



Seminar Agenda

Info and Maps: www.jonesboro.org

- Overview and Maps:
 - Mike Downing, City of Jonesboro
- Program Summary, Benefits, and Process:
 - Curt Hawkins, Waddell, Cole and Jones
- Potential projects in the OZ areas:
 - Industrial area: Mark Young, Chamber of Commerce
 - City-owned property: Jonathan Smith, Jonesboro Land Bank
- Recent Downtown Projects:
 - Lindsey Ford Wingo, Downtown Jonesboro Alliance
- Restrictive codes and zoning
 - Derrel Smith, City of Jonesboro
- City's New Boarding Ordinance:
 - Mike Tyner, City of Jonesboro

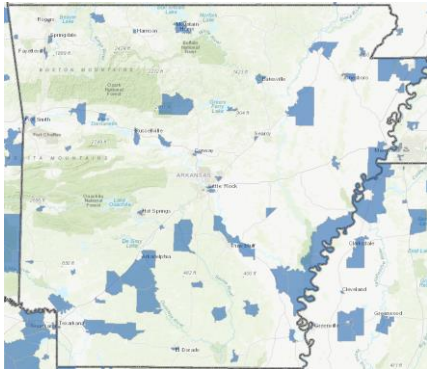
Opportunity Zone - Basics

- Federal tax benefits – applicable only to newly reinvested capital gains.
- Project must be in an Opportunity Zone.
 - 3 in Jonesboro
- Can't be owner-occupied housing.
- Must be fair size: Maybe \$1 million +

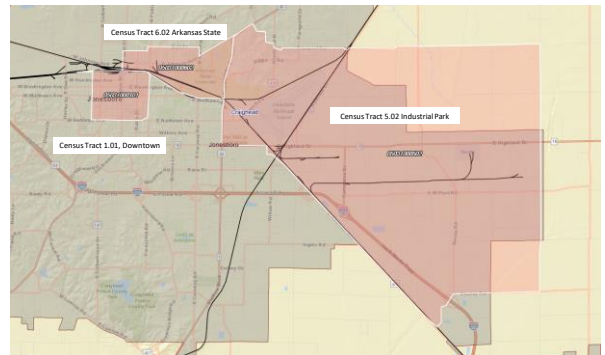
Opportunity Zones

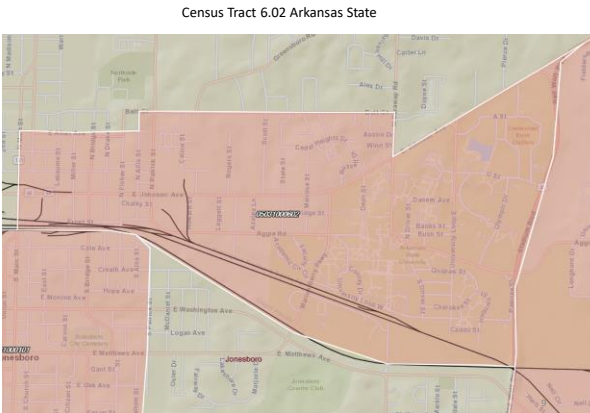
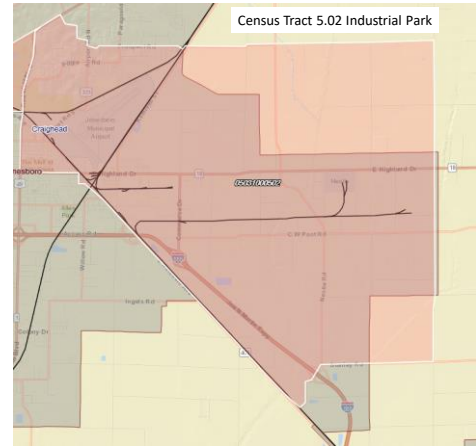
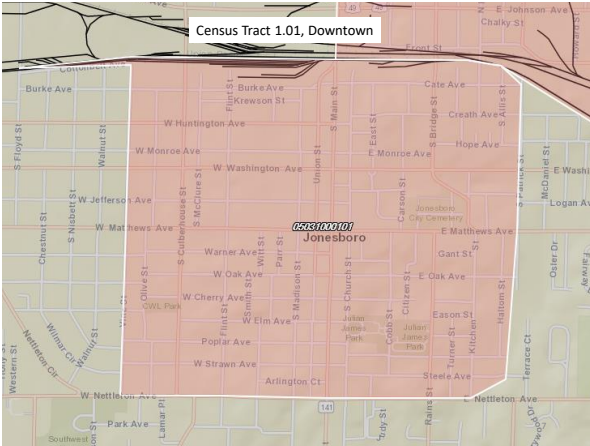


85 Arkansas Opportunity Zones



Jonesboro Opportunity Zones (3)





OPPORTUNITY ZONES: BASICS & BENEFITS



A New Tool For Investment

- Qualified Opportunity Zones (“QOZs”) are new investment opportunities created by the 2017 Tax Cuts and Jobs Act (the “Act”).
- These zones are designated low-income population areas designed to increase economic development and job creation in distressed communities.
- In order to achieve this, the Act provides tax benefits to investors who invest otherwise taxable capital gains into investment vehicles called Qualified Opportunity Funds (“QOFs”) organized for the purpose of investing in Qualified Opportunity Zone property.



How Can I Benefit?

- US taxpayers who invest capital gains in QOZs can benefit from new tax incentives.
- These incentives include the following:
 - Tax deferral on the capital gains;
 - Reduction in invested capital gains for long-term investment; and
 - Exclusion of appreciation on the investment.



Tax Deferral



- Until December 31, 2026, a taxpayer may elect to defer capital gains if those gains are properly invested in a QOF and didn't arise from a transaction with a related party.
- The taxpayer in question is any person that recognizes capital gains for income tax purposes including:
 - **Individuals;**
 - **Business Entities;**
 - **Trusts; and**
 - **Estates**
- The deferred gain will eventually be included in income for the tax year that includes the earliest of:
 - **The date on which the investment is sold or exchanged; or**
 - **December 31, 2026**



Basis Increase

- Over time, provided the investment remains in the QOF, the taxpayer's basis in the investment is increased, ultimately reducing the amount of capital gains to be paid on recognition.
- If the investment is held for 5 years, the basis is increased by 10%, leading to an exclusion of 10% on the deferred gain.
- If the investment is held for 7 years, the basis is increased by an additional 5%, for a total of 15%.
- Note that the current recognition date of December 31, 2026 will fall before the 7-year mark.



Gain Exclusion

- For investments held by the taxpayer for at least 10 years, the basis of the property will be equal to its fair-market value at the time the investment is sold or exchanged.
- In other words, gains accrued on the investment made in a QOF will be permanently excluded from taxable income if the investment is held for at least 10 years.
- Note that this exclusion does not apply to the original deferred gain.



Mechanics of Investment

- Generally, to receive tax benefits, a taxpayer must invest capital gains in a QOF during the 180-day period beginning on the date of the sale or exchange.
 - **Additional options exist for partnerships and s-corporations.**
- In calculating gain to be invested, the taxpayer need not reduce the gain by any losses, but gain required to be re-characterized as ordinary income (for example, gain from depreciated property) will not be eligible.
- The taxpayer must elect to defer the gain on Form 8949 in the tax year of the deferral. Specific direction can be found in the IRS' published instructions for Form 8949.



What is a Qualified Opportunity Fund (QOF)

- A Qualified Opportunity Fund is an investment vehicle organized to invest in QOZ property.
- They may be organized as a corporation or a partnership and self-certify by filing IRS Form 8996.
- At least 90% of QOF assets must be QOZ property, and this is measured



Types of Qualifying Property

- Three types of property qualify as QOZ property:

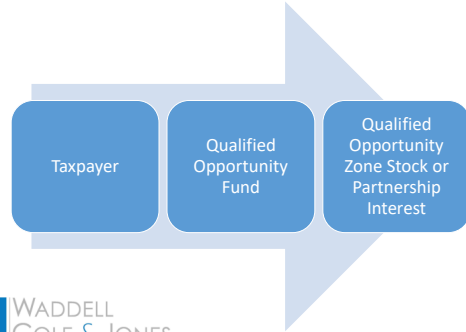


Qualified Opportunity Zone Business Property

- QOZ Business Property is tangible property acquired by a Qualified Opportunity Fund after December 31, 2017.
- "Substantially all" of the use of the property must occur in a Qualified Opportunity Zone during "substantially all" of the period the property is held by the Fund.
- Either the original use of the property in the Zone must begin with the Fund or the Fund must substantially improve the property by essentially doubling its basis over a 30-month period.
 - Original use may be satisfied if a property has remained vacant over a long period of time.



QOZ Stock & Partnership Interest



Why Add The Layer?

- Additional flexibility is available for a QOF that plans to hold qualified stock or partnership interests, instead of holding property outright:
 - Only 70% of all tangible property owned or leased needs to be qualified property;
 - 50% of gross income must be derived from conduct of business in the QOZ;
 - A substantial portion (40%) of any intangible property must be used in active conduct of the business; and
 - Certain non-qualified financial properties must be held to less than 5%.
- Unlike a QOF that owns property outright, a qualified business owned by a QOF can maintain working capital for a 31-month period subject to certain requirements.



Passed and Upcoming Dates

- **12/31/2017** – Qualifying property may be acquired.
- **12/31/2019** – Investment must be made in order to get 15% reduction in deferred gain if held until 12/31/2026.
- **12/31/2021** - Investment must be made in order to get 10% reduction in deferred gain if held until 12/31/2026.
- **12/31/2026** – Deferred gain must be recognized.



Mark Young, President

OPPORTUNITY ZONES SEMINAR
 Thursday, Feb 27, 2020
 10 am - noon
 A-State First National Bank Arena Auditorium, Lower RSD entrance.

TOPICS
 Basics & Benefits of Opportunity Zones
 Potential Project Areas
 Redevelopment Overlay Districts
 New Boarding Ordinance

WHO SHOULD ATTEND?
 RE: Developers and Agents
 Contractors
 RE: Attorneys
 CPAs
 Bankers

Logos for DJA, Jonesboro Regional Chamber of Commerce, and Waddell Cole & Jones PLLC.

MORE INFO AND MAPS: WWW.JONESBORO.ORG

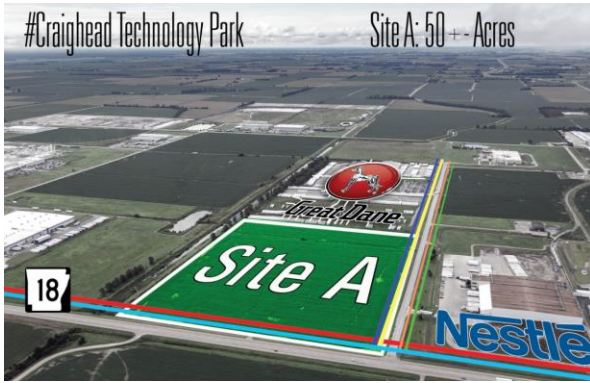
CRAIGHEAD TECHNOLOGY PARK AVAILABLE SITES JONESBORO, ARKANSAS

Map showing sites A through F with labels for various companies like Butterball, FMH Conveyors, Delta Peanut LLC, and others. Includes a scale of 1 inch = 5,000 feet.

Available Sites
 A: 50+ Acres, B: 30+ Acres, C: 20+ Acres, D: 64+ Acres, E: 25+ Acres, F: 160+ Acres, G: 180+ Acres, H: 115+ Acres

For More Information Contact:
 Mark Young, President & CEO (870) 832-6891, (870) 336-8003 Direct, myoung@jonesborounlimited.com
 Mike Phipps, VP Economic Development (870) 336-8000, (870) 336-8074 Direct, mhipps@jonesborounlimited.com

Jonesboro Unlimited, PO Box 799, Jonesboro, AR 72403, www.jonesborounlimited.com, November 1, 2019



25



OPPORTUNITY ZONES SEMINAR
Thursday, Feb 27, 2020
10 am - noon
A-State First National Bank
Atrium Auditorium,
Lower RED entrance

TOPICS

- Basics & Benefits of Opportunity Zones
- Potential Project Areas
- Redevelopment Overlay Districts
- New Boarding Ordinance

WHO SHOULD ATTEND?

- RE Developers and Agents
- Contractors
- RE Attorneys
- CPAs
- Bankers

Jonesboro Regional
DIA
JONESBORO
MORSE, COLE & JONES

MORE INFO AND MAPS: WWW.JONESBORO.ORG

1504 East Johnson

- Zoning:**
- C-3 General Commercial
 - C-3 LUO
 - R-2 Multifamily Low Density District
- Acres - 9.4**
Total Square Footage - 409,542
Land Use Plan - Moderate Intensity
Asking Price - Negotiable

Potential Uses

- Single Family Residential
- Attached Single Family Residential
- Duplexes, Triplexes, and Fourplexes
- Neighborhood Retail and Services
- Office Park
- Smaller medical offices
- Libraries and schools
- Community serving retail
- Small supermarket
- Bank
- Farmers Market
- Pocket Park

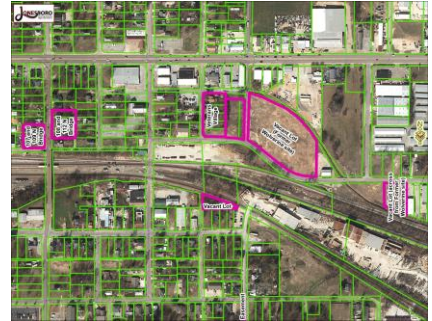


1020 Aggie Road (Wolverine Site)

- Zoning:**
- I-1 Limited Industrial
- Acres - 3.9**
Total Square Footage - 170,755
Land Use Plan - Redevelopment & Urban Village District
Asking Price - Negotiable

Suggested Uses

- Encourage a mixture of uses in this area, including offices, services, government facilities, and housing



Additional information



**City of Jonesboro - Land Bank
2020 Request for Qualifications (RFQ's)
March 10 – April 10**

870-819-9358
JSMITH2@JONESBORO.ORG



- Jonesboro Business License
- Arkansas Contractor's License
- Submit proof that your bonded
- 3 Letters of Reference
- Must be a resident of Jonesboro or have a business located in Jonesboro
- No real property with open violations of the State or local codes and ordinances
- No delinquent taxes or have forfeited title due to nonpayment of taxes
- Transactions are structured in a manner that permits the City to enforce conditions upon title pertaining to development and use of the property

Investing in Downtown Jonesboro



34

Lindsey Ford Wingo



OPPORTUNITY ZONES SEMINAR
Thursday, Feb 27, 2020
10 am - noon
A-State First National Bank
Avenue Auditorium,
Lower RED entrance

TOPICS
Basics & Benefits of Opportunity Zones
Potential Project Areas
Redevelopment Overlay Districts
New Boarding Ordinances

WHO SHOULD ATTEND?
RE: Developers and Agents
Contractors
RE: Attorneys
CPAs
Bankers

Jonesboro Regional
DJA
JONESBORO
RANDALL COLE & JONES

MORE INFO AND MAPS: WWW.JONESBORO.ORG

Investing in Downtown Jonesboro



Derrel Smith
Director of Planning




OPPORTUNITY ZONES SEMINAR
Thursday, Feb 27, 2020
10 am - noon
A-State First National Bank
Avenue Auditorium,
Lower RED entrance

TOPICS
Basics & Benefits of Opportunity Zones
Potential Project Areas
Redevelopment Overlay Districts
New Boarding Ordinances

WHO SHOULD ATTEND?
RE: Developers and Agents
Contractors
RE: Attorneys
CPAs
Bankers

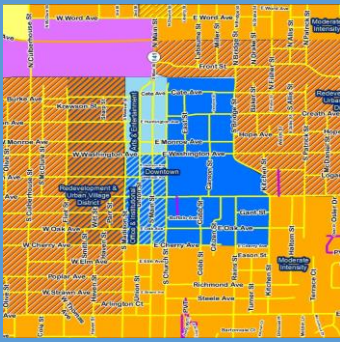
Jonesboro Regional
DJA
JONESBORO
RANDALL COLE & JONES

MORE INFO AND MAPS: WWW.JONESBORO.ORG



Codes and Zoning in Redevelopment Areas


Form Based Codes



Current Land Use Plan showing redevelopment areas



Form Based Codes



What are Form Based Codes


- Put simply, a form based code is a way to regulate development that controls building form first and building use second.
- Provides a sense of place between public and private realm
- Conventional zoning has focused on privately owned land and ignored the "public realm" – that part of the town that belongs to all of us.

How can Form Based Codes help developers

- Form based codes streamline the approval process
- Greater predictability
- Smaller scale of development
- More diversity
- Greater compatibility
- Higher quality public realm


40


Form Based Codes



Form based codes provide easier understanding of building codes


Form based codes are great to use in areas of redevelopment





Form based codes provide a sense of place and public realms

Form based codes provide investors with a sense of security knowing how the neighborhood will look.



Mike Tynner
Director of Code Enforcement




MORE INFO AND MAPS: WWW.JONESBORO.ORG

Jonesboro Ordinance Sec. 105-259 Boarding & Securing – General Circumstances

- Applicable to all residential, commercial, and industrial buildings.
 - Public health, safety, and welfare as determined by the Chief Building Official, Chief Fire Marshal, or their designee.
 - Building has been declared a nuisance by the City Council.
 - Property has been vacant and has had no utilities for a period in excess of 60 days.

Jonesboro Ordinance Sec. 105-259 Boarding & Securing Requirements

- All boarding material must be cut to fit openings to be secured.
- Materials shall be weatherproofed and painted with a color that blends with the overall structure.
- Broken/damaged windows shall be boarded and/or secured within 7 days of the incident causing damage if they are not repaired or replaced.
- Any damage to a roof requiring a tarp to prevent damage to the interior must be repaired and the tarp removed within 6 months.

Jonesboro Ordinance Sec. 105-259 Boarding & Securing Requirements

- All boarding material shall be removed and all doors and/or windows repaired to code within 6 months.
- The Chief Building Official may extend the 6 month time frame if:
 - a permit for repair is acquired and work is ongoing on the premises,
 - a demolition permit is issued for the premises, or
 - there is an ongoing criminal or insurance investigation that requires the property to remain untouched.
- In the event of an undue hardship, the Chief Building Official may extend the time frame up to additional 6 months one time.

Jonesboro Ordinance Sec. 105-259 Boarding & Securing - Enforcement

- Enforcement efforts will begin on **April 1, 2020**.
 - Properties that currently require boarding and securing will be given 30 days to be brought into compliance.
- Properties that currently have a tarped roof shall be repaired and the tarp removed within 6 months.
- Violations of this section shall be punishable by a fine of no less than \$100.00.
 - Each day a violation continues shall be deemed a separate offense.

47

Contact Information

Mike Downing
City of Jonesboro
mdowning@jonesboro.org
(870) 336-7202

Curt Hawkins
Waddell, Cole, and Jones PLLC
wchawkins@wcfirm.com
(870) 931-1700

Mark Young
Jonesboro Chamber of Commerce
myoung@jonesborochamber.com
(870) 336-9063

Info and Maps:
www.Jonesboro.org

Jonathan Smith
City of Jonesboro - Land Bank
JSmith2@jonesboro.org
(870) 336-7180

Linsey Ford Wingo
Downtown Jonesboro Alliance
info@downtownjonesboro.com
(870) 919-6176

Derrel Smith
City of Jonesboro – Planning
derrel.smith@jonesboro.org
(870) 932-0406

Mike Tyner
City of Jonesboro – Code Enforcement
MTyner@jonesboro.org
(870) 933-4658