

Zonas de Oportunidad: Conceptos básicos para entidades gubernamentales y sin fines de lucro

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Resumen

- Paisaje de las Zonas de Oportunidad a nivel nacional y de Puerto Rico
- Tendencias y desafíos emergentes
- Significancia para el redesarrollo y la recuperación a nivel municipal y comunitaria

QUÉ ES EL PROGRAMA “ZONAS DE OPORTUNIDAD”?

- El Tax Cuts and Jobs Act (the TCJA) authorized the federal Opportunity Zones under Sections 1400Z-1 and 1400Z-2 of the Internal Revenue Code of the United States (the US Code).

DISTRICTS, BROWNFIELD REDEVELOPMENT, AND EVEN TRANSIT

- Public Policy Goal:
- Attract venture capital investment for underdeveloped areas and their struggling economies
- Takeaway: Fund affordable housing, real estate, infrastructure, energy assets, existing or start-up businesses, innovation districts, brownfield redevelopment, and even transit.

BENEFITS TO INVESTORS

- Defer capital gains on assets sold before 1 January 2027
- Investors must invest 100% of capital gains in a Qualified Opportunity Fund (QO Fund)
- 90% of QO Fund \$ must be invested in Opportunity Zone property.
- Investment must be held at least 7 years.
- Investments held for 10 years can eliminate entire tax bill.
- *Takeaway: Legal federal tax avoidance for the wealthy*

SCALE

- 8,700 "opportunity zone" communities approved as Opportunity Zones across the US and territories.
- In Puerto Rico, all low-income communities. (95% de la isla)
- Another 26 areas have been designated as Opportunity Zones through the nomination procedure.

CHALLENGES

- Tax breaks likely aren't enough to lure investors to low-income communities in rural areas.
- Missing: job density, housing diversity and walkability
- Just 2% of opportunity zones are well-situated to deliver what is called a “triple bottom line”
- Must be profitable for investors
- Simultaneously have a positive impact on the community and the environment.

Source: Source: *National Opportunity Zones Ranking Report*, by LOCUS, SmartGrowth America

OVERCOMING THE CHALLENGES

- PS 1147 *Ley de Desarrollo de Zonas de Oportunidad de Desarrollo Económico de Puerto Rico* de 2018
- Policy goal:
 - Remove investment risk for local and foreign investors in Puerto Rico
 - Reduction on patentes and CRIM (50%), construction tax (0%)
- Improve upon the federal Opportunity Zones act
- Focus on Puerto Rico's economically depressed municipalities and communities and local businesses

WHAT CAN MUNICIPALITIES AND COMMUNITIES DO?

- Inspiring investor confidence
- Establishing a one-stop-shop opportunity zones staff
 - Coordinate efforts from interested opportunity zone investors.
- Pooling existing community development dollars to attract diverse equity partners
 - including public employees, local pension funds and crowdsourced funders.
- Make it clear where investment is most needed and where opportunities are available
- Update zoning codes for a mix of uses
- Create pedestrian-friendly, walkable neighborhoods that attract talent and businesses.
- Taking inventory of ripe redevelopment opportunities on behalf of investors.

WHAT CAN MUNICIPALITIES AND COMMUNITIES DO?

- Manage for community equity (“do no harm”)
- Develop performance-based metrics, such as equitable development scores, positively improve lives and transform neighborhoods.
- Leverage federal partnerships (where money flows, more money flows)
- Workforce development, & capacity building fo local business and financial literacy (non-profits, community banks, academia)

Source: <https://impactalpha.com/six-ways-to-attract-capital-and-shape-the-future-of-opportunity-zone-investing/>

TAKEAWAYS

- Opportunity Zones are special challenge for rural
- How will your town reduce the perceive risk of investing (displacement and gentrification)
- Cannot just sit back & hope the investors come
- Be strategic, welcoming, transparent and clear about what small town has to offer