SPECIAL REPORT: OPPORTUNITY ZONES

INTO THE GREAT O-ZONE

Thousands of neighborhoods are primed for an investment surge. Will a rising tide lift all boats, or will our poorest, least-educated communities be upended in the name of economic development?

BY CRAIG M. DOUGLAS
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Rarely has the federal government dabbled in social engineering without triggering a political backlash or predictions of Armageddon. Yet, somehow, Congress stymied even its most vocal critics last year with new rules encouraging investment in thousands of America's most-underdeveloped neighborhoods, known forevermore as opportunity zones.

The reasons for the muted response are many. For starters the new regulations, included as part of the Tax Cuts and Jobs Act of 2017, are still being finalized and were initially so vague the Internal Revenue Service later issued hundreds of pages of guidance to explain how and over what time period the program is designed to work. Confusion also stems from the definition of what constitutes an "investment" in an opportunity zone, and to the degree said investments will be exposed to federal taxes, if at all.

Another wild card: tax officials at the local level. Potential investors have expressed uncertainty over whether states or cities will follow Congress with similar incentives, or interpret Washington's efforts to boost economic development as an opportunity to lard on extra taxes and fees for big employers and landlords within their borders. Or will it be a little of both?

There has been no shortage of voices from the commercial real estate and wealth management sectors heralding the potential payoffs in store for investors. Tops among them is shelter from federal taxes, but there are plenty of additional perks. Unlike traditional government programs intended to boost economic development, the opportunity zone program's benefits do not depend on an investor hitting certain employment requirements. Likewise, traditional limits on the types of properties or business investments that qualify are minimal.

Less clear is what the opportunity zone legislation will mean for the communities in its crosshairs.

By definition opportunity zones are populated by low-income residents, and a Business Journals analysis of thousands of these designated areas found them to be on average undereducated and plagued by high home-vacancy rates relative to national, state and county averages. Most are a majority black or Hispanic.

Some economists and policy makers caution the law's loose language is ripe to be gamed or at the very least exploited outside the spirit of the opportunity zone program's intent. Concerns over gentrification and the displacement of poor, minority neighborhoods in the name of economic development are legitimate, they say, and are likely to play out in unexpected ways, should the program work as designed.

The clock is ticking. Investors have only a few more months to maximize the program's benefits – estimated in the billions. Whether that payoff ultimately will benefit the country, or just the investors with the means and motivation to take advantage of the program, remains a great unknown.

STATES OF OPPORTUNITY

U.S. governors were required to select qualified census tracts as opportunity zones by early 2018. Below is a breakdown of where zones are clustered, based on varied measures.

State with the most opportunity zones per census tract

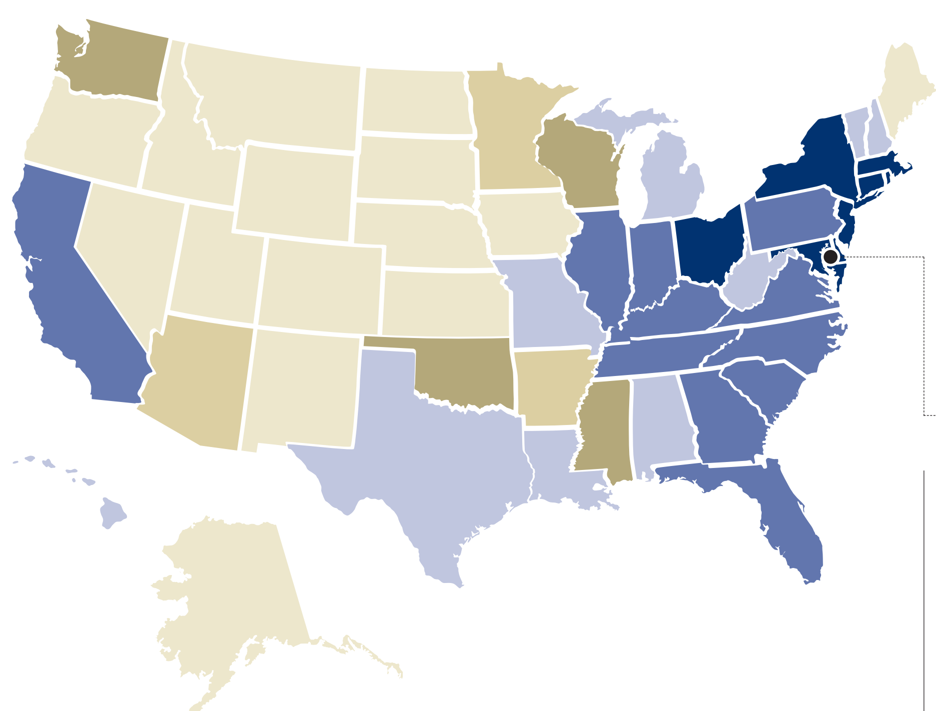
Wyoming **18.9%**

State with the most residents per opportunity zone

Utah **86,720**

State with the most total opportunity zones

California **879**



Square miles per opportunity zone

- 0-150
- 151-300
- 301-450
- 451-600
- 601-750
- 751+

DISTRICT OF CONCENTRATION

With 25 opportunity zones packed into a 68-square-mile land area, the District of Columbia has by far the program's greatest concentration of qualified neighborhoods. At one opportunity zone for every 2.8 square miles, D.C.'s closest rival states are New Jersey and Rhode Island at a zone for every 51.6 square miles and 61.8 square miles, respectively. Alaska ranked last at one opportunity zone per 26,615 square miles.

Square miles per opportunity zone

District of Columbia **2.8**

OPPORTUNITY ZONES VERSUS THE MEDIAN CENSUS TRACT

Compared to U.S. medians, opportunity zones are poorer, less educated and have significantly lower home values.

	ALL U.S. CENSUS TRACTS	OPPORTUNITY ZONES
Total tracts	73,070	8,764
Median household income	$58,810	$33,345
Median home value	$232,818	$145,187
Home vacancy rate	12%	15%
Population black or Hispanic	30%	54%
Age 25+ with college degree	29%	17%

SOURCES: U.S. Census Bureau; Urban Institute

FOLLOW THE MONEY: A PRIMER ON OPPORTUNITY ZONE INVESTING

The potential benefits to investors are many, from the deferral of taxes owed on investment returns to the ability to completely shelter from taxes any future cash-outs from properties or businesses located in opportunity zones. Proponents see the arrangement as a win for investors, states and communities seeking to revitalize blighted and underutilized areas. Others have raised concerns that opportunity zones are yet another giveaway to the wealthy at the expense of the poor.

HOW IT WORKS

"Jane" sells a long-owned multifamily property and pockets a $1 million gain. Rather than reinvest her money through traditional means, Jane instead seeks to shelter her nest egg by reinvesting her initial gain into an opportunity zone.

Jane's $1 million gain is deposited into a qualified opportunity zone fund.

The IRS allows investors to create their own opportunity zone funds or invest through qualified funds established by the likes of a traditional money manager or investment firm. Jane is now eligible to benefit from the opportunity zone program.

Will the community benefit?

What if Jane buys a parking lot? The law's "upgrade" clause only requires a matching investment in the property's structures, say a dilapidated ticket shed worth $5,000. So $5,000 could be the extent of the property's economic "redevelopment."

Scenario 1: invest in a property

Jane's $1 million gain is reinvested within 31 months in a real estate asset. To qualify for the program's full tax benefits, she must eventually match her investment dollar-for-dollar with upgrades to the property. This only applies to structures, not the value of the actual land in question.

Scenario 2: Invest in a business

Jane's $1 million gain is reinvested within 31 months in a business with at least 70 percent of its tangible assets in an opportunity zone. The business also qualifies if 50 percent of its employees' hours or wages are in the zone or if 50 percent of the business' revenue is generated within the zone.

Can it be gamed?

The short answer: yes. There are many hypotheticals — online sales, aggressive asset valuations — that could enable investors to benefit from the law while delivering little value to a community. Will the IRS have the resources to enforce the letter of the law?

The initial payoff

All the federal tax exposure on Jane's initial $1 million gain is deferred to 2026. If her reinvestment in an opportunity zone is held for seven years at that point, some 15 percent, or $150,000, of that gain will be completely sheltered from capital-gains taxes. If her reinvestment is held only five years, her shelter drops to 10 percent or $100,000, of that original gain.

The big payoff

Should Jane's investment explode in value, none of that appreciation will be exposed to federal capital gains taxes. So if in 10 or 20 years that asset is worth $20 million and Jane decides to sell, she will pocket $19 million in gains, completely free from federal capital gains taxes.

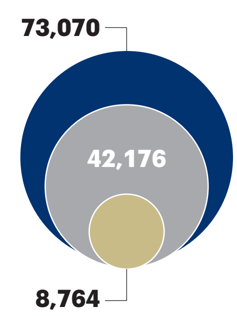
WHAT QUALIFIES?

In 2018, state governors selected qualified census tracts as opportunity zones in cases where:

- The poverty rate was at least 20% of all households, or
- Median family income did not exceed 80% of the region's median family income, or
- The tract was contiguous to another low-income tract and had fewer than 2,000 residents.

GETTING TO 8,764 ZONES

Governors were given considerable latitude to designate up to 25 percent of eligible census tracts as opportunity zones in their respective states. Of the nation's 73,070 total census tracts, 42,176 qualified as "low income." As of May, there were 8,764 opportunity zones in U.S. states and its territories, including 863 in Puerto Rico.



THE CLOCK IS TICKING

Investors have a tight timeline — effectively the end of 2019 — to make a qualified investment in an opportunity zone and still maximize all the program's tax benefits, at least when it comes to sheltering from the IRS a portion of the initial amount invested. All dates are as of Dec. 31.

2019

The latest date when an investor can reinvest untaxed gains into an opportunity zone and still be eligible for the program's maximum 15 percent tax shelter.

2021

The latest date when an investor can reinvest untaxed gains into an opportunity zone and still be eligible for the program's next-highest tax shelter — 10 percent.

2026

The deadline at which investors must pay any capital gains taxes owed on an amount initially invested in a property or business located in an opportunity zone.

2028

All investments in opportunity zones must be finalized by this date to be eligible for the program's tax-exempt status on gains earned from the property or business in question.

2047

The final deadline when investors can claim tax benefits from gains earned from the opportunity zone program.

The good, the bad and the ugly

How will opportunity zones help or hurt the Capital Region? Hear about some of the opportunities and challenges.

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WHAT'S IT ALL COST?

The federal government has offered a 10-year estimate for lost tax revenue, but a total tab remains a moving target.

$1.6 BILLION The estimated cost of the opportunity zone program in lost tax revenue for the federal government over the next 10 years. This does not account for forgone taxes after 2028.

BILLIONS MORE? No one knows, but a total cost in the tens, if not hundreds, of billions is conceivable.

GRAPHICS: Craig M. Douglas, Laurie Lawrence and Sarah Price; Map: Infogram

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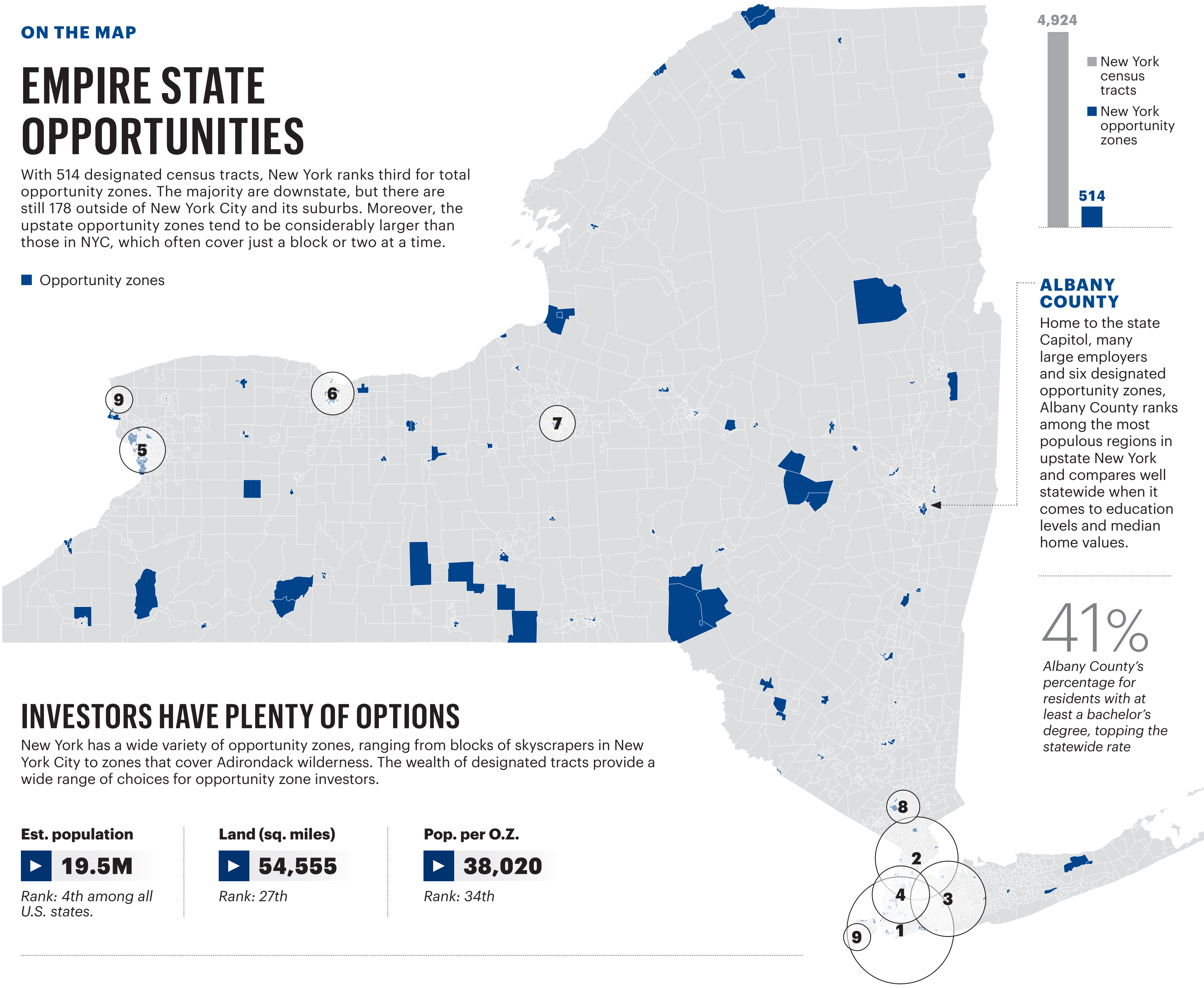
ON THE MAP

EMPIRE STATE OPPORTUNITIES

With 514 designated census tracts, New York ranks third for total opportunity zones. The majority are downstate, but there are still 178 outside of New York City and its suburbs. Moreover, the upstate opportunity zones tend to be considerably larger than those in NYC, which often cover just a block or two at a time.

■ Opportunity zones



ALBANY COUNTY

Home to the state Capitol, many large employers and six designated opportunity zones, Albany County ranks among the most populous regions in upstate New York and compares well statewide when it comes to education levels and median home values.

41%

Albany County's percentage for residents with at least a bachelor's degree, topping the statewide rate

INVESTORS HAVE PLENTY OF OPTIONS

New York has a wide variety of opportunity zones, ranging from blocks of skyscrapers in New York City to zones that cover Adirondack wilderness. The wealth of designated tracts provide a wide range of choices for opportunity zone investors.

Est. population
▶ **19.5M**
Rank: 4th among all U.S. states.

Land (sq. miles)
▶ **54,555**
Rank: 27th

Pop. per O.Z.
▶ **38,020**
Rank: 34th

Median household income
▶ **$65K**
U.S. median: $60,336

Median home value
▶ **$293K**
U.S. median: $217,600

Home vacancy rate
▶ **12%**
U.S. rate: 13%

Black or Hispanic
▶ **37%**
U.S. rate: 30%

Age 25+ with college degree
▶ **35%**
U.S. rate: 32%

THE BIG 10

More than half of New York's opportunity zones are located in New York City, though there are still 178 across upstate. At right are the 10 counties in the state with the most opportunity zones. It's mostly NYC and its suburbs, but the counties containing upstate cities like Syracuse, Rochester and Buffalo are also represented.

Rank	County	Opportunity zones	Population	Household income	Median home value	Home vacancy rate	Black or Hispanic	Age 25+ with college degree
1	Kings	125	2,582,830	$52,782	$623,900	8.40%	53.40%	35.20%
2	Bronx	75	1,432,132	$36,593	$371,800	5.60%	90.90%	19.40%
3	Queens	62	2,278,906	$62,008	$481,300	8.50%	48.50%	30.80%
4	New York	36	1,638,701	$79,781	$915,300	13.10%	44.00%	60.70%
5	Erie	23	919,719	$54,006	$139,900	9.20%	19.50%	32.90%
6	Monroe	20	742,474	$55,272	$142,300	7.80%	25.00%	37.10%
7	Onondaga	14	461,809	$57,271	$139,400	10.10%	16.70%	35.00%
8	Westchester	12	967,612	$89,968	$513,300	7.30%	41.40%	47.70%
9	Richmond	8	476,179	$76,244	$460,200	7.30%	30.40%	32.10%
9	Niagara	8	210,433	$51,656	$114,800	12.10%	10.20%	23.50%

GRAPHICS: Craig M. Douglas, Laurie Lawrence, Sarah Price, Kristina Walser; Maps4News

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New Developments in Opportunity Zone Investing

The time is right for entrepreneurs and venture capitalists to benefit from investments in areas of New York State under a new federal tax incentive program intended to spark business development and job creation in distressed communities.

The program included in President Trump's signature Tax Cuts and Jobs Act of 2017 created Opportunity Zones, now numbering 8,700 across all 50 states, which are earmarked for community improvement.

There are 514 zones from Albany to Buffalo and elsewhere in New York.

The attorneys at **Hodgson Russ LLP** are uniquely qualified to show investors how to take advantage of the tax incentives from the types of projects to pursue to how to proceed through the program's regulations.

The Opportunity Zones were created by census tracts of low-income areas nominated by each state and certified by the Secretary of the U.S. Treasury. Located in downtown, industrial, suburban and rural areas, the zones stand to benefit from an estimated $40 billion in investments in projects such as start-up technology companies, small businesses and real estate development.

"The Federal government has estimated that investors stand to benefit from more than $9 billion from the act's preferential tax treatment for fiscal years 2018-2022," said **Terry Gilbride,** a Hodgson Russ partner specializing in commercial real estate, construction and public-private partnerships.

"The program affords taxpayers, who have gain from the sale of a capital asset to an unrelated person, capital gain deferral, reduction and elimination. To take advantage of these benefits, taxpayers have to invest an amount equal to all or part of that gain in a 'qualified opportunity fund' in exchange for equity, and taxpayers have to make an election and attach it to your tax return in the year the gain is recognized," Gilbride said.

Those who qualify for the program can receive substantial tax benefits in capital gain deferral until 2026 or the date the interest is disposed, capital gain reduction depending on the length of time the investment is held, and capital gain exclusion on the appreciation of the investment if held for more than 10 years.

"If you hold your interest in the fund for 10 years and you dispose of it on or before 2047, you get elimination of capital gain on the appreciation of your investment in the fund. That's what people are focused on as the biggest tax benefit," Gilbride said.

Two sets of regulations have been released by the U.S. Treasury Department. The most recent round, announced in April, clarified for Opportunity Zone investors several important issues such as an investment's eligibility requirements, treatment of pre-existing entities, what qualifies as substantial improvement to a property and treatment of leased property.

"The April regulations in general are extremely taxpayer friendly," said **Leslie Kellogg,** a Hodgson Russ tax partner who focuses on federal and international tax. "They are meant to give investors comfort that they really can deploy this capital and take advantage of the benefit of these funds."

Meanwhile, the program is expected to cost New York $7 million a year, according to state Tax Department estimates, said **Chris Doyle,** Leader of the Hodgson Russ State and Local Tax Practice.

The state appears to be waiting to see whether the investments that result from the program align with the state's economic development needs, Doyle said.

Doyle predicted that a repeat of the 2008 recession, for example, could find that the "revenue needs of the state trump the economic development needs of the state," and the state could change the law to get rid of the deferral and exclusion amounts. Let the buyer beware, he said.

The April regulations also addressed in greater detail Qualified Opportunity Zone Funds, investment vehicles that take the form of partnerships, corporations or limited liability companies.

Those using a fund to attract investors should understand that the offering needs to comply with existing federal and state securities laws, said **John Zak,** Leader of the Hodgson Russ Securities Regulations and Corporate Compliance Practice.

"Any time you raise funds from third parties you need to be concerned about whether you can deliver on your promises," Zak added. "Given these tax regulations, which are still in flux somewhat, it's difficult to know whether you can answer all the questions of your investors."

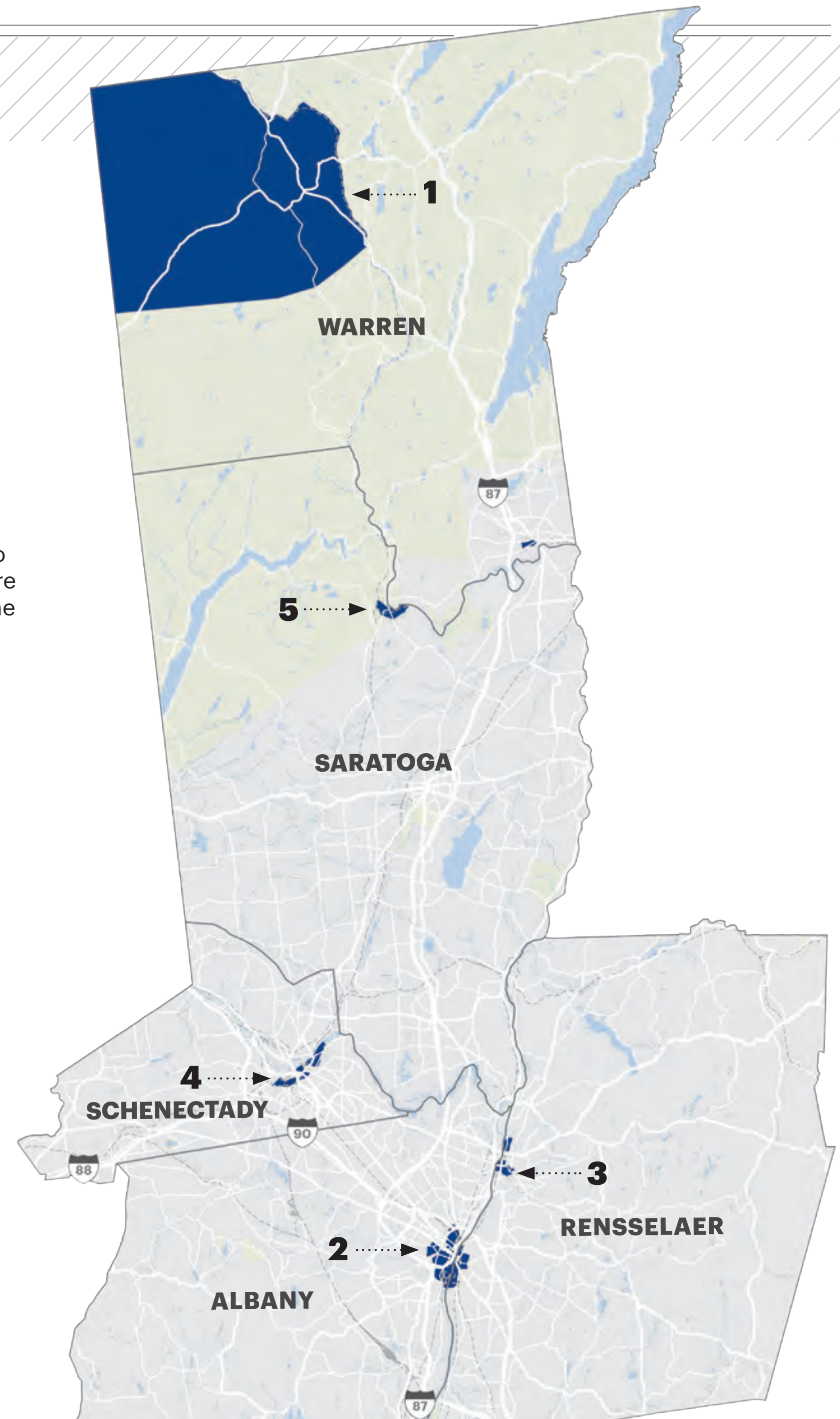
The firm expects several of its practice areas to be engaged for years to come in this business and investment opportunity, Gilbride said.

"Just about every project I'm involved in," he said, "people are talking about and considering using Opportunity Zone incentives."

SPECIAL REPORT

OPPORTUNITIES ABOUND IN THE CAPITAL REGION

There are 28 designated opportunity zones in the greater Capital Region, including 16 within the counties of Albany, Rensselaer, Saratoga, Schenectady and Warren. Each has a varying degree of need and potential for economic development. On average, the region's opportunity zones tend to have lower household incomes and fewer college degrees than the state as a whole. While most are located in the region's cities, several are in lightly populated rural areas. That includes one that's the state's largest opportunity zone by square mileage.



GRAPHICS:
Craig M. Douglas, Laurie Lawrence, Sarah Price, Kristina Walser; Maps4News

WARREN COUNTY

Warren County has two opportunity zones. The first is a small slice of downtown Glens Falls that's less than a third of a square mile. The other one? It's the largest opportunity zone in the state, stretching more than 200 square miles in the northwest corner of the county. The zone itself is nearly the size of Schenectady County.

WHERE'S THE OPPORTUNITY?

1 The county's 740 census tract contains the town of Johnsburg and the hamlet of North Creek. Also included? Gore Mountain Ski Resort, which has been expanding operations over the past few years. While the opportunity zone is big, it's lightly populated: Just over 2,000 people live there, and much of the area covered is Adirondack wilderness.

	Warren County	Area of focus: Tract 740
Population	62,265	2,002
Square miles	867	204.2
People per square mile	75.8	0.1
Median household income	$60,222	$39,500
Median home value	$192,800	$151,400
Home vacancy rate	31.1%	3.1%
Black or Hispanic	3.9%	0.2%
College degree	29.3%	20.1%

AROUND THE CAPITAL REGION

Albany, Rensselaer, Saratoga, Schenectady and Warren counties collectively have 16 opportunity zones that are home to about 43,000 residents and a range of the region's largest employers, including Albany Medical Center, General Electric and MVP Health Care as well as some areas that have already seen increased interest in development, like Albany's Warehouse District, Erie Boulevard in Schenectady and downtown Troy.

ALBANY COUNTY

Albany County has six designated opportunity zones, the most of any local county. But they're not spread out: All of them are within the city of Albany.

RENSSELAER COUNTY

The county's four opportunity zones are split between two places in Rensselaer County: Three are in downtown Troy and the last one is the northern end of Rensselaer.

SCHENECTADY COUNTY

Schenectady has three opportunity zones. Each of them are centrally located in downtown Schenectady. They're also small: In total, the three zones cover less than 2 square miles.

SARATOGA COUNTY

The fastest-growing county in the state only had one area designated as an opportunity zone. It's located in the village of Corinth, in the northern part of the county.

WHERE'S THE OPPORTUNITY?

2 Census tract 21 is in a neighborhood that's undergone a lot of changes in the past few years: Park South. Tucked between the Sage College campus and Washington Park, the tract has a highly educated workforce and the highest median income of any opportunity zone in the region: $49,541.

3 The county's 408 census tract is only a few blocks between Russell Sage's campus and Adams Street. But the data shows how downtown Troy has become a destination. Helped by nearby Rensselaer Polytechnic, the median age of residents is 31 — and the tract's population was up 5% between 2013 and 2017.

4 The county's 210.01 census tract is in the heart of Schenectady's downtown, between Nott Terrace and Broadway. While fewer than 1,000 people live there, the size of the zone — less than a fifth of a square mile — makes for high population density. Within the zone is the city's commercial hub of State Street.

5 The county's 604 census tract covers just over 1 square mile, which makes up the village of Corinth. While Saratoga County boasts the highest median income in the region at over $77,000, Corinth's median income of $45,250 is more than 40% lower than the county rate.

	Albany County	Area of focus: Tract 21	Rensselaer County	Area of focus: Tract 408	Schenectady County	Area of focus: Tract 210.01	Saratoga County	Area of focus: Tract 604
Population	307,117	1,895	159,442	1696	155,350	906	230,163	2,651
Square miles	522.8	0.56	652.4	0.13	204.52	0.17	809.98	1.07
People per square mile	581.9	3,383.90	244.4	13,354.30	756.6	5,329.40	271.1	2,477.60
Median household income	$62,293	$49,541	$63,166	$45,250	$61,315	$20,469	$77,548	$45,250
Median home value	$214,400	$117,000	$183,400	$219,300	$164,100	$75,900	$243,600	$141,600
Home vacancy rate	12.3%	21.9%	9.6%	20.6%	29.7%	32%	8.7%	8.6%
Black or Hispanic	20%	31.7%	12.8%	16%	19%	47%	5.1%	2.40%
College degree	40.5%	37.2%	29.8%	36.8%	30.8%	13.8%	40.4%	14.3%

GREAT EXPECTATIONS

There's little doubt the money will flow to opportunity zones. Then it's anyone's guess.

OPPORTUNITIES ARE IN THE DOWNTOWNS

Redburn Development Partners has been investing in opportunity zones in the Albany area since before the federal tax program was created.

The new potential tax benefits will just keep the developer moving on its current path, principal Tom Rossi says.

"Technically, most of our projects have been in opportunity zones for the past five years," Rossi says. "Moving forward, it keeps us moving on our mission. It keeps us doing multifamily, mixed-use or hospitality projects in urban centers."

Redburn has invested tens of millions of dollars in recent years renovating historic buildings in Albany, Schenectady and Troy to create apartments and space for retail and restaurants.

Here, Rossi answers some questions about what to expect from the opportunity zone program.

Tom Rossi ▶
Redburn Development Partners

DONNA ABBOTT-VLAHOS

NOW FOR A WORD OF CAUTION

Opportunity zones are gaining momentum. Created by the Tax Cuts and Jobs Act of 2017, much of 2018 was occupied with zone selection, draft rule writing, and education about this new community development tool. The rule-writing phase is not yet complete, but even while that progresses, investors, local officials and businesses have been engaging with the incentive.

Hundreds of opportunity funds have been created and investment is beginning to flow. But will the on-the-ground impact of opportunity zones be in line with its legislative intent to tangibly benefit disinvested communities?

While their potential has excited many in policy and investing circles, there are reasons to be doubtful.

JOANNE S. LAWTON / WBJ

◀ **Brett Theodos** and **Brady Meixel**
Urban Institute

WHERE ARE OPPORTUNITIES STRONGEST?

The urban cores are where the biggest opportunities are and I also think that's the intent of the program. This program was designed to encourage development and investment in the urban areas. For a long time, the investment was in the suburbs, and the urban cities and the urban cores were being ignored. That has started to reverse. That's what this program is going to continue to incentivize. If this is your first time doing development, this is a heavy lift to do development and to do an opportunity zone. Outside of the five boroughs, of all these urban cores, there's probably four cities in New York state that have over 100,000 people. The rest have under 100,000 people. That's where the opportunity is. [This is] taking the four largest cities where people were traditionally investing, and now pushing that investment to the smaller cities. I think it will have an effect.

We anticipate the effects will be concentrated in a minority of opportunity zones. Treasury Secretary Steven Mnuchin estimates zones could attract as much as $100 billion in private capital and could alter the landscape of the 8,762 designated communities. The largest tax benefit in the incentive is linked to asset appreciation — the more appreciation, the more capital-gains taxes avoided. Real estate investments — which we expect to be the clear winner over operating business investments — will produce the best return in neighborhoods undergoing rapid change.

DO YOU HAVE ANY CONCERNS?

I think the concerns are for people who don't do the research and understand everything they need to do this program successfully and therefore they feel discouraged or disenfranchised with the program. This is not something people can walk into lightly. This program is not really set up for one-man shops or very small outfits. That's my largest concern, making sure people and municipalities understand what it takes to be successful in this program.

Given the lack of guardrails around the opportunity zone incentive, special care is needed to ensure this tool doesn't harm communities, especially low- and moderate-income residents. In this capacity, unfortunately, the federal government has abdicated its responsibility, leaving states and localities to do what they can, where they can. Unmitigated, harm could take many forms, including projects that contaminate air and water quality. Perhaps most salient are investments that repurpose affordable housing as expensive rental or ownership units, out of reach of current residents.

WILL THIS BE A NET-POSITIVE FOR AFFECTED COMMUNITIES?

Definitely, without a doubt. There's a recent national study that millennials spend an average of $1,000 a month of discretionary income within walking distance of their homes, [so apartments also have a broader] economic benefit. Every $50 million of stabilized development could add between $500,000 to $1 million in additional property taxes [in the first year]. What's the cumulative effect on the property taxes on the city budget? You also have local construction jobs and permanent jobs. It's not just going to be one project. It's going to be the overall aggregate impact, which if municipalities do a good job promoting and encouraging, I think it could have a substantial impact.

Opportunity zones will achieve positive community-driven outcomes — we don't want that overlooked. There will be deals that revitalize distressed communities, finance burgeoning small businesses and create new affordable housing. But the open-ended nature of the legislation and proposed regulations will also result in deals without community input, lacking community benefit, or worse, accelerating gentrification and displacement. Restrictions on which projects qualify and how they do so are minimal, and only a few "sin" businesses are excluded outright.

WHAT'S YOUR LONG-TERM PREDICTION?

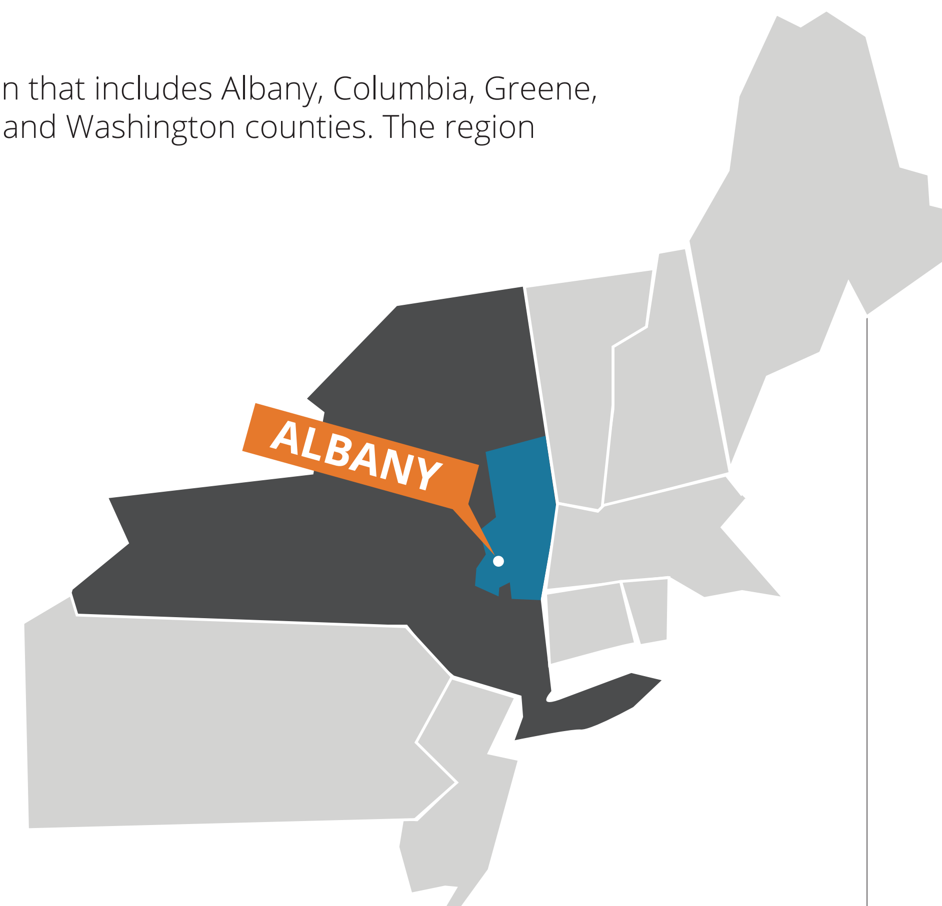
Overall, the program is going to have a substantial impact. A lot of the people that we're talking to are very interested in this. We're going to have to give it a year or so and everybody spools up, and then we'll see more and more investment and people being excited about it.

A large share of opportunity zones are truly disinvested, but for communities with declining populations and prices, simply being designated a zone will likely not be enough. Discretion lies with those investing in opportunity zone funds, and they have a lot of choices. Opportunity zones will undoubtedly attract substantial capital in aggregate. And investors and other creative community developers will certainly use this tool to bring benefits to at least some needy communities. But affordable housing, health centers, community facilities, and other community development projects will not be the typical opportunity zone investment, and we expect the bulk of opportunity zone capital to go towards the best-off and most-rapidly appreciating opportunity zones. How much of the benefit will current residents of disinvested communities — particularly those with low- and moderate-incomes — realize? In its current iteration, left up to states and localities to do the heavy lifting, there are good reasons to be skeptical. We will be tracking the evidence in the years to come.

Opportunity Zone Prospectus
New York's Capital Region:
Where Innovation Takes Root

CAPITAL REGION PROFILE

The **Capital Region** is an eight-county region that includes Albany, Columbia, Greene, Rensselaer, Saratoga, Schenectady, Warren and Washington counties. The region spans **5,336 square miles.**



INDUSTRY R&D PARTNERSHIPS

24 Colleges & Universities
$562M in annual R&D spending
1.6M sq ft University R&D Space
Innovative workforce development efforts

TALENT PIPELINE

33.5% population with BA or Higher
4,600 STEM degrees awarded annually

STATS (2018)

Population: **1.1M**
Labor Force: **550,100**
Unemployment: **4.3%**
Real GDP Growth: **$15.2B**

REGION AT A GLANCE

KEY INDUSTRIES:

- **Advanced Manufacturing**
- **Renewable/ Clean Energy**
- **Life Sciences**
- **Software/ Digital Media**
- **Warehouse/ Logistics**

INFRASTRUCTURE ASSETS:

Highways
NY Thruway (I/87/I-90)
Adirondack Northway (I/87)

Air Service
Albany International Airport

Port Facilities
Port of Albany
Port of Coeymans

Rail Service
CSX,
CP Rail Systems,
Amtrak

Bus Service
Capital District Transportation Authority

ACCOLADES:

7th
in U.S. cities where manufacturing is thriving
Forbes

21st
best city (Albany) for Young Professionals
Forbes

3rd
best place to find a technology job
U.S. News & World Report

4th
in fastest-growing tech towns
ZipRecruiter

PAID ADVERTISEMENT

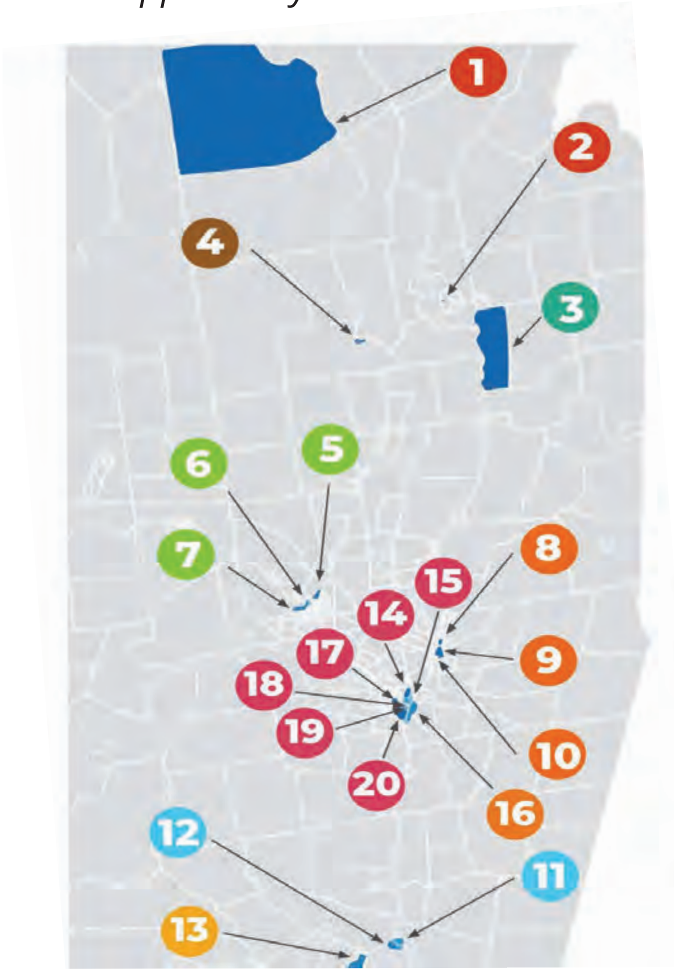
The Capital Region offers a wide range of investment opportunities.

From unique mixed-use development in urban centers, reclaiming the Hudson River waterfront, former industrial sites with unmatched infrastructure and access and unique tourism destination projects.

For more information, please contact the
Center for Economic Growth at 518-465-8975
or visit www.ceg.org

NY'S CAPITAL REGION OPPORTUNITY ZONES

20 Opportunity Zones in 8 Counties



DEMOGRAPHICS

60,000+
residents

26,274
employed residents in 2017

4.7%
increase in employed residents over last 5 years

8.2%
combined unemployment rate in 2017, down from 13.2% 5 years earlier

16,100+
residents below the poverty level

28.4%
combined poverty rate

REGIONAL INVESTMENT

Mohawk Harbor:
$330 million investment in Schenectady

Regeneron Pharmaceuticals:
$870 million investment in Rensselaer

Park South:
$110 million investment around Albany Medical Center

Applied Materials:
$880 million investment at SUNY Polytechnic Institute

GLOBALFOUNDRIES:
$12 billion investment in Fab 8 in Malta

NYS DOH Wadsworth Laboratories:
$750 million investment in Albany

Albany International Airport:
$92 million investment at airport and Northway Exit 4

OPPORTUNITY ZONE TRACT KEY

1 **JOHNSBURG/NORTH CREEK**
Census Tract 740, Warren County

2 **GLENS FALLS**
Census Tract 702, Warren County

3 **FORT EDWARD**
Census Tract 880, Washington County

4 **CORINTH**
Census Tract 640, Saratoga County

5 **SCHENECTADY**
Census Tract 202, Schenectady CountY

6 **SCHENECTADY**
Census Tract 210.01, Schenectady County

7 **SCHENECTADY**
Census Tract 335, Schenectady County

8 **TROY**
Census Tract 404, Rensselaer County

9 **TROY**
Census Tract 407, Rensselaer County

10 **TROY**
Census tract 408, rensselaer county

11 **HUDSON**
Census Tract 12, Columbia County

12 **HUDSON**
Census Tract 13, Columbia County

13 **CATSKILL**
Census Tract 810, Greene County

14 **ALBANY**
Census Tract 2, Albany County

15 **ALBANY**
Census Tract 11, Albany County

16 **RENSSELAER**
Census Tract 515, Rensselaer County

17 **ALBANY**
Census Tract 21, Albany County

18 **ALBANY**
Census Tract 23, Albany County

19 **ALBANY**
Census Tract 25, Albany County

20 **ALBANY**
Census Tract 26, Albany County