

Opportunity Zones are a new community development program 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. The Opportunity Zones program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds that are dedicated to investing into Opportunity Zones.

Cities and states play a central role in ensuring accountability, working with organizations that have deep expertise in providing capital to distressed areas, and leveraging existing organizations that are already embedded and deeply invested in designated Opportunity Zones.



WHAT STATES & CITIES CAN DO TO ENSURE THOUGHTFUL INVESTMENT

Leverage Capital, Engage Local Partners & Impacted Community Members

- ✓ Create state- or city-run Opportunity Funds
- ✓ Partner with CDFIs or other fund managers who can do this more efficiently and leverage private dollars
- ✓ Require investments to stay in the locality or state
- ✓ Encourage/incentivize/facilitate the use of Opportunity Funds for: LIHTC or NMTC deals, land trusts and/or other projects that fit city/regional plans and meet community needs
- ✓ Build tax incentives, regulatory relief for Opportunity Funds that support affordable housing and other equitable growth investments
- ✓ Leverage the role of CDFIs and other local community intermediaries to promote financial literacy for impacted residents
- ✓ Increase homeownership, develop project pipelines, manage, underwrite, etc.
- ✓ Ensure community engagement through stakeholder meetings, seek public feedback and review, and engagement of local community-based organizations

WHAT STATES & CITIES CAN DO TO ENSURE RESIDENTS BENEFIT FROM INVESTMENT

Utilize & Create Development Policies:

- ✓ Implement Inclusionary Zoning
- ✓ Linkage fees for new developments
- ✓ Create local hiring requirements
- ✓ Property tax relief for vulnerable populations (seniors, disabled, etc.)
- ✓ Preservation – specifically buying unregulated, rent stabilized (i.e. naturally occurring) affordable housing

Implement Anti-Displacement/Mitigation Policies:

- ✓ Tenant protections: eviction prevention tools and tenant first-right-of-refusal policies
- ✓ Rapid re-housing
- ✓ Community land trusts; land banks
- ✓ Housing trust funds
- ✓ Homebuyer (down payment) assistance
- ✓ Foreclosure mitigation

Guiding Principles for States & Cities

From Kresge Foundation

- **Make investments that are responsive to the needs of investors, residents and communities.**
- **Make investments that are transparent and accountable to the impact on current residents, as well as investment funders.** Investors should clearly state a social purpose and generate outcome data, which should be made public.
- **Make investments that plug into long-term plans to raise standards of living.** That way, investments in real estate development are part of a broader strategy to support jobs, entrepreneurship, education, health and safety—in the same place at the same time.
- **Ensure that mechanisms to channel capital into community investments reach all corners** where it is needed – not just the places where investment is easiest. health and safety – in the same place at the same time.

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