

CITY OF CEDAR RAPIDS  
**OPPORTUNITY  
ZONES**

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Investment Prospectus

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## INTRODUCTION TO OPPORTUNITY ZONES

# What Are Opportunity Zones?

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

## Opportunity Funds

Opportunity Funds are private sector investment vehicles that invest at least 90 percent of their capital in Opportunity Zones. This fund model enables a broad array of investors to pool their resources in Opportunity Zones, which increases the scale of investments going to underserved areas.

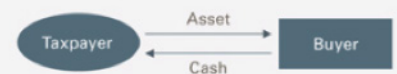
### WHO CAN ESTABLISH AN OPPORTUNITY FUND?

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

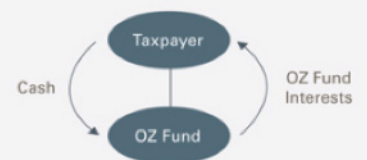
### WHAT CAN AN OPPORTUNITY FUND INVEST IN?

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

### Step 1: Taxpayer sells an asset and realizes gain

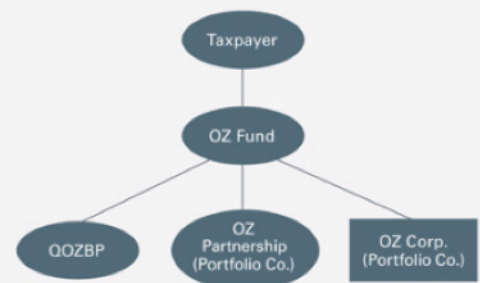


### Step 2: Taxpayer contributes cash (up to the amount of gain\*) to the OZ fund within 180 days of the sale



\*Note: Taxpayer can contribute funds in excess of realized gain, but those funds will not be eligible for the 10-year tax exemption

### Step 3: The OZ fund contributes cash to a directly owned OZ business, an OZ corporation or an OZ partnership



Source: [www.theretailcoach.net](http://www.theretailcoach.net)

## Opportunity Zones Tax Incentives

### TEMPORARY DEFERRAL

A temporary deferral of inclusion in taxable income for capital gains reinvested into an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is disposed of, or December 31, 2026.

### STEP-UP IN BASIS

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

### PERMANENT EXCLUSION

A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.



## What Makes the Opportunity Zones Program So Unique?

- It is more **market-oriented** than other tax credit programs and can **move at the speed of the market**
- It includes **residential, commercial real estate, and business investments**
- The program **rewards patient capital** and is designed to concentrate capital rather than diffuse it
- There is **no cap on benefits**

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## INTRODUCTION TO CEDAR RAPIDS



## Cedar Rapids

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

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

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

## Recent Development

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

## Cedar Rapids by the Numbers

Population:  
**134,662**

2023 Project  
Population:  
**140,707**  
(4% growth)

Number of  
Households:  
**56,587**

Median Household  
Income:  
**\$59,472**

GDP (in 1,000s):  
**\$9,028,644**

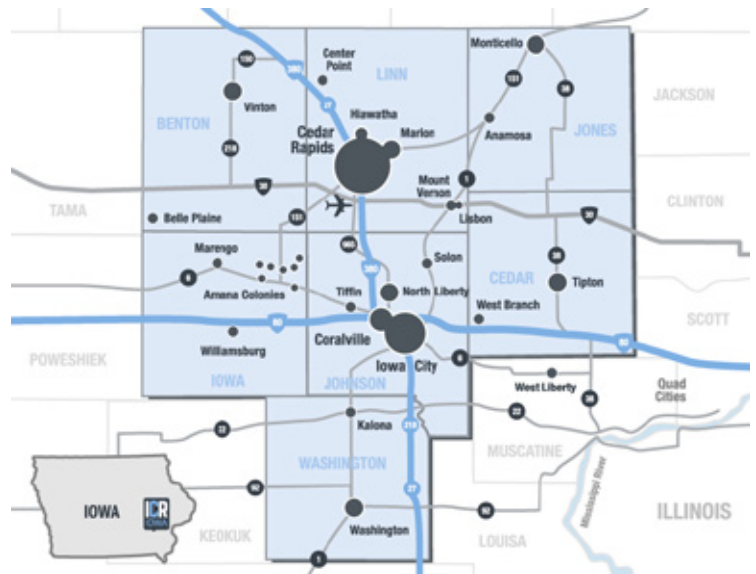
Number of  
Businesses:  
**4,167**

Number of Full-  
Time Employees:  
**92,281**



## Cedar Rapids / Iowa City Corridor

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



## OPPORTUNITIES IN CEDAR RAPIDS

### Target Industries & Niches

	LIFE SCIENCES	LOGISTICS & DISTRIBUTION	FOOD SCIENCES & PROCESSING	ENTREPRENEURIAL & BUSINESS SERVICES	FINANCE, INSURANCE & REAL ESTATE
<b>Mature/Core Targets</b> <ul style="list-style-type: none"> <li>• Retention</li> <li>• Expansion</li> </ul>	Health IT Health Care Networks	Freight Trucking Maintenance & Support Services	Animal Oriented Food & Health Services Food Processing & Organic Foods	Accounting & Legal Services Engineering / Architecture	Investment & Asset Management Services
<b>Diversification Targets</b> <ul style="list-style-type: none"> <li>• Attraction</li> <li>• Entrepreneurship and Small Business Development</li> </ul>	Senior Care Services Medical Devices	Intermodal Transport Services	Agricultural Research & Development Food Safety	Custom Computer Services	Actuary Science & Data Processing
<b>Emerging Targets</b> <ul style="list-style-type: none"> <li>• Expansion</li> <li>• Attraction</li> <li>• Entrepreneurship and Small Business Development</li> </ul>	Biotechnology	Supply Chain Analytics / Services	Bio-Agriculture	Creative Design	E-Commerce



### Workforce

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

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

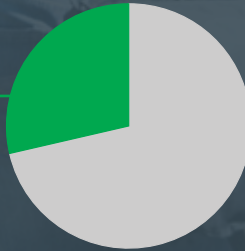
## Higher Education

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

**91.1%**  
of CR population has a  
high school diploma



**28.7%**  
of CR population has  
earned a Bachelors  
degree or higher



COE COLLEGE



Cornell College



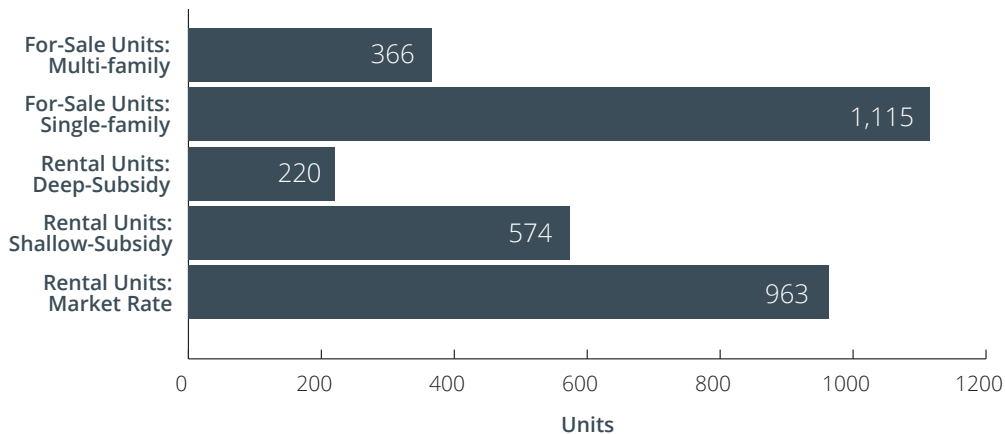


## Housing

A Cedar Rapids housing market analysis conducted in December 2018 found:

- There is a market demand for 3,238 new general occupancy and 1,696 age-restricted and service-enriched housing units between 2019 and 2024.

General-Occupancy Demand by Type | 2019 to 2024



- An additional market demand is anticipated for 5,212 general occupancy units and 2,136 age-restricted and service-enriched housing units between 2024 and 2030.

### ADDITIONAL HOUSING STATS:

Rental vacancy rate:

**2.1%**

Homeownership rate:

**69.6%**

Median home value:

**\$155,250**

Average monthly rent:

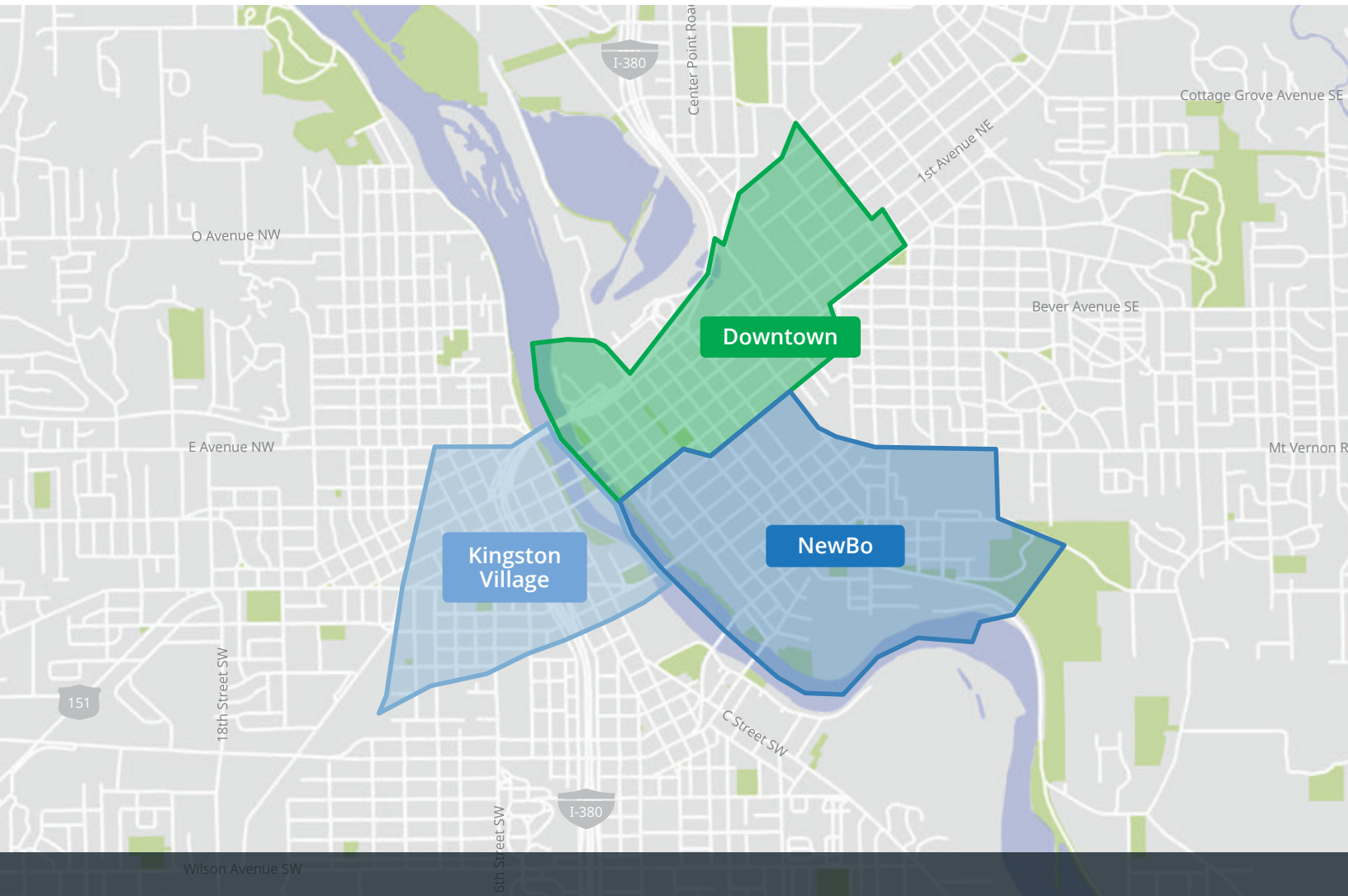
**\$653**

The full Comprehensive Housing Needs Update report can be found [here](#).



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## CEDAR RAPIDS OPPORTUNITY ZONES



## Cedar Rapids Opportunity Zones

Cedar Rapids has three designated Opportunity Zones: Downtown (Census Tract 19), Kingston Village (Census Tract 22), and NewBo (Census Tract 27). All three zones are located in the downtown area and core neighborhoods near the downtown. This location of all three Opportunity Zones presents an exciting investment opportunity for developers and investors because of the amount of development and excitement already going on in the downtown and surrounding areas.

## DOWNTOWN OPPORTUNITY ZONE

The Downtown Opportunity Zone includes the Downtown Core, the MedQuarter District, the College District, and the Wellington Heights neighborhood.

## Recent Area Development

### SINCE 2012:

Over \$160 million in private capital has been invested in new redevelopment projects



Over 125 new housing units have been added

## Key Area Assets

- US Cellular Center & Hilton DoubleTree Hotel
- Theatre Cedar Rapids
- Cedar Lake & the Cedar River
- Coe College
- St. Luke's Hospital
- Physicians' Clinic of Iowa

## Area Stats

Size:  
**0.7**  
square  
miles

2018 population:  
**3,048**

Projected 2023  
population:  
**3,146**

2018 households:  
**909**

Projected 2023  
households:  
**975**

Median  
Household  
Income:  
**\$32,815**

Number of  
Businesses:  
**579**

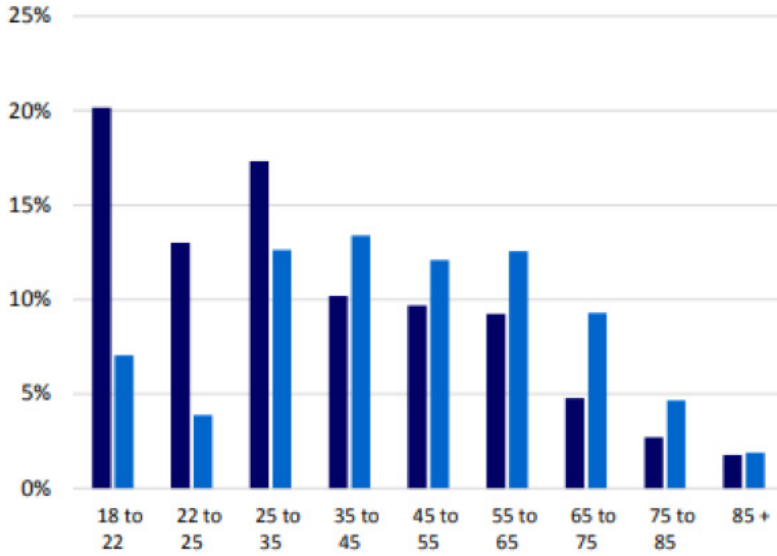
Number of  
Full-Time  
Employees:  
**12,923**



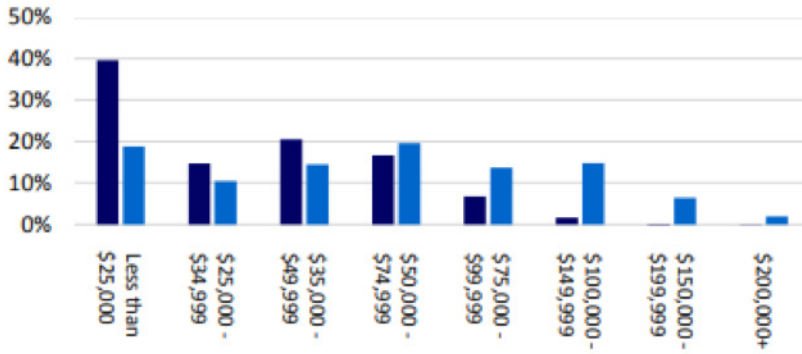
# DOWNTOWN OPPORTUNITY ZONE

■ Downtown Opportunity Zone
 ■ Cedar Rapids, IA

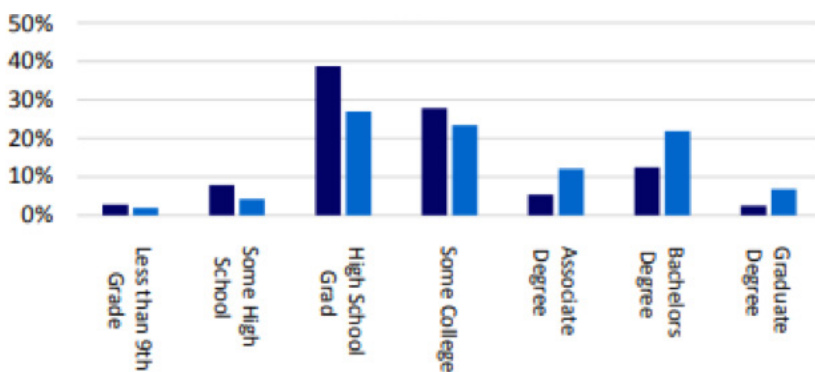
### Population by Age



### Household Income



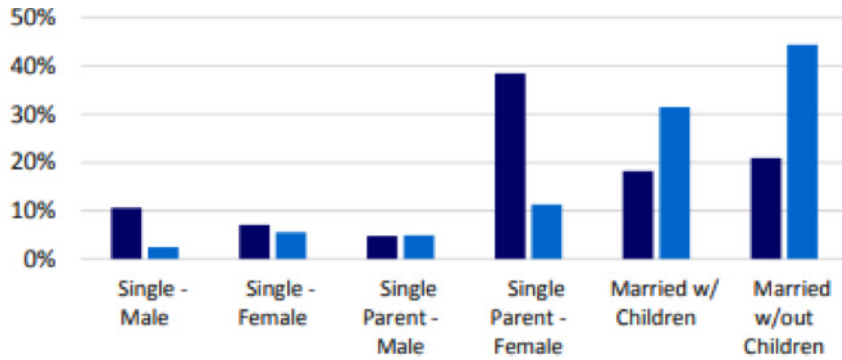
### Education



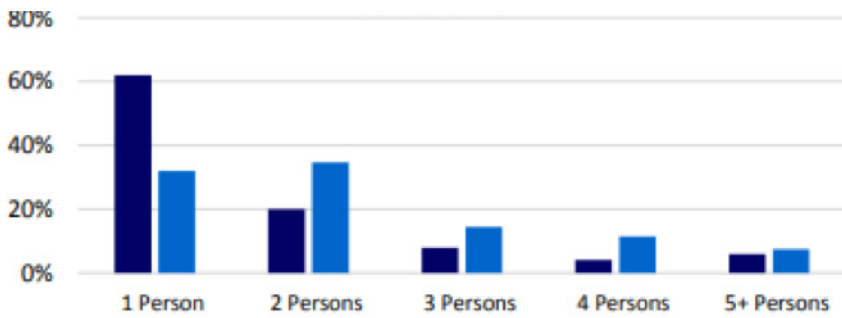
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 ■ Cedar Rapids, IA

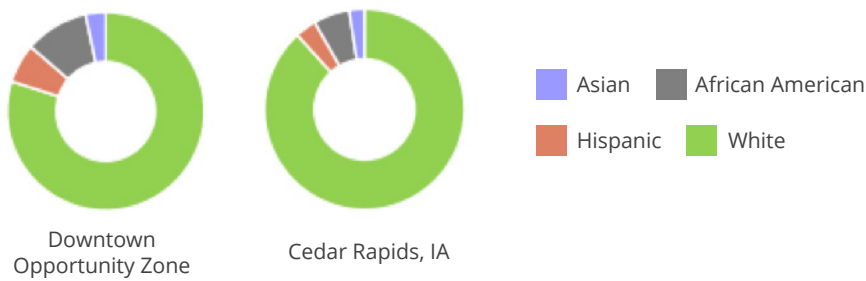
### Family Structure



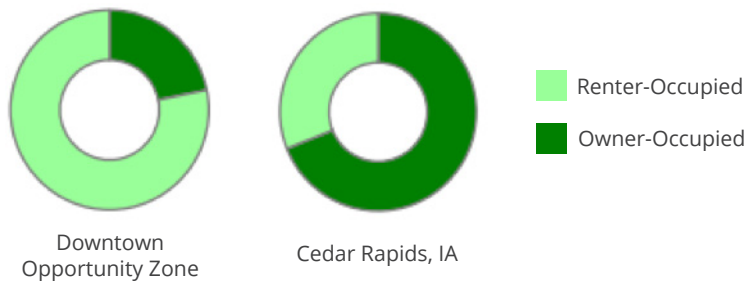
### Household Size



### Race/Ethnicity



### Home Ownership



## KINGSTON VILLAGE OPPORTUNITY ZONE

The Kingston Village Opportunity Zone includes Kingston Village and the Taylor neighborhood.

## Key Area Assets

- McGrath Amphitheatre
- Veterans Memorial Stadium (Kernels minor league baseball)
- Cedar Rapids Ice Arena (RoughRiders minor league hockey)
- Kingston Stadium

### SINCE 2012:

Over \$93 million in private capital has been invested in new redevelopment projects



Over 350 new housing units have been added

## Area Stats

Size:  
**0.6 square miles**

2018 population:  
**2,204**

Projected 2023 population:  
**2,388**

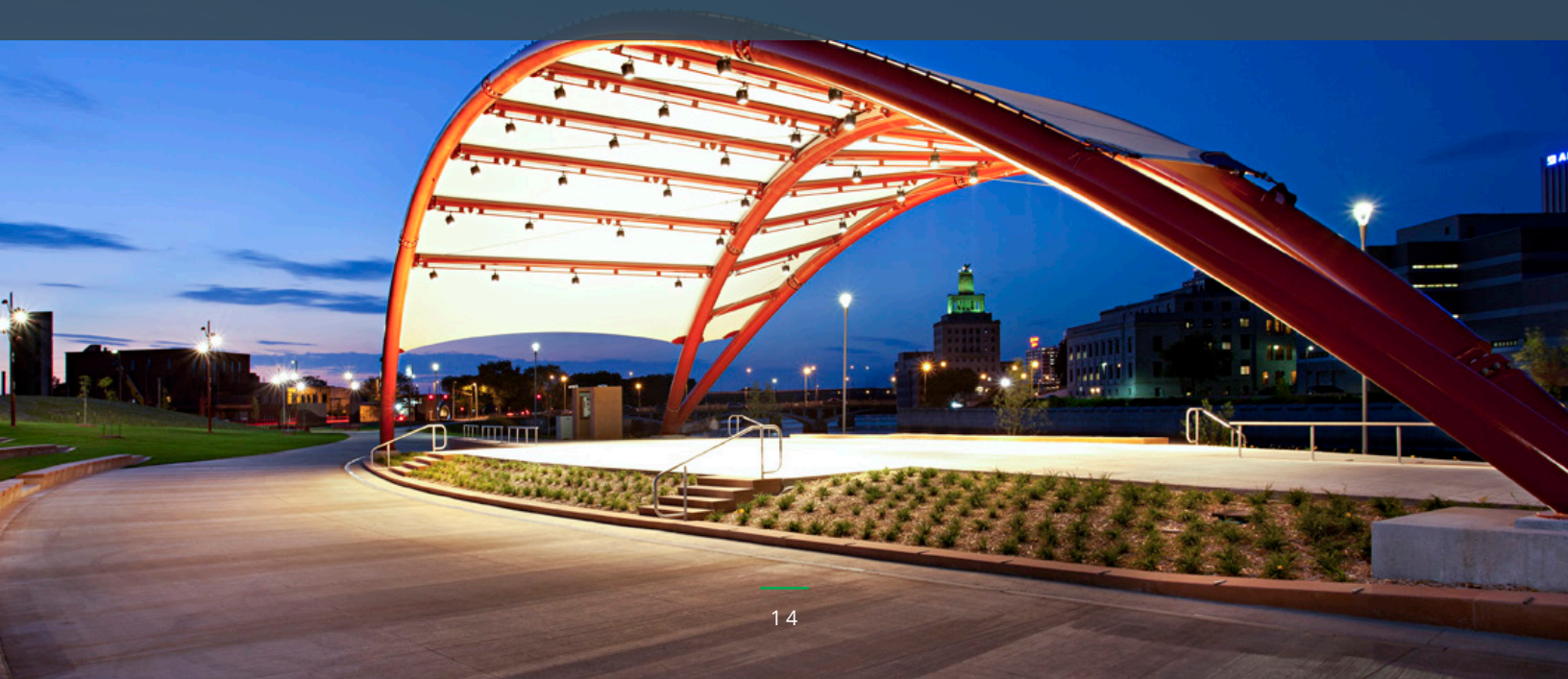
2018 households:  
**789**

Projected 2023 households:  
**868**

Median Household Income:  
**\$40,233**

Number of Businesses:  
**120**

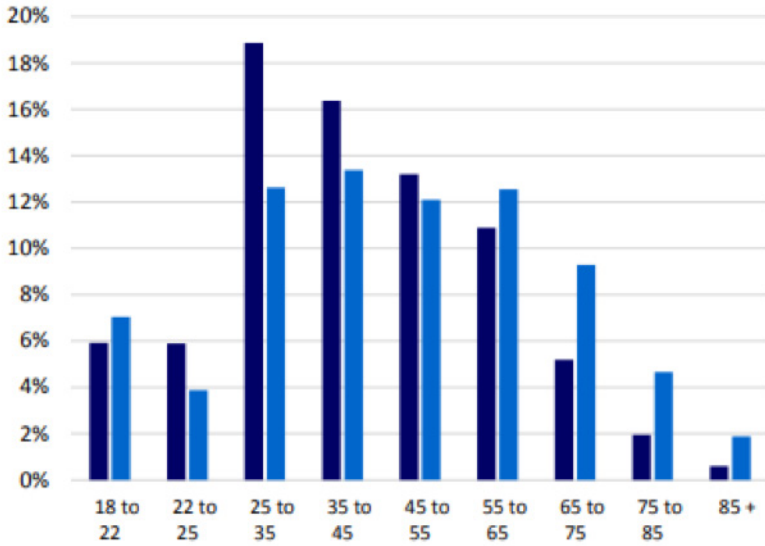
Number of Full-Time Employees:  
**2,867**



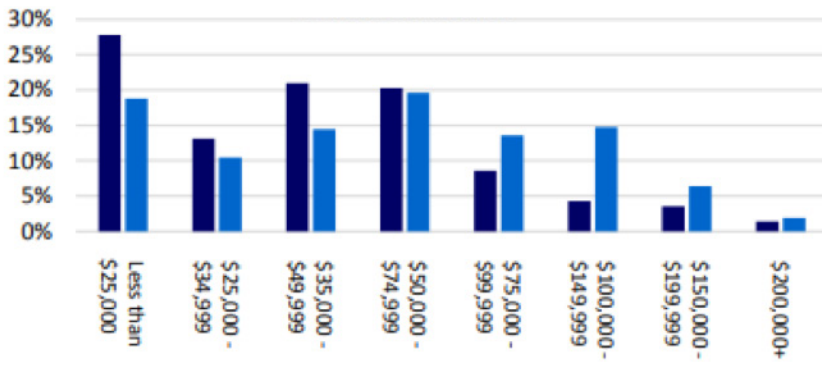
# KINGSTON VILLAGE OPPORTUNITY ZONE

Kingston Village Opportunity Zone Cedar Rapids, IA

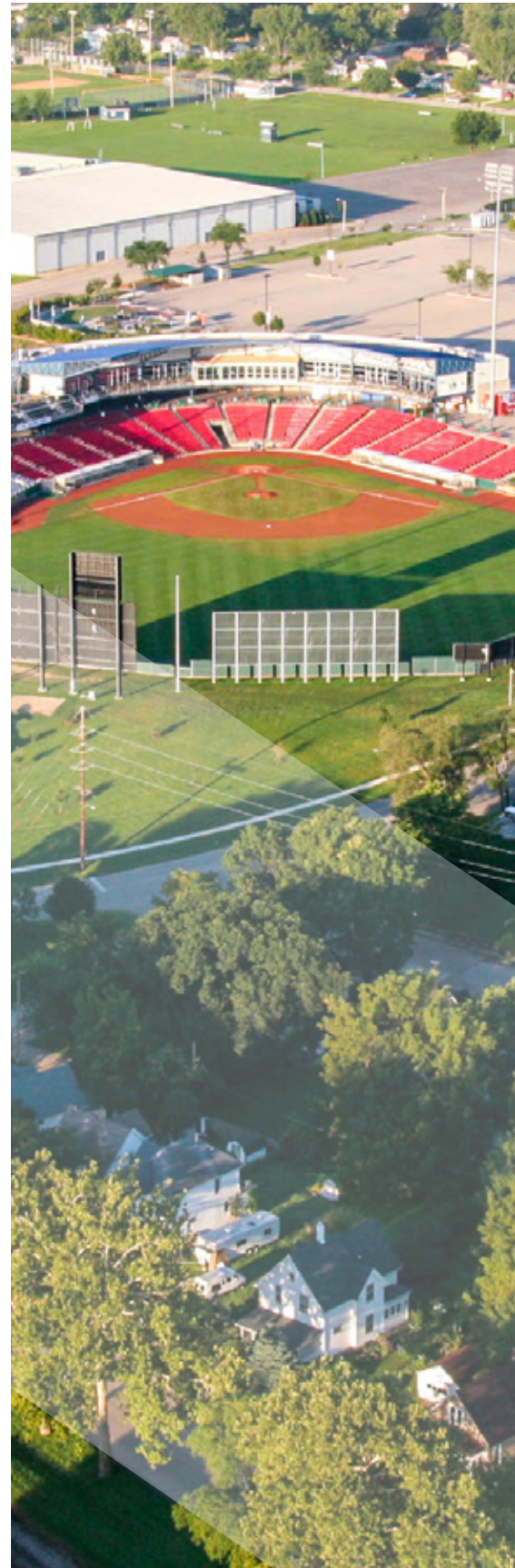
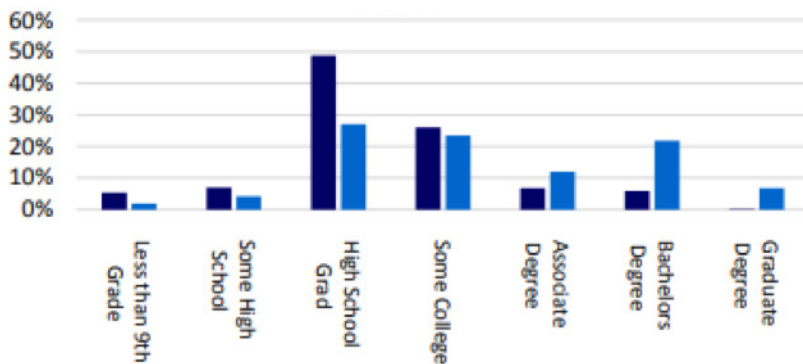
### Population by Age



### Household Income



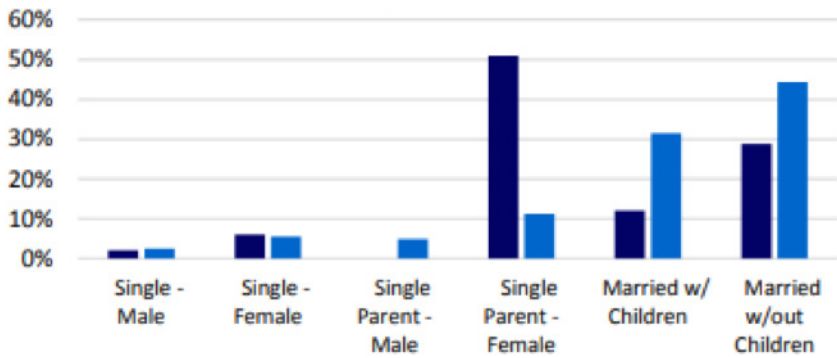
### Education



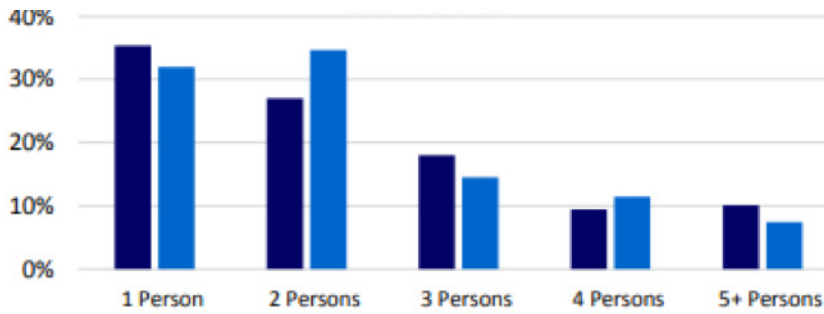
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Kingston Village Opportunity Zone Cedar Rapids, IA

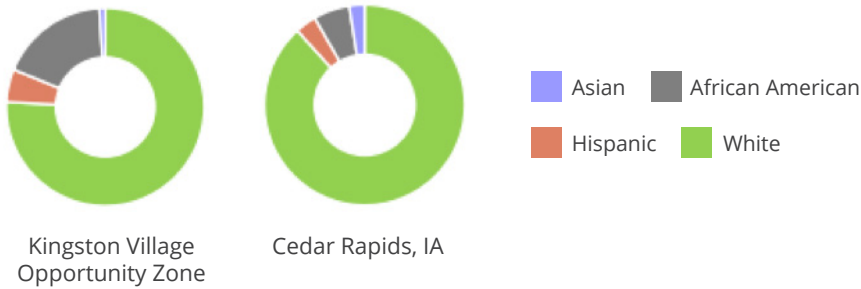
### Family Structure



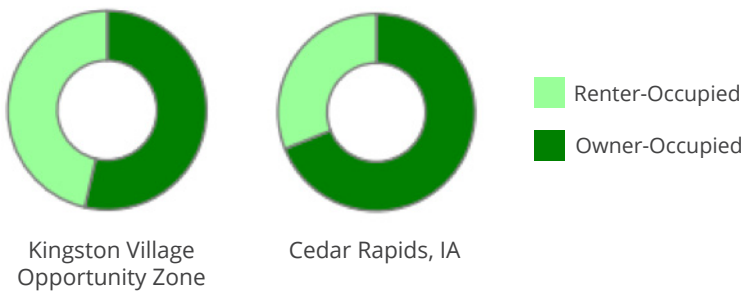
### Household Size



### Race/Ethnicity



### Home Ownership





## NEWBO OPPORTUNITY ZONE

The NewBo Opportunity Zone includes the NewBo district, part of the Downtown Core, and the Oak Hill Jackson neighborhood.

## Recent Area Development

### SINCE 2010:

Over \$86 million in private capital has been invested in new redevelopment projects



Over 250 new housing units have been added

## Key Area Assets

- NewBo City Market
- Sinclair Levee Trail
- Legion Arts
- Federal Courthouse
- Mercy Medical Center

## Area Stats

Size:  
**1**  
square  
miles

2018 population:  
**2,068**

Projected 2023  
population:  
**2,493**

2018 households:  
**1,036**

Projected 2023  
households:  
**1,259**

Median  
Household  
Income:  
**\$38,400**

Number of  
Businesses:  
**195**

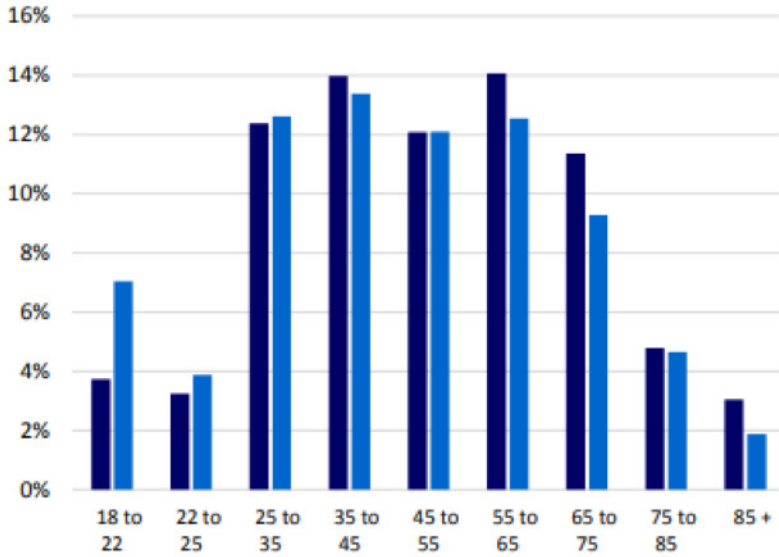
Number of  
Full-Time  
Employees:  
**4,542**



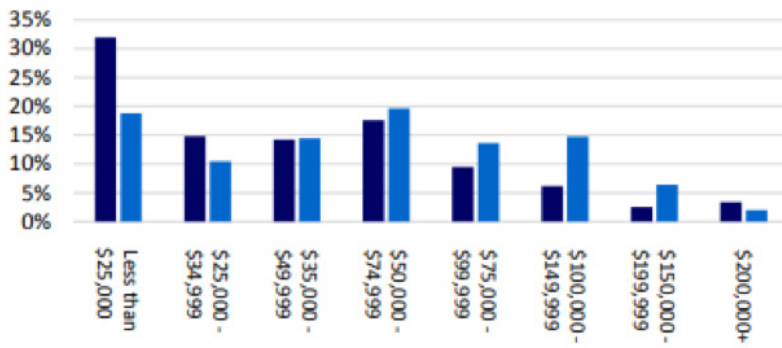
# NEWBO OPPORTUNITY ZONE

■ NewBo Opportunity Zone
 ■ Cedar Rapids, IA

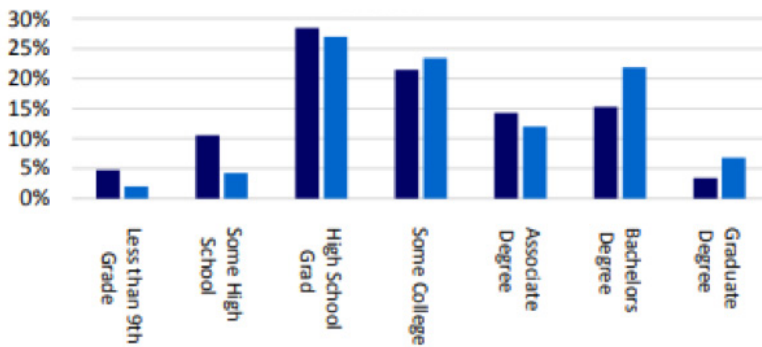
### Population by Age



### Household Income



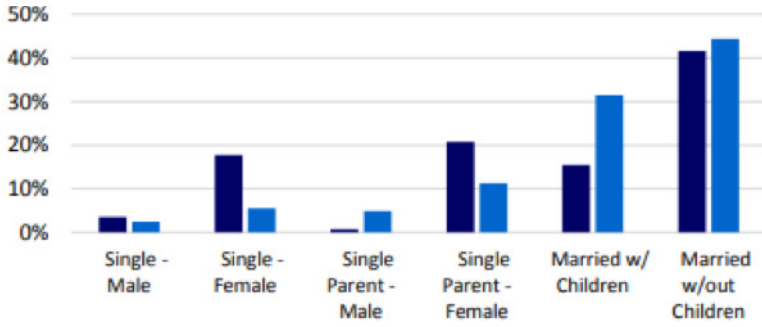
### Education



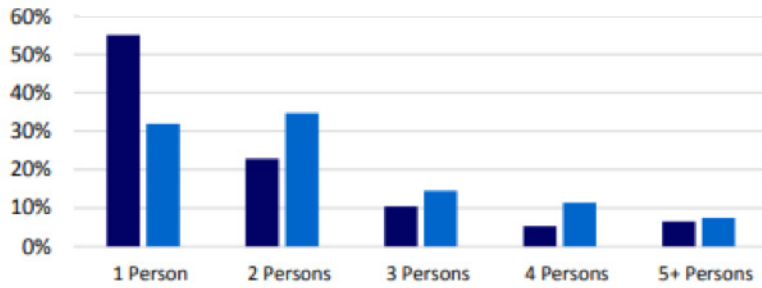
# NEWBO OPPORTUNITY ZONE

■ NewBo Opportunity Zone   ■ Cedar Rapids, IA

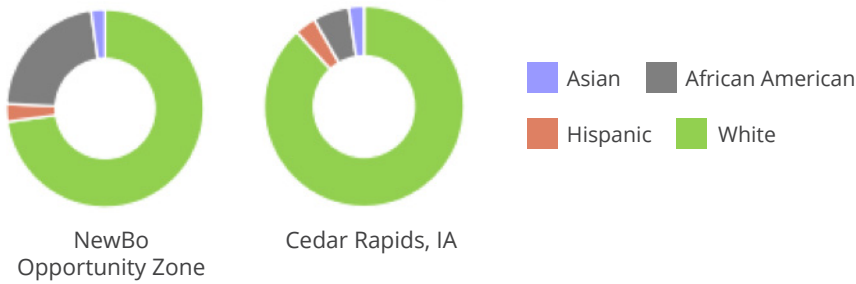
## Family Structure



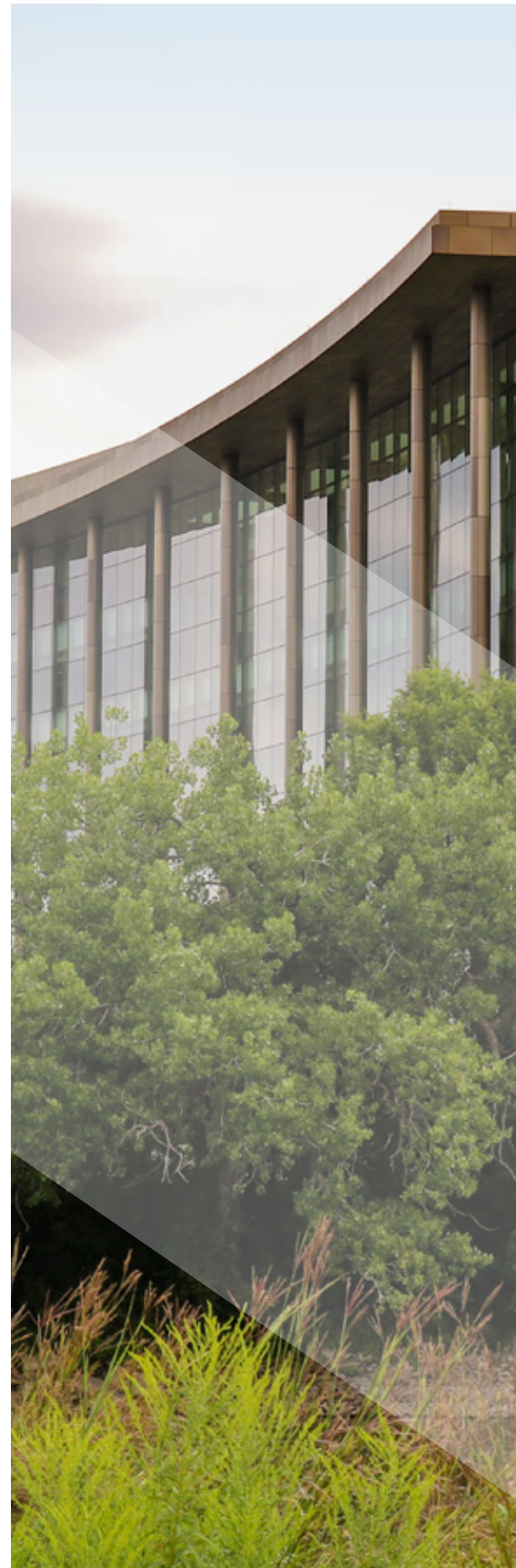
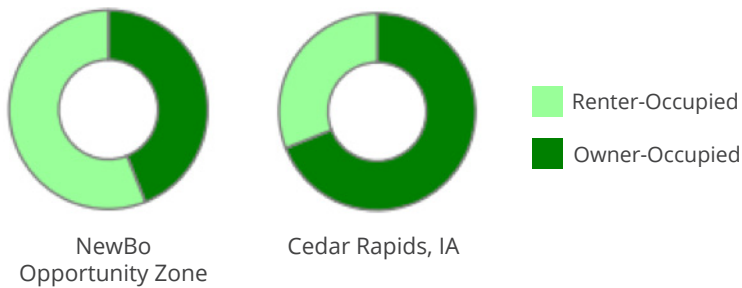
## Household Size



## Race/Ethnicity



## Home Ownership





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## OPPORTUNITY ZONE PROJECT CONTACTS



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