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## **Community development through opportunity zones - by Maureen Funke**

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greenbox-is

Have you heard all the buzz about Opportunity Zones? Opportunity Zones are at the heart of what could become the nations' largest economic development program! The initial reactions from Economic Development Officials and involved parties across the state are promising. In summary, the 2017 Tax Cuts and Jobs Act established the federal "Opportunity Zones" (OZ) program, a new community development program designed to encourage long-term investments by providing favorable capital gains treatment for investors who support eligible projects in designated communities. The program is especially beneficial for long term investors... making it financially attractive for investors to focus on long term investments with a holistic community based approach.

In Connecticut, 72 U.S. Census Tracts in 20 Connecticut municipalities were nominated by governor Malloy and subsequently designated by the U.S. Treasury. These zones will attract diverse and varied projects, including but not limited to real estate, affordable housing, entrepreneurship, start-ups, brownfield redevelopment, manufacturing facilities, biotech ventures, and more!

The opportunities for the investors, developers, business owners and their teammates are evident. What is less immediate, yet much more important in the long term are the peripheral and tangential benefits to the communities in and around these zones that will leave a lasting and positive affect for years to come. Jobs will be created and adjacent businesses and communities will benefit.

The U.S. Treasury will be issuing regulations in the coming months which will likely be followed by guidance from local governments. My summary of the Opportunity Zones is intended to provide an overview. So, I encourage you to reach out for more information if you'd like to learn more or have an interest in investing in Opportunity Zones. Please reach out to your local Economic Development official... these wonderful folks throughout our state will point you in the right direction.

In closing I've collected some thoughts from folks around the region on this program:

"People are taking notice of downtown Hartford's revival, catalyzed by remarkable residential, educational, and transportation investment in the last 5+ years. Amidst this upswing, the

Opportunity Zones program will attract investment to our secondary commercial corridors, which boast great architecture, mixed uses, transit connectivity, and virtually zero parking minimum requirements. I'm placing special emphasis on local engagement in the coming months with two goals in mind: (a) foster opportunities for Hartford businesses to grow from within and (b) reiterate to our residents that they can shape the look and feel of new development through the zoning review process. We will be poised for action when the federal investment guidelines are finalized." - Jamie Brätt, director of planning & economic development, City of Hartford.

"We are seeing a great deal of Opportunity Zone program interest from private equity firms and national asset managers. As they form Opportunity Funds, it's clearly incumbent on the local economic development community to scout the potential projects, and we are starting to devote considerable energy to that activity." - Ed Lavernoich, president Bridgeport Economic Development Council.

"This is one of the programs in which private investment will be attracted through high net worth individuals, as opposed to most of the tax credit programs have been used to attract private investment from corporations. We expect this will draw considerable interest from individuals who are seeking deferment, reduction, and exemption of capital gains tax." - Kevin Gremse, senior director, National Development Council.

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