaborate to promote the Opportunity Zones via GIS tools and marketing materials on a broader County, Regional and State level. Wake County recently released [The Social Equity Reference Map for Wake County](#), which references the Community Vulnerability and Economic Health Indexes and includes the designated NC Opportunity Zones.
- The City of Raleigh has organized a cross departmental work team to determine how the City can leverage the program as an equitable economic development tool.

As a review for Council, the federal law allows each state to designate up to 25 percent of its total low-income census tracts as zone candidates. North Carolina has just over 1,000 of these tracts with a maximum of 252 census tracts that could be designated as Opportunity Zones. The City has identified and submitted ten census tracts within, or partially within, the City's jurisdiction eligible due to the categorization as "low income communities" and "contiguous tracts" with neighboring municipalities. Each of the ten sites identified were included in the Department of Commerce April 20 recommendation to the Department of the Treasury; all ten tracts were subsequently as designated Opportunity Zones.

Considerations in addition to household income to determine eligible areas, in terms of both the potential community benefits and the viability of investment, are as follows:

- the amount of land zoned for commercial uses,
- the amount of vacant land,
- alignment with the Wake Transit Plan,
- adopted area plans,
- the existence of large sites poised for reinvestment and redevelopment,
- tracts that were contiguous
- proximity to eligible neighboring municipal tracts, and
- and other ongoing and future public projects and planning efforts in the area.

For more information on Opportunity Zones, please see the following links:

IRS Press Release on the Opportunity Zone rules: <https://www.irs.gov/newsroom/treasury-irs-issue-proposed-regulations-on-new-opportunity-zone-tax-incentive>

Proposed Regulations: <https://www.irs.gov/pub/irs-drop/reg-115420-18.pdf>

NC Opportunity Zones Program: <https://public.nccommerce.com/oz/>

U.S. Department of Treasury, Community Development Financial Institutions Fund:
<https://www.cdfifund.gov/pages/opportunity-zones.aspx>

Raleigh Office of Economic Development + Innovation Opportunity Zone Information Page:
<http://www.raleigh4u.com/business-assistance/opportunity-zones>

Additional information in the form of a PowerPoint slide deck is included with the *Weekly Report* materials.
(Attachment)

Weekly Digest of Special Events

Staff Resource: Derrick Remer, Special Events Office, 996-2200, derrick.remer@raleighnc.gov

Included with the *Weekly Report* packet is the special events digest for the upcoming week.
(Attachment)

Council Member Follow Up Items

No Items this Issue



Opportunity Zones

January 2019



What is an Opportunity Zone?

- Federal Legislation – Known as the Tax Cuts and Jobs Act – Signed December 22, 2017
- Led by the U.S. Department of the Treasury
- New Tool for Community and Economic Development to spur investment in distressed areas
- Qualified investors receive certain tax benefits when they invest unrealized capital gains in designated low-income communities



Who is a Qualified Investor?

- **Any US taxpayer with unrealized capital gains**
- **Individuals or corporations** looking to reinvest gains from sales of property in order to defer and reduce taxes
- **Real estate developers and start-up companies** located in an Opportunity Zone who are looking for equity investment;
- **Real estate sponsors, syndicators and/or private equity funds** looking to create Opportunity Funds and then make investments in Qualified Opportunity Zone Property, including investments in corporations, partnerships or direct investments in property



How does a Qualified Investor Benefit?

- **Deferral** - Gain on a property sale that is invested in a Fund is deferred until the earlier of the date that the taxpayer sells its interest in the Fund or December 31, 2026.
- **Capital Gain Reduction** - If taxpayer invests in the Fund for at least 5 years, 10% of the original gain is excluded; if the investment lasts for at least 7 years, an additional 5% (for a total of 15%) of the original gain is excluded.
- **Appreciation Exclusion** - If taxpayer invests in the Qualified Opportunity Fund for at least 10 years, all appreciation in the new investment will be tax-free



What is a Qualified Opportunity Fund?

A Corporation or Partnership organized
for the purpose of investing in a
“Qualified Opportunity Zone Property” (QOZP).
Must hold at least 90% of its assets in a
Qualified Opportunity Zone Property



Qualified Opportunity Fund

QUALIFIED OPPORTUNITY FUND
INVESTS IN AN
QUALIFIED OPPORTUNITY ZONE BUSINESS AND/OR PROPERTY

“STOCK”
(QUALIFIED
OPPORTUNITY ZONE
BUSINESS)

**“PARTNERSHIP
INTEREST”**
(QUALIFIED
OPPORTUNITY ZONE
BUSINESS)

QUALIFIED
OPPORTUNITY
ZONE BUSINESS
“PROPERTY”



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Opportunity Zones in North Carolina

- Low income census tracts are areas where:
 - poverty rate is 20 percent or greater and/or
 - family income is less than 80% of the area's median income
- North Carolina recommended, and the Federal Government approved, 252 census tracts as Opportunity Zones in North Carolina.
- Staff recommended 10 census tracts and all 10 were recommended by the State and approved by the Federal Government.



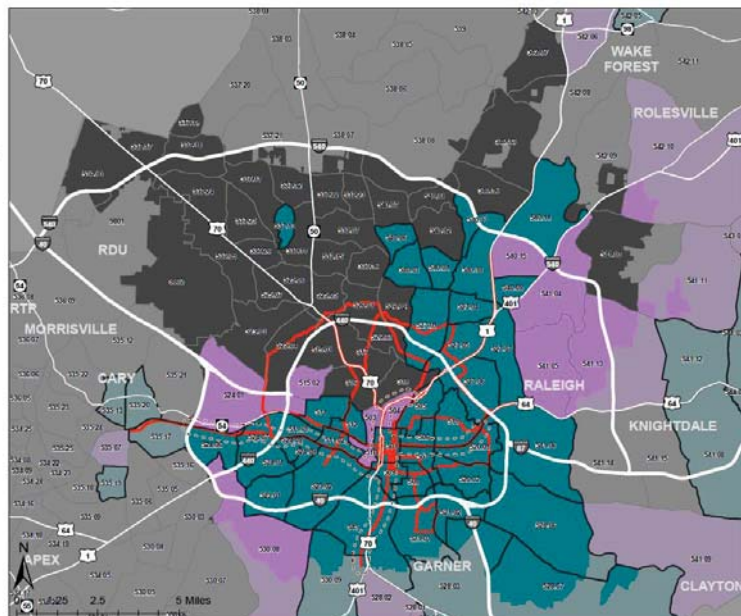
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Raleigh/Wake Eligible Census Tracts

Opportunity Zones

Census Tract Eligibility

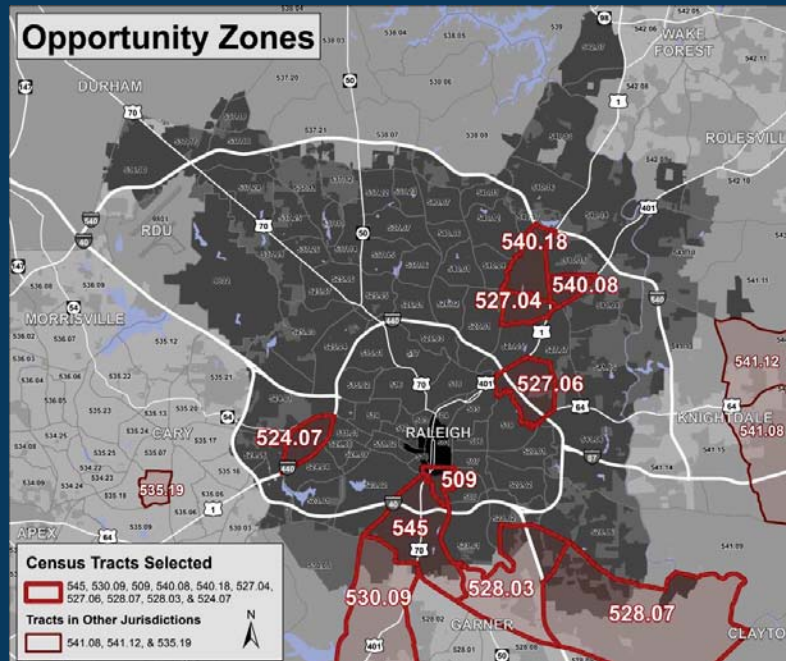
- Eligible (Low Income Community)
- Eligible (Contiguous)
- Not Eligible
- Wake Transit Plan BRT Corridors
- Wake Transit Plan Frequent Network





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City of Raleigh Designated OZs



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Opportunity Zones Timeline

- February – U.S. Dept of Treasury notifies States, State of NC begins outreach to local communities
- March 5 - Wake County Government hosts meeting with local municipalities
- March 12 - City of Raleigh submits recommendation of 10 sites to the State
- April 24 - State releases a press release with final list of sites submitted across the state for potential designation
- May 23 – US Treasury announces approved designated Opportunity Zones in all 50 states and Puerto Rico



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Opportunity Zones Timeline

- October 18 – U.S. Dept of Treasury releases initial rules and regulations regarding the Opportunity Zone program
- October to December – 60 day period for feedback on rules and regulations to U.S. Dept of Treasury
- December 12 – White House signs Executive Order establishing the White House Opportunity Revitalization Council



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Local Efforts

- October 31 – ED+I hosts webinar for city staff and ED Partners
- November 23 – Office of ED&I launches Opportunity Zone information page on website
- December 4 - Wake County releases Social Equity Map with Opportunity Zone sites
- December 13 – NC Dept of Commerce and Federal Reserve Bank of Richmond cohost State of NC Opportunity Zone Forum



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Next Steps

- The U.S. Department of the Treasury to refine rules and regulations based on stakeholder feedback
- White House Council to provide 1 year plan for investment in economically distressed areas
- State plans to promote sites that are state certified across NC
- City of Raleigh internal staff work group to identify how the City can promote Opportunity Zone sites, including City-owned Sites 2 & 3 in Downtown Raleigh
- City Manager's Office of ED+I will serve a coordinating role as local and national resources are shared, and will maintain updates on the ED+I website



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More Information

North Carolina Department of Commerce Opportunity Zone
Information Website

<http://public.nccommerce.com/oz/>

U.S. Department of the Treasury

<https://home.treasury.gov/news/press-release/sm0283>

City of Raleigh's Office of Economic Development + Innovation

<http://www.raleigh4u.com/business-assistance/opportunity-zones>

Special Events Weekly Digest

Friday, January 4 – Thursday, January 10

City of Raleigh Special Events Office
specialevents@raleighnc.gov | (919) 996-2200 | www.raleighnc.gov/specialevents

Permitted Special Events

No scheduled events during this time.

Other Events This Weekend

[First Friday Raleigh](#)

Friday, January 4
Downtown Raleigh

[Hurricanes vs. Blue Jackets](#)

Friday, January 4
PNC Arena

[Shen Yun Performing Arts](#)

Friday, January 4 – Sunday, January 6
Memorial Auditorium

[The Mozart Experience – NC Symphony Young People's Concert Series](#)

Saturday, January 5
Meymandi Concert Hall

[Justin Timberlake](#)

Sunday, January 6
PNC Arena

Public Resources

[Event Feedback Form](#): Tell us what you think about Raleigh events! We welcome citizen and participant feedback and encourage you to provide comments or concerns about any events regulated by the Special Events Office. We will use this helpful information in future planning.

[Temporary Road Closures](#): A resource providing current information on street closures in Raleigh.

[Online Events Calendar](#): View all currently scheduled events that are regulated by the City of Raleigh Special Events Office.