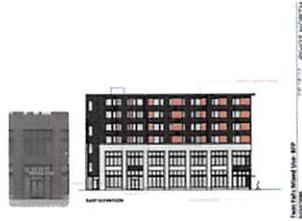


Galena to develop eight more Opportunity Zone projects in Idaho

By: Sharon Fisher November 19, 2019 0



An artist's rendering of the previous Twin Falls Opportunity Zone project. Image courtesy of city of Twin Falls

Galena Opportunity Fund, which has funded both of the Opportunity projects in Idaho, has eight more Opportunity Zone projects on the pipeline, including one to provide workforce housing in McCall.

"We will do three projects [that are] housing-related in Twin Falls market rate and one as low-income," said Daniel Fullmer, director of investor relations of the Boise-based company, in an email message. "We will do a McCall project."

The company is also planning a school as part of one of the projects, Fullmer said.

Fullmer wouldn't provide further details, but both of the projects the company has signed on for so far are mixed-use downtown projects, and the company has said in the past that it is particularly interested in workforce housing.



Nathan Murray

The Twin Falls project is another mixed-use project, north of Main Street, near City Park and the Library, confirmed Nathan Murray, director of economic development and urban renewal for Twin Falls, in an email message. It is not yet ready to be formally announced, he said.



Daniel Fullmer by Sharon Fisher

Other Opportunity Zone projects

Opportunity Zones, a community development program established by Congress in the 2017 Tax Cuts and Jobs Act, are intended to encourage long-term investment in low-income urban and rural communities through tax breaks. Thus far, two have been announced in Idaho: One in Twin Falls and one in Meridian, both funded by Galena Opportunity Fund.

McCall – low on workforce housing, particularly with the popularity of short-term rentals – has one Opportunity Zone covering a large swathe of Valley County, including Donnelly and McCall, and another with a chunk of Adair County, including New Meadows, though that Opportunity Zone is at risk of being decertified if legislation passed by Sen. Ron Wyden, D-Oregon, passes.

Andrew Mentzer, executive director of the West Central Mountains Economic Development Council, confirmed that there are projects in the pipeline, but said he couldn't comment on them.



Andrew Mentzer

Affordable housing

Affordable housing – defined by the federal government as housing geared toward people earning 80 percent of less of median income, as defined each year by the Department of Housing and Urban Development – can actually be more expensive to develop than workforce housing because of the governmental regulations involved, said Coni Rathbone, partner at Portland-based Carney LLP, who leads its Opportunity Zone practice and met with Galena earlier this month.

"People who build affordable housing can translate over to workforce housing because it's the same basic idea without all the regulatory overlay," she said.

Opportunity Zones aren't just for big developers, Rathbone pointed out.



Coni Rathbone

“Two residential brokers can find a property for multifamily housing and bring in five figures in capital gains, just as well as a \$300 million offering in Portland,” she said. “That’s the strength of the program. Everyone can have a capital gain. You can have \$25,000 you invest.”

About Galena

Galena Opportunity Fund – one of three such funds thus far that has indicated it plans to invest in Idaho – was created last year and intends to raise \$250 million this year from accredited investors, Bill Truax, president of the company, has said. He has said that he is particularly interested in areas like Twin Falls and Pocatello, which might otherwise fly under the radar of investors from cities like San Francisco or Los Angeles.

An example of the sort of project Truax’s fund would invest in would be a 100,000-square-foot building near an urban employment center, with 15,000 square feet of retail, 5,000 square feet of office, and 80,000 square feet of residential, with an internal rate of return of 20 to 25 percent, Truax said earlier this year.



Bill Truax

Investors are running up against a Dec. 31 deadline for taking full advantage of the Opportunity Zone program’s tax break, but other tax breaks will still apply even after that date.

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