

# Leveraging Opportunity Zone Credits and Other Special Credits in an Economically Disadvantaged Area

## Executive Summary:

This paper outlines how leveraging Opportunity Zone Credits and other special incentives in an economically disadvantaged area, such as Macon, Georgia, can significantly enhance the economic viability, security, and long-term profitability of real estate development projects. Strategically incorporating these tax incentives into the development of a two-acre mixed-use commercial site in Macon allows SHYNZ to drive substantial returns for investors while promoting economic revitalization and job creation in an underserved community. The combination of federal, state, and local credits creates a unique opportunity to build sustainable, profitable ventures and contribute to local economic recovery.

## 1. Introduction

The development of real estate in Opportunity Zones, economically distressed communities designated for investment incentives by the federal government, offers a tremendous opportunity for investors. These areas benefit from a unique set of tax credits and financing programs, designed to stimulate economic growth, encourage private investment, and support the revitalization of distressed neighborhoods.

This paper explores how SHYNZ plans to utilize these credits and incentives, focusing specifically on the redevelopment of a two-acre commercial property in Macon, Georgia. Integrating Opportunity Zone Credits and other special credits allows us to build a thriving, community-focused development that benefits investors, property owners, and the surrounding community..

## 2. Overview of Opportunity Zones

Opportunity Zones were established under the Tax Cuts and Jobs Act of 2017 with the goal of spurring economic development and job creation in low-income urban and rural communities. Investors who capitalize on Opportunity Zones receive various tax incentives that can significantly enhance the returns on their investments.

## **Key Benefits of Opportunity Zone Investment:**

- **Tax Deferrals:** Capital gains from investments in Opportunity Zones can be deferred until 2026, allowing investors to grow their investments without immediate tax liability.
- **Exclusion of Gains:** If an investment in an Opportunity Zone is held for at least 10 years, any gains on the investment are exempt from capital gains taxes.
- **Attractive to Investors:** The combination of deferred taxes, tax-free appreciation, and the community development focus makes Opportunity Zones highly attractive to investors seeking to diversify their portfolios with socially impactful opportunities.

By utilizing Opportunity Zone tax benefits, SHYNZ can significantly reduce the financial risk of the development project and increase investor confidence.

## **3. Additional Special Credits and Incentives**

Beyond Opportunity Zones, several other federal and state credits and incentives can be leveraged to enhance the economic viability and profitability of the Macon, Georgia project.

### **A. New Markets Tax Credit (NMTC)**

The **New Markets Tax Credit (NMTC)** program was created to encourage private investment in low-income communities. Investors can earn tax credits worth up to 39% of their investment, which are spread over seven years. This incentive not only helps fund projects in distressed areas but also boosts returns for investors by offering significant tax reductions.

#### **How NMTC Can Apply to SHYNZ's Project:**

- SHYNZ's mixed-use development in Macon is ideally situated to take advantage of NMTC, as it falls within an economically disadvantaged census tract.
- The program would bring additional funding and create long-term economic value for the community by offering tax incentives to investors.

### **B. Historic Tax Credits (HTC)**

If the project involves the rehabilitation of historic structures or properties, the **Historic Tax Credit (HTC)** can provide up to 20% in tax credits for qualifying expenditures. This credit helps offset renovation costs, making historic revitalization projects more financially feasible.

#### **How HTC Could Benefit SHYNZ's Project:**

- The development site may include or be near historical properties that can benefit from these credits, reducing renovation costs and adding cultural and historical value to the development.

## **C. Low-Income Housing Tax Credit (LIHTC)**

If the project includes affordable housing elements, the **Low-Income Housing Tax Credit (LIHTC)** program could provide funding to make housing more affordable while benefiting from substantial tax breaks.

### **How LIHTC Fits into the SHYNZ Model:**

- Including affordable housing in the development could serve the local community, align with social responsibility goals, and attract additional investment opportunities.

## **D. State-Specific Incentives**

Georgia offers a variety of tax credits and financing programs aimed at spurring economic growth and investment in distressed areas. This includes state-level incentives for job creation, workforce development, and investment in renewable energy.

### **How State-Specific Incentives Can Support the SHYNZ Project:**

- Georgia offers tax credits for businesses that create jobs in Opportunity Zones, providing additional benefits for investors while boosting the local economy.
- The state's focus on green energy initiatives could also help offset costs for environmentally sustainable development.

## **4. Strategic Benefits of Leveraging Credits and Incentives**

### **A. Risk Reduction and Security for Investors**

Leveraging these federal, state, and local tax credits allows SHYNZ to significantly reduce the financial risk associated with the development project. Utilizing tax incentives and grants lowers the capital required, while deferred tax advantages enable investors to recoup their investments more quickly, creating a robust security structure for long-term success..

### **B. Increased Profitability for Investors**

The combination of tax deferrals, tax-free capital gains, and government funding ensures that the development project is financially viable, and investors are more likely to receive higher returns than if they were to invest in non-Opportunity Zone projects. These credits also provide a safety net by offsetting some of the costs associated with the development.

### **C. Job Creation and Economic Impact**

The SHYNZ project will create significant job opportunities, both during the construction phase and through the establishment of retail businesses and multi-family housing in the area. This

aligns with federal and state goals of revitalizing underserved communities and will contribute to the long-term economic growth of Macon, Georgia.

## **5. Conclusion and Call to Action**

The opportunity to invest in a redevelopment project within an Opportunity Zone, supported by a robust array of federal and state incentives, presents an exciting and highly beneficial prospect for investors. Leveraging these credits and partnering with SHYNZ allows investors to gain significant tax advantages and higher potential returns while playing an instrumental role in revitalizing Macon, Georgia's economy.

We invite you to join us in this transformative project, which offers the chance to make a lasting social and economic impact, while generating exceptional financial returns. Together, we can create a sustainable future for Macon and demonstrate the power of innovative real estate development in underserved communities.

For more information or to discuss investment opportunities, please contact SHYNZ at [contact information]. We look forward to collaborating with you in this groundbreaking endeavor.

### **Legal Disclaimer and Disclosure:**

#### **No Guarantees Regarding Availability of Tax Credits or Incentives**

SHYNZ (the "Company") makes no guarantees, representations, or warranties regarding the availability, eligibility, or applicability of any tax credits, incentives, or programs referenced in this document, including but not limited to Opportunity Zone Credits, New Markets Tax Credits, Historic Tax Credits, Low-Income Housing Tax Credits, or any other federal, state, or local credits. The availability and success of these incentives are subject to change by governmental authorities, may require specific conditions or qualifications to be met, and are not guaranteed.

While SHYNZ intends to seek, apply for, and maximize any available tax incentives, grants, or credits that may benefit the project and its investors, we do not guarantee the ability to take advantage of any or all of these incentives. The success of these applications and the ability to utilize the associated credits is dependent upon various factors, including but not limited to changes in applicable laws, regulations, or eligibility requirements.

#### **Intent to Maximize Returns and Economic Viability**

SHYNZ is committed to pursuing strategies designed to maximize potential returns for investors and enhance the economic viability of the project. We will actively seek to leverage available tax credits and other financial instruments to strengthen the financial structure of the project and increase the likelihood of its long-term profitability. However, potential investors should be aware that the financial success of the project is subject to market conditions, regulatory factors, and other risks inherent in real estate development.

## **No Investment Guarantees**

The information presented herein is for informational purposes only. SHYNZ does not guarantee or make any representations regarding the potential investment returns, profitability, or success of the project. Any investment in the project carries inherent risks, and potential investors are encouraged to conduct their own due diligence and consult with their financial advisors before making any investment decisions.