



OPPORTUNITY ZONES TOOLKIT | VOLUME 1

A ROADMAP TO PLANNING FOR ECONOMIC DEVELOPMENT WITHIN OPPORTUNITY ZONES

An Opportunity Zone is a powerful new tool intended to stimulate investment in distressed communities. Harnessing this tool to support short- and long-term community objectives requires careful and thoughtful planning. This document provides a roadmap to help communities plan for potential investments in Opportunity Zones by understanding local needs, aligning community assets, establishing regulatory tools and financing incentives to support investments and forming partnerships toward equitable and inclusive community development. This roadmap serves as an introductory guide for local jurisdictions to plan for economic development within Opportunity Zones. It summarizes core components of a comprehensive, forthcoming Opportunity Zone toolkit as well as resources on [OpportunityZones.gov](https://www.opportunityzones.gov) that explore these components in greater detail.

Photo Credit: Unsplash



On behalf of the White
House Opportunity and
Revitalization Council.

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INTRODUCTION

Opportunity Zones were created as part of the 2017 Tax Cuts and Jobs Act. An **Opportunity Zone** is defined by the Internal Revenue Service as “an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the State and that nomination has been certified by the Secretary of the U.S. Treasury via his delegation authority to the Internal Revenue Service.” Opportunity Zones are defined by census tract boundaries, and per Federal law, State chief executives (Governors) nominated the census tracts to be certified and designated as Opportunity Zones by the Department of the Treasury. In addition to the tax benefits that align to these designated census tracts, the Federal, State, tribal, local and territorial governments are also aligning resources to Opportunity Zones. Together, public and private investment resources can be leveraged for economic development in these communities.

The White House Opportunity and Revitalization Council was established in December 2018 with Executive Order 13853. The Council is chaired by U.S. Department of Housing and Urban Development (HUD) Secretary Ben Carson and led by Executive Director Scott Turner. It comprises a variety of Federal departments and agencies, all tasked with targeting, streamlining and coordinating Federal resources so that they can be used to their fullest potential in Opportunity Zones and other economically distressed communities.

Qualified Opportunity Funds are a new private investment vehicle authorized to aggregate and deploy capital into Opportunity Zones. Qualified Opportunity Funds will facilitate “impact investments” for investors and for the community, and tax benefits derived from these investments will encourage investment in Opportunity Zones. U.S. investors are eligible to receive certain tax benefits on realized capital gains that are reinvested in Opportunity Zones through Qualified Opportunity Funds.

More than 8,700 census tracts were designated as Opportunity Zones across all 50 states, the District of Columbia and five U.S. territories. For communities with increasing housing insecurity and growing economic inequality, an Opportunity Zone designation provides a chance to shape strategies and policies that harness this powerful incentive, while serving the needs of current and future residents. Communities across the country must prepare for potential investments in Opportunity Zones and leverage support. By thinking beyond individual transactions, communities can align, direct and leverage these investments toward transformational community outcomes.

COMMUNITIES CAN LEVERAGE OPPORTUNITY ZONE DESIGNATIONS TO SUPPORT INVESTMENTS IN:

Real estate projects

Businesses

Schools

Community facilities

Incubators

Equipment

Infrastructure improvements

Note: In this document the use of “Opportunity Zone(s)” refers to individual census tracts or the collection of census tracts designated as Opportunity Zones. “Opportunity Zone investments” refers to the private investments made through Qualified Opportunity Funds.

OVERVIEW

This roadmap introduces core components for transformational and inclusive community and economic development within and around designated Opportunity Zone census tracts. It will help communities to align, target and leverage resources from the Federal, State, tribal, local and territorial governments, private industry and philanthropy. It is designed to assist communities in understanding, and engaging with, economic development in their Opportunity Zones and in planning strategically for investments. The roadmap is organized around four imperatives:

1. Understand needs and opportunities in Opportunity Zones. Communities must have a deep understanding of the needs and challenges within their Opportunity Zones to properly leverage potential public and private investments. Such understanding goes beyond traditional market analysis or supply and demand factors. Communities must assess both the needs and market potential of Opportunity Zones, while also evaluating and planning for the impact that large investments may have on distressed communities, where vulnerable residents may already live. This requires deeper and broader engagement with residents, businesses and key stakeholders to understand the nuanced needs of industry sectors, anchor institutions, residents and small businesses or start-ups in each Opportunity Zone to build support for future policy decisions.

2. Align and leverage place-based assets and resources to facilitate and steer market investment toward community economic development. Opportunity Zones provide a unique opportunity for local jurisdictions to employ sector-based strategies to support growth in specific industries and address overall community needs and housing market conditions. It is critical to the overall success of Opportunity Zones that assets and capacity be aligned with community needs to realize the full benefits of development and investment opportunities.

3. Establish policy tools and incentives to promote equitable and inclusive growth. Communities can ensure that the financial investments in Opportunity Zones have the desired impact through policies and incentives that promote inclusive and equitable economic growth for existing residents and businesses, expand access to opportunity, mitigate displacement risks and incentivize investments focused on social benefits.

4. Partner with aligned organizations to support equitable and inclusive opportunities. Harnessing the potential of investments in Opportunity Zones effectively requires partnerships between the public, private and philanthropic sectors, as well with residents and other community stakeholders. Creating this “community capital stack” will help to ensure sustainable partnerships are formed and actions are taken to leverage investments in Opportunity Zones over time.

ROADMAP TO READINESS

Understand

- Market conditions
- Community needs
- Assets
- Access to opportunity
- Existing toolbox
- Capacity gaps
- Economic drivers

Align

- Assets
- Partners
- Priorities
- Strategies
- Delivery systems

Establish

- Regulatory tools
- Financing incentives
- Geographic priorities
- Sector-based approaches

Partner

- Public-private partnerships
- Short, medium and long-term strategies

UNDERSTAND

Private capital is attracted to well-designed, data-informed strategies that have broad community support and demonstrate a deep understanding of the needs and challenges within Opportunity Zones.

Effective private and public community investment strategies account for the assets and market potential in a community, while also accounting for the impact that investments may have on the community. Moreover, communities that fully understand the needs of the residents and businesses in Opportunity Zones are best positioned to take advantage of Opportunity Zone designations.

Whether in support of Opportunity Zones or future investment tools, effective strategies require deep and broad engagement with residents, businesses and key stakeholders to understand the nuanced needs of industry sectors, anchor institutions, residents and businesses in each Opportunity Zone, and to facilitate buy-in for future policy decisions. The benefits of earnest engagement with affected communities can include:

- Community ownership of outcomes and accountability when community engagement and education is well designed and well executed.
- Identification of strengths, opportunities and aspirations, as well as the elevation of results and outcomes through data-informed strategies.

Conducting a stakeholder analysis helps to identify who should be engaged to inform a deeper understanding of the needs and opportunities within Opportunity Zones. Common stakeholder categories include:

- *Decision-makers* - Who has direct authority over decisions involving the goals and/or issues being addressed?
- *Most affected* - Who are the people and/or groups that might be most affected by the identified goals?
- *Resource providers* - Who can provide necessary resources and assistance?
- *Technical experts* - Who has been involved in this type of work in the past and can provide relevant expertise and experience?
- *New participants* - Who has not been involved in this work to date, but should be included?

THROUGH PLANNING, COMMUNITIES SHOULD AIM TO UNDERSTAND:

Housing needs and market
conditions

Economic drivers and growth
sectors

Existing plans and initiatives

Delivery systems

Ecosystem for partnerships

Internal capacity

Existing toolbox and assets

Decision-making authority

RESOURCES

[Opportunity Zone Explorer Tool](#)

[Treasury CDFI Map](#)

[Treasury CDFI Resources](#)

[Accelerator for America Opportunity Zone Prospectus](#)

Thoughtful community engagement enables residents and stakeholders to own and account for the change they want to see in Opportunity Zones through a process that includes communication, problem-solving, policy discussion and decision-making.

Meaningful and effective engagement, at the level of an individual Opportunity Zone, clusters of Opportunity Zones, citywide Opportunity Zones or even regional clusters of Opportunity Zones, will require strong partnerships that include voices that have been left out of previous discussions while focusing on a shared vision for equitable and inclusive outcomes.

This form of engagement is more than a set of activities and methods confined to a specific project or Opportunity Zone. It is a comprehensive approach designed to lead to equitable outcomes by tapping into and building on neighborhood assets, expertise and capacity. Effective engagement goes beyond basic public participation and protocols to address the emerging and deep-seated challenges experienced in disadvantaged and low-income communities.

Effective community engagement focuses on establishing and building trust. However, effective community engagement can be hard. Many communities and Opportunity Zones have experienced years of public and private disinvestment, neglect and other circumstances that have built mistrust among institutions. Many institutions have experienced past challenges in building collaboration and community partnerships, which have reinforced barriers to engagement.

Photo Credit: U.S. Department of Housing and Urban Development



U.S. Department of Housing and Urban Development Secretary Ben Carson, White House Opportunity and Revitalization Council Executive Director Scott Turner, HUD Region IV Administrator Denise Cleveland-Leggett, and City of Birmingham (AL) officials discuss Opportunity Zones

COMMUNITY SPOTLIGHT

Louisville, KY

Louisville has strong hospitality, logistics, advanced manufacturing and health and wellness sectors. To better understand investment implications within Opportunity Zones and how to best support these sectors, the City created a typology to categorize census tracts and inform appropriate investment opportunities and strategies.

More information is available [here](#).

RESOURCES

[Leveraging Private Investment for Equitable Economic Development](#)

Transformative engagement can be the difference between a successful initiative and one that falls short of its potential.

In Opportunity Zones strategies and other equitable development approaches, effective community engagement increases community capacity for problem-solving when guided by key principles:

Listen – Treat participants, including residents and stakeholders, with integrity and respect by honoring their experience and insight.

Communicate – Be transparent about the intent of the initiative and how decisions are made.

Team – Identify ways to share decision-making authority and initiate leadership.

Evolve – Engage in continuous reflection and be willing to make course corrections.

Benefit – The value of community engagement is broad. Effective engagement can help:

- Increase legitimacy and support for plans and projects.
- Build trust, political will and ownership for effective implementation.
- Increase community capacity and problem-solving that strengthens across socioeconomic networks.
- Leverage additional resources and support equitable outcomes.
- Reduce long-term costs by crafting consensus on creative and inclusive solutions to resolve conflicts.

Providing participants with an annotated list of local tools and resources encourages their partnership in identifying multiple areas of impact and strengthening projects and business investments. When resources and priorities are aligned with an Opportunity Zone project or business investment, the impact of those resources can be maximized.



Photo Credit: James Darpinian

COMMUNITY SPOTLIGHT

Seattle, WA

The City's Department of Neighborhoods has an Outreach and Engagement Team that coordinates community engagement efforts across City departments to ensure meaningful and inclusive engagement. Its mission is to work in communities before and throughout times of rapid change by deeply engaging on policy development relating to community needs.

More information is available [here](#).

RESOURCES

[Listen: Community Engagement Toolkit](#)

ALIGN

Many jurisdictions possess assets with untapped potential. Unlocking this potential can help leverage or steer private investments in Opportunity Zones, while securing community benefits in the process.

A more detailed understanding of the needs and opportunities within Opportunity Zones and the tools, resources and assets available helps communities identify priorities and build capacity toward those priorities. This deeper level of understanding also informs how communities can align their resources and tools to support investments in Opportunity Zones. This section explores several key assets communities can leverage to support or steer private and public investments in Opportunity Zones.

Public land

Public land is a critical tool to incentivize development of affordable housing, promote industry and support community facilities or infrastructure improvements. As land values increase due to targeted investments in Opportunity Zones, local jurisdictions must leverage this asset to support community and economic development. Local jurisdictions can take steps toward leveraging public land assets in Opportunity Zones, including:

- Taking an inventory of public land, considering best uses and prioritizing shovel-ready sites.
- Establishing or refining public land disposition processes and related incentives to support residential, industrial or commercial development.
- Establishing land banks and community land trusts, which may help:
 - Maintain rental and homeownership affordability for low-income residents;
 - Provide an opportunity for low-income households to accumulate wealth;
 - Assist with property acquisition and consolidation; and
 - Provide access to capital when used as collateral.
- Determining how to drive private and public investment to infrastructure on public land to assist with economic development on private land.

Underutilized properties

Many Opportunity Zones include a diverse array of retail centers, business corridors and residential or industrial zones. Within these areas there may exist vacant or underutilized properties that can be repurposed and aligned to attract or support additional investment and development. Establishing an inventory and marketing these properties and their potential will help attract investors and development partners. Local jurisdictions can take steps toward leveraging underutilized properties in Opportunity Zones, including:

COMMUNITY SPOTLIGHT

Washington, DC

The District's Disposition of District Land for Affordable Housing Amendment Act of 2013 requires that all new multifamily residential developments on city-owned surplus land include affordable housing. The act requires a percentage of housing units to be permanently affordable:

- 30 percent for developments in areas with transit access (defined as within ½ mile of a Metro station or ¼ mile of a major bus route or streetcar line).
- 20 percent for developments in all other areas.

More information is available [here](#).

RESOURCES

[Building Better: Connecting Opportunity Zones to Urban Infrastructure](#)

- Taking an inventory of underutilized properties and meeting with partners to determine best use for these properties and existing restrictions that may prevent highest and best use.
- Aligning current resources and incentives to facilitate productive reuse of these properties.

Affordable housing

Many distressed neighborhoods have subsidized and naturally occurring affordable housing that could lose its affordability as investments in Opportunity Zones stimulate the housing market. Identifying these assets will support better coordination with partners on proactive strategies to preserve the existing stock of affordable housing or identify opportunities for more mixed-income projects. HOME Investment Partnerships Program (HOME) funds from the U.S. Department of Housing and Urban Development can be a source of gap financing for developers to preserve affordable rental units and promote inclusion amid rising costs for tenants within Opportunity Zones. Local jurisdictions can take steps toward leveraging existing affordable housing and increasing the stock of affordable housing in Opportunity Zones, including:

- Identifying existing subsidized and unsubsidized affordable housing properties for preservation.
- Discussing preservation opportunities with owners and partners (also see tools and incentives).
- Aligning existing resources (e.g., HOME) to support housing development or preservation.
- Reviewing projects with approved entitlements and determining which ones could benefit from Opportunity Zone investment due to gaps in the capital stack or provide other community benefits.

Infrastructure

In census tracts with distressed market conditions, a crumbling infrastructure is symptomatic of the overall lack of upkeep over time. To help attract investments in Opportunity Zones, local jurisdictions can direct public and private resources toward infrastructure improvements in support of sector-based strategies or ancillary businesses that enhance overall growth of the industry. Local jurisdictions can take steps toward aligning infrastructure improvements in Opportunity Zones, including:

- Determining infrastructure needs that support targeted sectors or industries and aligning local capital improvement plans and other incentives to support priority improvements.
- Mapping specific infrastructure needs in Opportunity Zones and incorporating these needs in community benefit agreements.
- Identifying key partners and systems to support improvements (e.g., establishing a Tax Increment Financing (TIF) district or other value capture mechanisms within an Opportunity Zone or in and around Opportunity Zone clusters).
- Conforming or amending Community Development Block Grant (CDBG) annual action plans to address infrastructure improvement needs in Opportunity Zones to attract and promote economic development.

COMMUNITY SPOTLIGHT

Oklahoma City, OK

One approach to align and market assets in Opportunity Zones is through a prospectus. Oklahoma City prepared a prospectus to align its assets to support industry growth, capital demand, inclusive strategies, placemaking efforts and institutional capacity within its Opportunity Zones.

More information is available [here](#).

RESOURCES

[Opportunity Zone Investment Prospectus Guide](#)

[Accelerator for America](#)

[Early Observations & Next Steps](#)

[Voices from the Field](#)

Community facilities

Community centers and facilities are essential to the fabric of the community. They serve residents and communicate a sense of place and neighborhood identity. In distressed areas, community facilities (like infrastructure) often fall into disrepair, limiting their ability to attract investment. Investing in community facilities can have a spillover effect in other areas, including commercial corridors and residential neighborhoods. Local jurisdictions can take steps toward leveraging community facilities in Opportunity Zones, including:

- Engaging with local anchor institutions, such as colleges, hospitals, chambers of commerce and large employers who have a vested interest in maintaining access to quality community facilities.
- Assessing the need for repairing community facilities, or the need for developing new community facilities to help attract or complement broader investments in Opportunity Zones.
- Aligning public and philanthropic resources to rehabilitate existing or develop new facilities.

Public financing

While public financing for community, economic and real estate development is a limited resource, the White House Opportunity and Revitalization Council has identified more than 160 aligned Federal grants and programs that can provide benefits to projects and activities in Opportunity Zones. For example, entitlement programs like HUD's CDBG, HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) provide immediate resources and are flexible enough to support geographic and specific priorities in Opportunity Zones. Other Federal programs, such as the Economic Development Administration's (EDA) Public Works and Economic Adjustment Assistance Programs, also support community revitalization. HUD funding does not restrict integration with other forms of financing for Opportunity Zones. When assembling financing for a project, Qualified Opportunity Funds should be viewed as any other form of private-sector equity, serving the same role in a capital stack (although investors must account for the tax incentive's requirements, such as hold periods and asset thresholds).

Some locally generated resources may offer greater flexibility in supporting projects. For instance, a local affordable housing trust fund can allow local jurisdictions to serve households that may not qualify for Federal programs or offer more flexible subsidies to fill financial gaps. Resources, like HUD's Section 108 Loan Guarantee Program, can offer CDBG grantees access to a larger pool of lower-cost capital to finance catalytic economic development projects. Rental Assistance Demonstration (RAD) conversions also offer the opportunity to redevelop within Opportunity Zones, integrating market-rate and affordable housing with commercial retail on former public housing sites. Local jurisdictions can take steps toward leveraging public resources from the Federal, State, tribal, local and territorial governments in Opportunity Zones, including:

COMMUNITY SPOTLIGHT

Memphis, TN

In 2015, Memphis leveraged \$4 million in Section 108 financing to support the \$198.7 million Sears Crosstown Multi-Use Redevelopment project. This adaptive reuse project created a major economic anchor in northwest Memphis, offering leasable office, retail, medical and residential space. In 2018, the Crosstown Concourse was announced as the world's largest building to receive LEED platinum certification.

More information is available [here](#).

RESOURCES

[The White House Opportunity and Revitalization Council](#)

[EDA Economic Development Directory](#)

- Creating an inventory of all Federal, State, tribal, local and territorial public resources and aligning them with residents' and businesses' needs in Opportunity Zones.
- Leveraging public resources to pave the way for private investments (e.g., infrastructure improvements, site clearance, expedited environmental reviews, permit fee waivers or reductions, etc.).

Collectively, these assets provide some immediate opportunities for communities to secure and leverage in coordination with investments in Opportunity Zones. Understanding how to leverage these assets and strategically aligning them in support of private investments in Opportunity Zones can facilitate more equitable and inclusive development. Additionally, marketing these assets and related plans can help attract additional private investment in support of community objectives within and around Opportunity Zones. Establishing regulatory tools and incentives to support transactions related to public assets can also help maximize community benefits while supporting private investments.

Photo Credit: Gabor Ekecs



COMMUNITY SPOTLIGHT

Los Angeles County, CA

Los Angeles County's Metro Affordable Transit Connected to Housing (MATCH) program provides acquisition and predevelopment financing to help developers preserve and expand affordable rental housing located near public transit. The public-private lending partnership, which has an estimated loan capitalization of \$75 million, primarily targets existing unsubsidized affordable housing, and seeks to increase density where possible.

More information is available [here](#).

RESOURCES

[Greater Minnesota Housing Fund](#)

[Maryland Venture Fund](#)

[Utah Microloan Fund](#)

ESTABLISH

Local jurisdictions should establish regulatory tools and financing incentives for Opportunity Zones that align with local market conditions and facilitate greater opportunity for residents.

Opportunity Zones have the potential to effectuate transformative change for distressed neighborhoods. To fully leverage this new set of tax incentives, local policymakers should plan for equitable and inclusive development in Opportunity Zones. Some local jurisdictions currently have limited tools or incentives in their toolbox, and there may be barriers to establishing new or revising existing tools and incentives to ensure investments achieve the desired impact and community benefit.

Local jurisdictions should assess their existing regulatory tools and financing incentives and consider expanding their toolbox to support and leverage investments in Opportunity Zones. Local jurisdictions can improve the feasibility of projects by increasing their ability to offer multiple tools or incentives together to support development.

One-size-fits-all approaches to regulatory tools or incentives rarely achieve their desired impact. Thus, it is important for local jurisdictions to coordinate with community partners and developers to ensure that investments in development projects consider additional benefits to the community, whether in the development or in the neighborhood. This coordination can be achieved by establishing or tailoring regulatory tools and financing incentives to the specific needs, market conditions and community objectives within Opportunity Zones. This section summarizes several tools and incentives that specifically support preservation and development of housing. Additional tools will be explored in greater detail in a subsequent volume of this Opportunity Zone Toolkit.

Photo Credit: Dan Reed



Photo Credit: Elvert Barnes



COMMUNITY SPOTLIGHT

Prince George's County, MD

Prince George's County established a revitalization tax credit to encourage redevelopment and investment in inner-beltway communities. The credits are available in all census tracts inside the Beltway where the median household income does not exceed the county's median. Eligible improvements to real property located within these districts are granted relief from taxes on any incremental value added because of revitalization efforts.

More information is available [here](#).

RESOURCES

[HUD's Evidence Matters - Spring 2018 Edition](#)

Tools or incentives to preserve housing

Local jurisdictions must be prepared both for the benefits that additional investment will bring to neighborhoods and changing market conditions as a result of increased private investment that could impact existing residents or business development. The average Opportunity Zone maintains a housing stock with a median age of 50 years, more than 10 years older than the U.S. median. Due to investments in Opportunity Zones, previously affordable properties are likely to be redeveloped and reintroduced to the market at higher prices. Regulatory tools and financing incentives that can help preserve affordability include:

Revitalization/redevelopment tax credits

Revitalization/redevelopment tax credits encourage redevelopment and investment in targeted neighborhoods and can apply to residential or commercial properties. Revitalization tax credits effectively reduce property taxes imposed on the increased assessment. They can be scaled over several years and tailored to specific neighborhoods to direct investment. Local jurisdictions can take steps toward establishing revitalization tax credit incentives, including:

- Assessing feasibility of a revitalization tax credit as a financing incentive.
- Developing criteria and terms tailored to the conditions in local Opportunity Zones.

Preservation incentive overlay zones

An overlay zone is a set of additional standards that apply to one or more established zoning districts (in addition to the standards established through their base zoning). A preservation incentive overlay zone ensures housing affordability is not lost by enforcing criteria that maintains a minimum level of affordability in areas where it has historically existed or is at risk. This approach allows local jurisdictions to leverage private market activity to create opportunities for community members to stay in their neighborhoods – limiting potential displacement caused by new development – and can support a more diverse housing supply without sacrificing existing affordability. Local jurisdictions can take steps toward establishing preservation incentive overlay zones, including:

- Identifying priority criteria for preservation incentives that align with community objectives.
- Convening developers and stakeholders to discuss appropriate incentives relative to market conditions (e.g. reduced parking requirements, streamlined approval processes, priority for other resources).

COMMUNITY SPOTLIGHT

Seattle, WA

Seattle's Multifamily Property Tax Exemption (MFTE) program provides tax exemption on new multifamily buildings in exchange for setting aside 20–25% of the units as income- and rent-restricted. The tax exemption supports more mixed-income communities by offering a 12-year tax exemption in exchange for housing affordability in urban centers.

More information is available [here](#).

RESOURCES

[Indiana Economic Development Association Housing Toolkit](#)

Tools or incentives to create housing

Local and State regulatory tools and financial incentives for development of housing vary, as does their feasibility. Local and State governments can help increase development potential in Opportunity Zones by creating a more flexible regulatory environment and additional local and State financial incentives targeted to them. These tools encourage a wider range of housing types and mix of residential and commercial development or remove costly barriers to development. Additionally, local jurisdictions can use their regulatory authority over development decisions to support long-term affordability of these areas, increase the types of homes available in them and support other community goals.

By-right development

Allowing for certain projects to be developed by right in Opportunity Zones can help to reduce the administrative cost and timeline for new development projects. By-right development meets the specifications in a local zoning code and, thus, can generally be approved without involving zoning approval boards or public hearings. Local jurisdictions can make development easier and attract developers and investors to Opportunity Zones by increasing the types of development allowed by right. Local jurisdictions can take steps to encourage development that aligns best with community needs in Opportunity Zones by:

- Identifying the types of developments that would be most beneficial in Opportunity Zones but may not be permitted for construction by right.
- Identifying proposed zoning changes and aligning them with local community goals and plans.
- Amending the zoning code and/or maps to allow by-right development for projects that include housing affordability and other Opportunity Zone and community-aligned projects.

Upzoning

Upzoning increases the number of units, density or height beyond what is currently permitted on a given property. It is a permanent change to local zoning by local governments and applies to all future development in upzoned areas. Upzoning can also involve adding or increasing the commercial and retail capacity in areas that previously permitted only residential uses. By upzoning Opportunity Zones, local jurisdictions increase development capacity for residential and economic projects and provide greater flexibility for Opportunity Zone projects. Local jurisdictions can take steps toward upzoning Opportunity Zones, including:

- Identifying Opportunity Zones or surrounding areas that can support additional development capacity and evaluating what zoning changes could apply there.
- Amending the zoning code and/or maps to allow for increased density and a wider variety of uses as appropriate in Opportunity Zones.

COMMUNITY SPOTLIGHT

Minneapolis, MN

Minneapolis upzoned all of its single-family zoning districts to address rising housing costs and diversify the city's housing stock. Now, these zoning districts allow construction of buildings with up to three units, or triplexes. The city also upzoned several key transit routes to increase their development potential by allowing three-to-six story buildings along these corridors.

More information is available [here](#).

RESOURCES

[Urban Displacement Project's Upzoning California Policy Brief](#)

Density bonuses

A *density bonus* is a common incentive that allows higher density or height in exchange for community benefits. Unlike upzoning, which permanently increases development capacity, higher density is typically granted as a “bonus” for projects in which the developer agrees to provide a certain number of affordable housing units or other benefits, like community facilities, as part of the project. When designed effectively, the bonus increases the project’s overall revenue potential and lowers per-unit development costs. As market potential in Opportunity Zones increases, density bonuses may be an effective tool to realize more development and community benefits in Opportunity Zones. Local jurisdictions can take steps toward establishing or leveraging density bonuses, including:

- Assessing overall strength of the market conditions in Opportunity Zones and determining feasibility of density bonuses (i.e., Can the market absorb the additional units? Is increased development capacity a valuable incentive to developers?).
- Designing the density bonus based on what market conditions can support and reassessing applicability over time (i.e., as market dynamics change, local jurisdictions should adjust the incentive).

Expedited or streamlined permitting

Reducing the administrative burden and overall cost associated with the permitting and development approval process can effectively encourage affordable housing development. Even before a project breaks ground, developments frequently require a considerable amount of time and money, which leads many developers to prefer to engage with jurisdictions in which they know that the development process will run quickly and smoothly. Consequently, local jurisdictions can help catalyze construction in Opportunity Zones by ensuring that the development process is flexible and by lowering the barriers to entry for developers and investors. Local jurisdictions can take steps to streamline the development process, including:

- Reducing or eliminating development-related fees (e.g., application fees, impact fees).
- Streamlining the approval and permitting process (e.g., reducing notice to the public requirements, waiving environmental impact and traffic mitigation studies, using administrative review).
- Establishing clear timelines both for applicants and approving entities within the zoning code.

Streamlined environmental review

Environmental reviews, completed as part of the development process, determine if proposed development could have a negative impact on the surrounding environmental systems. While they serve an important purpose, environmental reviews are often one of the more time-consuming aspects of the development process. They also involve a high degree of risk, as their findings may result in a project being deemed financially or practically infeasible.

COMMUNITY SPOTLIGHT

San Diego, CA

The City of San Diego established the Affordable, In-fill Housing and Sustainable Buildings Expedite Program, which provides expedited discretionary and ministerial (i.e., non-discretionary) permit processing, ideally cutting down the standard review time by 25-50% for projects with at least five dwelling units. There are a wide variety of ways to qualify for the program, offering developers considerable flexibility when it comes to building affordable housing quickly.

More information is available [here](#).

RESOURCES

[City of San Diego’s Housing Initiatives Overview](#)

[City of Portland’s Better Housing by Design Project Overview](#)

Streamlining the environmental review process in Opportunity Zones can incentivize development by reducing the time, cost and risk of a given project. Local jurisdictions can take steps toward streamlining the environmental review process, including:

- Examining the current environmental review process to identify opportunities for time savings and areas of procedural redundancy.
- Establishing an expedited or prioritized environmental review process for Opportunity Zone-based projects (or categorical exceptions, if appropriate).
- Conducting Opportunity Zone-wide Environmental Impact Statements that enable developers to conduct more streamlined environmental reviews at the project level.

Reduced parking requirements

Parking requirements for development projects are enforced through local land use standards (often as a ratio of parking spaces per unit). By reducing parking standards, local jurisdictions can encourage the development of more affordable housing. Providing onsite parking as part of a development drives up the cost of development. Structured parking is costly, and surface parking affects how much of the site can be used for development. Reducing the parking requirements in exchange for a certain number of affordable units can amount to a significant reduction in development costs and increased revenues for the project. Local jurisdictions can take steps toward leveraging reduced parking incentives, including:

- Evaluating existing parking requirements in Opportunity Zones, and determining if they are excessive or prohibitive and amending them accordingly.

Tax incentives

Tax incentives are State or local policies that lower the taxes paid on properties that support a community benefit or goal. They can be tailored to market conditions, property types or used to steer investment in certain geographies. They are primarily used to lower the operating cost of a project in return for housing affordability, but they can be an effective tool to increase the overall housing supply as well. While Opportunity Zones already offer investors certain tax benefits in some distressed markets, additional tax incentives may be necessary to stimulate market activity. Local jurisdictions can take steps toward establishing or leveraging tax incentives, including:

- Assessing the feasibility of a tax incentive (i.e., its effect on local tax revenue for a jurisdiction).
- Aligning the structure of the tax incentive with market conditions and stated policy objectives.

COMMUNITY SPOTLIGHT

Durham, NC

Durham County and the City of Durham, located in the fast-growing Research Triangle, established a density bonus in the city-county Unified Development Ordinance. The amount of bonus density available varies based on the zoning districts to ensure that projects complement neighborhood character. In order for developers to receive the bonus, they are required to ensure at least 15% of units are affordable for households making less than 60% of HUD-defined Area Median Income.

More information is available [here](#) and [here](#).

RESOURCES

[American Planning Association's Model Affordable Housing Density Bonus Ordinance](#)

[University of Wisconsin Center for Land Use Education Planning Implementation Tools: Density Bonus](#)

Tools or incentives for economic development

Opportunity Zones were also created to support and encourage investments in small, medium and large businesses across varying industries, attracting capital and creating jobs in economically distressed communities. These communities can further the legislative intent of Opportunity Zones by promoting inclusive economic development through tailored tools and incentives, including:

- Opportunity Zone fund matchmaking – Creating an online clearinghouse service that matches eligible projects with Qualified Opportunity Funds helps prospective investors easily find eligible projects.
- Project pipelines – Developing a clear pipeline of future projects highlights investment priorities and signals policy support for specific geographic areas and business sectors.
- Tax increment financing (TIF) – Designating TIF districts allows local jurisdictions to leverage tax dollars generated by new development and redirect them away from traditional uses to support community amenities, including infrastructure, housing or small business development.
- Tax abatement – Abating taxes reduces property taxes for businesses below normal rates, freeing up capital that businesses can use to create new jobs.
- Tax credits – Using State tax credits can support job creation, corporate relocation or expansion, or retention.
- Business incubation - Incubating spaces help entrepreneurs grow their business by providing access to business coaching and mentorship, financing, resource referrals, lending programs and affordable, flexible office/lab space.

Tax benefits for investments in Opportunity Zones are not contingent on social benefit goals. Therefore, communities that want to achieve greater outcomes for their residents need to create relationships with private investors, establish incentives and consider regulatory alignment that not only attracts private investments, but also supports broader community objectives. Local decision-makers should partner with the Opportunity Fund investors to understand the appropriate regulatory tools and level of incentives that can support investments. When identifying the appropriate tools or incentives, communities must evaluate how potential investments will alter the demand on existing systems or change and inform development of needed partnerships.

COMMUNITY SPOTLIGHT

Arlington County, VA

Arlington-based technology companies may apply for grants under the County's Gazelle Grant Program, which offers competitively selected economic development performance grants between \$10,000 and \$150,000 to select fast-growing technology companies and tech catalyst organizations.

More information is available [here](#).

RESOURCES

[Research on Economic Development Incentives](#)

[Economic Innovation Group](#)

[Council of Development Finance Agencies' Tax Increment Finance Resource Center](#)

[Alabama Impact Investment Tax Credit](#)

PARTNER

Effectively harnessing the potential of Opportunity Zone investments requires the creation and strengthening of existing partnerships between the public, private and philanthropic sectors.

Creating this “community capital stack” will help ensure sustainable actions are taken to leverage investments in Opportunity Zones over time.

It is important that community partners and investment stakeholders convene regularly to discuss priority projects. Communication is key. In addition to developing place-based strategies, cross-sector partnerships can help leverage local resources and existing programs. For example, when public schools and workforce development programs integrate efforts on economic development, they can align the labor pool with opportunities for growth and support emerging and existing strengths in targeted sectors.

The strength of a partnership lies in collecting and acting on information across a broad range of perspectives within a specific community. Effective partnerships are dynamic and flexible – they adapt their structure and approach according to circumstance.

Partnerships are effective because:

- Understanding complex systems and making investments constructively requires many different perspectives and players.
- Working as coalitions helps align the vested interests of individual organizations by uniting action and broadening legitimacy through effective community engagement.
- Aligning resources across a partnership creates synergies and enables the innovation needed to support community change.

Photo Credit: Frederick Olson



COMMUNITY SPOTLIGHT

Birmingham, AL

The City announced the Birmingham Inclusive Growth (BIG) Initiative Partnership framework to guide Opportunity Zone investment and capacity building. The BIG Partnership incorporates the voice of Birmingham’s neighborhoods through a Community Investment Board (CIB), which capitalizes on the expertise of national investors and leverages the City’s resources to drive inclusive growth.

More information is available [here](#).

RESOURCES

[Partnership to Preserve Housing](#)

Effective partnerships focused on coordinated economic development can drive equitable and inclusive investments in Opportunity Zones.

Strong relationships built on mutual trust can help to navigate differences of opinion on which activities best support growth within an Opportunity Zone. Principles on information sharing, visionary leadership and effective collaboration all support successful partnerships.

Use information to strategize and build trust.

Effective community partnerships collect quantitative and qualitative data from multiple perspectives across residents, businesses, anchor institutions and government sources. The data is shared, analyzed and used to inform an effective strategy for community transformation, but it also helps to build trust among partners and improve community engagement. As the collective brainpower of the partnership grows, leadership needs to support corresponding changes in the strategy and adjust the composition of the partnership accordingly.

Establish a shared vision, led by a strategic coordinator.

The partnership coalition is the vehicle for collaboration and serves a practical strategic purpose. The role of leadership is to spot, coordinate and deploy expertise and resources. Those who lead the coalition must strike a balance between deference to the expertise of others and clear decision-making and direction.

Effective partnerships respect the time and contributions of participants.

Make sure that every interaction is a good use of people's time in terms of productivity, efficiency and ideally even enjoyment. Basic elements such as focused agendas, meeting notes and responsive communication protocols serve as the foundation of effective partnerships.

The formation of effective partnerships in Opportunity Zone planning and investment brings together the collective understanding of market conditions with aligned resources and sector-based approaches needed to foster transformative change and inclusive economic development in distressed communities.

COMMUNITY SPOTLIGHT

Omaha, NE

Prosper Omaha 2.0 is a six-county partnership focused on providing prosperity for all residents through business growth and people- and place-based strategies. Key components for the business growth strategy are building the capacity, innovation and competitiveness of core industries, attracting and building knowledge-based businesses and mentoring a dynamic ecosystem of innovation and startups.

More information is available [here](#).

RESOURCES

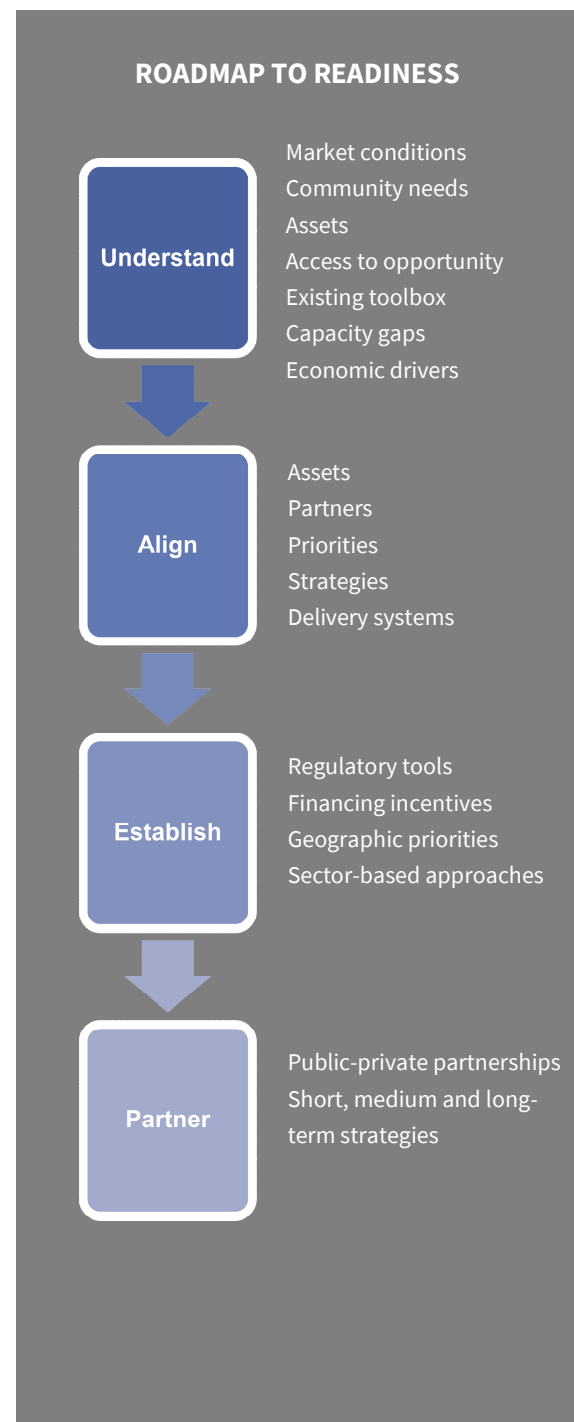
[Collective Impact Resources](#)

[Community Engagement Toolkit](#)

SUMMARY – PREPARING FOR POTENTIAL INVESTMENTS

Communities should not be passive participants in planning within and around Opportunity Zones. Effective local planning is critical to ensuring that investments in Opportunity Zones achieve positive impact. Through a deeper understanding of the needs, capacity, tools and affected systems, communities can proactively and strategically align resources and establish the necessary incentives, tools and partnerships to make Opportunity Zones a success for communities. This roadmap provides guidance for communities to assess their readiness and inform immediate steps to prepare for potential investments in Opportunity Zones.

The following questions can guide communities in preparing for Opportunity Zone investments. However, community planning is not a linear process and requires an ongoing understanding of needs and conditions across sectors, as well as the alignment of many systems and priorities.



| | | | |
|---|--|---|---|
| Housing needs and market conditions <ul style="list-style-type: none"> • What are the current housing needs and market trends? • How do needs and trends differ within Opportunity Zones? • What residential development is currently planned in Opportunity Zones? | Economic drivers and growth sectors <ul style="list-style-type: none"> • What are the needs and opportunities within key sectors? • What strategies or tools could support their growth? • What specific tools or incentives can encourage start-ups and small businesses? | Existing plans and initiatives <ul style="list-style-type: none"> • How do existing plans or initiatives intersect with Opportunity Zones? • Are there existing initiatives that can be aligned with needs in Opportunity Zones? • What have key stakeholders identified as priorities for Opportunity Zones? | Delivery systems <ul style="list-style-type: none"> • How do housing and economic delivery systems support specific needs in Opportunity Zones? • What adjustments are necessary to facilitate better connections at the systems level? |
| Ecosystem for partnership <ul style="list-style-type: none"> • How do existing partnerships currently support needs in Opportunity Zones? • What gaps exist? • What new partners should be engaged to address cross-sector needs? | Internal capacity <ul style="list-style-type: none"> • How are public agencies and partners positioned to support activity in Opportunity Zones? • What are key capacity gaps (functional and technical)? | Existing toolbox and assets <ul style="list-style-type: none"> • What new or revised tools are needed to support strategies and investments in Opportunity Zones? • What assets are in Opportunity Zones and how can they be leveraged? | Decision-making authority <ul style="list-style-type: none"> • What authority do local governments have to enable new or revised tools and incentives? • How are local resources currently allocated? • How can processes be changed to support investments in Opportunity Zones? |

COMMUNITY SPOTLIGHT RESOURCES

In order of appearance

Louisville, KY

More Information: www.acceleratorforamerica.com/sites/default/files/inline-files/NewLocalism_InvestmentProspectus_Louisville_2018-06-23_PRINT.compressed.pdf

Leveraging Private Investment for Equitable Economic Development: https://www.policylink.org/sites/default/files/PolicyLink_Recommendations_for_Opportunity_Zones.pdf

Seattle, WA

More Information: www.seattle.gov/neighborhoods/outreach-and-engagement/strategic-initiatives

Listen: Community Engagement Toolkit: <https://www.enterprisecommunity.org/opportunity360/community-engagement-toolkit>

Washington, DC

More Information: <https://www.smartergrowth.net/wp-content/uploads/2014/05/DCFPI-Appleseed-CSG-joint-Public-Land-fact-sheet-March-2014.pdf>

Building Better: Connecting Opportunity Zones to Urban Infrastructure: <https://drexel.edu/nowak-lab/publications/reports/building-better/>

Oklahoma, OK

More Information: www.acceleratorforamerica.com/sites/default/files/inline-files/OKC%20Prospectus_Phase2_v10_2.pdf

Opportunity Zone Investment Prospectus Overview and Guide: <https://www.acceleratorforamerica.com/OZGuide>

Accelerator for America: <http://www.acceleratorforamerica.com/>

Early Observations & Next Steps: https://www.acceleratorforamerica.com/sites/default/files/inline-files/Drexel_NMFL_ProspectusNextSteps_Final.pdf

Voices from the Field: https://www.acceleratorforamerica.com/sites/default/files/inline-files/Drexel_NMFL_VoicesfromtheField_Final%20%282%29.pdf

Memphis, TN

More Information: www.commercialappeal.com/story/money/business/development/2018/01/08/lrk-concourse-worlds-largest-leed-platinum-building-historic-adaptive-reuse/1014833001/

The White House Opportunity and Revitalization Council: <https://www.whitehouse.gov/presidential-actions/executive-order-establishing-white-house-opportunity-revitalization-council/>

EDA Economic Development Directory: <https://www.eda.gov/resources/>

Los Angeles County, CA

More Information: <http://www.matchfundla.com/>

Greater Minnesota Housing Fund: <https://gmhf.com/>

Maryland Venture Fund: <http://www.marylandventurefund.com/about/>

Utah Microloan Fund: <https://www.utahmicroloanfund.org/>

Prince George's County, MD

More Information: www.pgcedc.com/revitalization-tax-credit

HUD's Evidence Matters - Spring 2018 Edition: <https://www.huduser.gov/portal/periodicals/em/spring18/index.html>

Seattle, WA

More Information: www.seattle.gov/housing/housing-developers/multifamily-tax-exemption

Indiana Economic Development Association Housing Toolkit: [http://www.ieda.org/resources/Documents/Toolkit Final.pdf](http://www.ieda.org/resources/Documents/Toolkit%20Final.pdf)

Minneapolis, MN

More Information: <https://minneapolis2040.com/policies/access-to-housing/>

Urban Displacement Project's Upzoning California Policy Brief:

https://www.urbandisplacement.org/sites/default/files/images/sb50_udp_mapcraft_policybrief.pdf

San Diego, CA

More Information: <https://www.sandiego.gov/sites/default/files/dsdib538.pdf>

City of San Diego's Housing Initiatives Overview: <https://www.sandiego.gov/housing/initiatives>

City of Portland's Better Housing by Design Project Overview: <https://www.portlandoregon.gov/bps/71903>

Durham, NC

More Information: <https://durham.municipal.codes/UDO/6.6>

More Information: <https://durhamnc.gov/DocumentCenter/View/21524/2-Height-Density-and-Affordable-Housing?bidId=>

American Planning Association's Model Affordable Housing Density Bonus Ordinance: <https://www.smartgrowthamerica.org/app/legacy/images/IH-model-ordinance-APA.pdf>

University of Wisconsin Center for Land Use Education Planning Implementation Tools: Density Bonus: [https://www.uwsp.edu/cnr-ap/clue/Documents/PlanImplementation/Density Bonus.pdf](https://www.uwsp.edu/cnr-ap/clue/Documents/PlanImplementation/Density_Bonus.pdf)

Arlington County, VA

More Information: www.arlingtoneconomicdevelopment.com/AEDMura7/assets/File/Incentives%20Overview%202018.pdf

Research on Economic Development Incentives: https://www.brookings.edu/wp-content/uploads/2018/02/report_examining-the-local-value-of-economic-development-incentives_brookings-metro_march-2018.pdf

Economic Innovation Group: <https://eig.org/opportunityzones>

Council of Development Finance Agencies' Tax Increment Finance Resource Center: <https://www.cdfa.net/cdfa/cdfaweb.nsf/resourcecenters/tif.html>

Alabama Impact Investment Tax Credit: <https://opportunityalabama.com/wp-content/uploads/2019/06/AL-Impact-Investment-OZ-Incentives-Summary-6.7.19.pdf>

Birmingham, AL

More Information: <https://birminghamoz.org/>

Partnership to Preserve Housing: <https://www.preservationcompact.org/>

Omaha, NE

More Information: www.omahachamber.org/prosper-omaha/

Collective Impact Resources: <https://www.livingcities.org/work/collective-impact?tab=resources#tabs>

Community Engagement Toolkit: [https://www.collectiveimpactforum.org/sites/default/files/Community Engagement Toolkit.pdf](https://www.collectiveimpactforum.org/sites/default/files/Community%20Engagement%20Toolkit.pdf)

ADDITIONAL RESOURCES

Federal agency documents about Opportunity Zones

10/29/18: Internal Revenue Service issued the first round of Proposed Opportunity Zone Regulations (Published in the Federal Register for public comment)

<https://www.federalregister.gov/documents/2018/10/29/2018-23382/investing-in-qualified-opportunity-funds>

4/17/19: HUD published a Request for Information for a “Review of HUD Policy in Opportunity Zones” (Published in the Federal Register for public comment)

www.regulations.gov/document?D=HUD_FRDOC_0001-5284

5/1/19: Internal Revenue Service issued the second round of Proposed Opportunity Zone Regulations (Published in the Federal Register for public comment) <https://www.federalregister.gov/documents/2019/05/01/2019-08075/investing-in-qualified-opportunity-funds>

5/1/19: Department of the Treasury published a Request for Information on “Data Collection and Tracking for Qualified Opportunity Zones” (Published in the Federal Register for public comment)

<https://www.federalregister.gov/documents/2019/05/01/2019-08076/request-for-information-on-data-collection-and-tracking-for-qualified-opportunity-zones>

Other notable Federal agency documents or events about Opportunity Zones

4/17/19: White House Opportunity and Revitalization Council published the "Implementation Plan"

www.hud.gov/sites/dfiles/Main/documents/WHORC-Implementation-Plan.pdf

4/17/19: White House Opportunity Zone Conference

www.whitehouse.gov/briefings-statements/president-donald-j-trump-lifting-american-communities-left-behind-2/

Federal agency program alignment to Opportunity Zones

White House Opportunity and Revitalization Council “Completed Program Targeting Actions”

https://www.hud.gov/sites/dfiles/documents/OppZone_Agency_Completed_Actions_2019_0808.pdf

Treasury CDFI Resources

<https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx>

HUD Opportunity Zone Map

<https://hud.maps.arcgis.com/home/webmap/viewer.html?webmap=605f19bdc1594a9d99e72c478a01a8ac>