

Buffalo receives top grades nationally for its strong Opportunity Zones

You may have heard the buzz around Opportunity Zones lately and are probably wondering what exactly they are. In short, federal Qualified Opportunity Zones are part of a program created by the Tax Cuts and Job Act of 2017 to incentivize investment in underserved communities. The program provides material tax benefits for investments made into designated Opportunity Zones.



Nick Sinatra
President and Founder
of Sinatra & Company
Real Estate

You can invest using long- or short-term capital gain from any source including stocks, property, or the sale of a business. These gains must be re-invested within six months of realization.

Opportunity Zones are census tracts designated by the federal and state government based on lower income demographics. You can defer and reduce your capital gains taxes. Then after a 10-year hold period, future capital gains on that qualified investment would be eliminated. The result is the potential for stronger after-tax investment returns compared to a traditional real estate investment.

The three most prolific incentives of Opportunity Zone investing are as follows:

1. A **deferral on capital gains** reinvested in a Qualified Opportunity Zone (OZ) project until Dec. 31, 2026.
2. A **step-up in basis on capital gains** reinvested in an Opportunity Zone Fund. The basis is increased by 10% if the investment in the OZ fund is held by the

taxpayer for at least five years and an additional 5% if held for at least seven years, thereby excluding up to 15% of the original gain from taxation.

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

Now that you have a brief introduction as to what Opportunity Zones are, there are undeniable statistics as to why investors are very interested in what Western New York and Buffalo have to offer.

Buffalo, New York has seen constant and significant growth in development over the past 10 years. Canalside, the Buffalo Niagara Medical Campus, Allentown, the Elmwood Village and Hertel Avenue are all ripe with new development, bustling small business, and walking traffic representing the best of the Buffalo renaissance.

The Ralph C. Wilson, Jr. Foundation has gifted \$100 million to remake Centennial (LaSalle) Park. This includes \$50 million investment in LaSalle Park and \$50 million in trails and greenways in Western New York which will connect current gaps between the waterfront and the city.

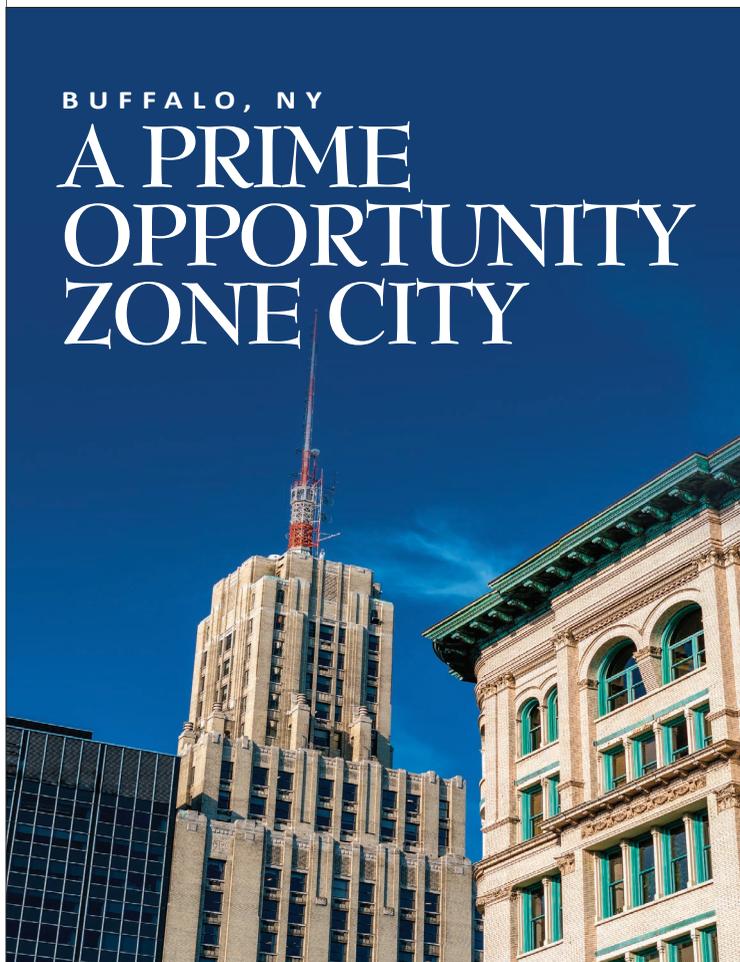
The recently moved Oishei Children's Hospital to the Buffalo Niagara Medical Campus in our city's core has helped fuel the rebirth of the historic "Fruit Belt" section of the

city. Substantial development, office relocations, and new housing have all followed suit. This has been a key economic and job driver in the New Buffalo.

Economic development officials and local government leaders are concentrating on the creation of thousands of jobs and attracting billions in new investments and economic activity in the region. High potential sectors include advanced manufacturing, health and life sciences, tourism, entrepreneurship, workforce development and smart growth.

According to national Opportunity Zone data provider InvestReal, the OZ tract that includes Canalside and the Medical Campus ranks better than almost all other zones in the nation on income growth rate. Their fundamental score, which measures the fundamental economic drivers (population growth, income growth, and income level), ranked better than 96% of all other Opportunity Zones nationally for the Canalside OZ tract and better than 94% for the tract that includes the original Woman and Children's Hospital on Bryant. Another powerful data point was the house value growth score of 90% for both Buffalo-based OZ tracts. This score estimates the long-term (10+) growth potential of house values by combining momentum, historical risk and market health measures.

The statistics above speak for themselves when thinking about investing in Buffalo, New York. Born and raised in the Queen City, I've always valued how lucky we are to live in such an architecturally rich and historic community on the waterfront. It's great to finally see the rest of the country noticing what we already knew.



The Opportunity Zones incentive is a new community investment tool 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. Opportunity Zones provide a tax incentive for investors to re-invest their unrealized capital gains into dedicated Opportunity Funds.

UNPRECEDENTED FEDERAL TAX INCENTIVES INCLUDE

- A **10 Year Deferral of Taxable Income** on capital gains reinvested
- Up to a **15% Step-Up in Basis** on capital gains reinvested in an Opportunity Zone.
- A **Permanent Exclusion from Taxable Income of capital gains** from the sale or exchange of an investment in an Opportunity Zone fund if the investment is held for at least 10 years.

FOR MORE INFORMATION PLEASE CONTACT 716.220.8468
WWW.SINATRAANDCOMPANY.COM



CANALSIDE & BUFFALO MEDICAL CAMPUS OZ CENSUS TRACTS RANKINGS*



HERITAGE @CANALSIDE VS ALL OTHER OZ'S NATIONALLY*



ELMWOOD CROSSING VS ALL OTHER OZ'S NATIONALLY*



HERITAGE @CANALSIDE AND ELMWOOD CROSSING VS ALL OTHER OZ'S NATIONALLY*

*Statistics indicate scores for the two Opportunity Zone tracts that Canalside and Buffalo Niagara Medical Campus fall in compared to all other OZ's nationally. Source:www.investreal.com

CURRENT PROJECTS



1200 JEFFERSON/SAY YES to Education Buffalo HQ

1200 Jefferson, Buffalo, NY 14208
PROJECT TYPE: Ground-Up Development
ESTIMATED DATE OF COMPLETION: Q4 2020
STRUCTURAL SIZE: 34,260 sf
RESIDENTIAL UNITS: n/a
COMMERCIAL SF: 34,260

HERITAGE POINT @ CANALSIDE

130 Main Street, Buffalo, NY 14202

PROJECT TYPE: Ground-Up Development
ESTIMATED DATE OF COMPLETION: Q2 2020
STRUCTURAL SIZE: 101,508 sf
RESIDENTIAL UNITS: 64
COMMERCIAL SF: 22,736

ELMWOOD CROSSING

451 Elmwood Avenue, Buffalo, NY 14222

PROJECT TYPE: Ground-Up Development
ESTIMATED DATE OF COMPLETION: Q2 2020
STRUCTURAL SIZE: 81,016 SF
RESIDENTIAL UNITS: 23
COMMERCIAL SF: 32,018

