

OFFICE OF THE COMMISSION AUDITOR MIAMI-DADE BOARD OF COUNTY COMMISSIONERS

2019 BENEFITS AND CHALLENGES OF OPPORTUNITY ZONES

Research project produced by the Office of the Commission Auditor.

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The Office of the Commission Auditor, Miami-Dade Board of County Commissioners

The Office of the Commission Auditor was established in September 2002 by Ordinance No. 03-2 to provide support and professional analysis of the policy, service, budgetary and operational issues before the Miami-Dade Board of County Commissioners. The Commission Auditor's duties include reporting to the Board of County Commissioners on the fiscal operations of County departments, as well as whether or not the fiscal and legislative policy directions of the Commission are being efficiently and effectively implemented.

This report, prepared in collaboration with Miami-Dade County departments as subject matter experts, is substantially less detailed in scope than an audit in accordance with the Generally Accepted Auditing Standards (GAAS). The Office of the Commission Auditor plans and performs the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives; accordingly, OCA does not express an opinion on the data gathered by the subject matter expert.

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I. Introduction

a. Purpose

The Office of the Commission Auditor (OCA) produced this report in response to a request from District 1 Commissioner Barbara J. Jordan on April 26, 2019 and a subsequent request from District 2 Commissioner Jean Monestime on September 10, 2019. The purpose of this report is to analyze the benefits and challenges of Opportunity Zones (OZs), particularly emphasizing methods to promote equitable growth and development without displacement. Additionally, the report examines ways jurisdictions can protect designated OZs from investors solely intending to capitalize on attractive tax incentives without substantive community engagement, broad redevelopment and positive job creation objectives.

b. Scope

The scope of the request comprises:

- (1) The application of OZs in relation to investor eligibility for federal tax incentives under the Tax Cuts and Jobs Act of 2017;
- (2) Designated OZs in Miami-Dade County and the life cycle of OZs;
- (3) Reviewing OZ policies and safeguards implemented by various jurisdictions around the country;
- (4) Analyzing the pros and cons of OZs; and
- (5) Examining the Return on Investment for investors and the associated risks for communities designated as OZs.

c. Methodology

To produce this report, OCA conducted qualitative analytical research regarding legislation governing Opportunity Zones (OZs) and performed a comparative evaluation on communities throughout the United States to examine the measures that some jurisdictions have implemented to guarantee citizenry protections. In an effort to obtain a macroscopic assessment of national trends involving OZs, OCA consulted various nonprofit and think-tank organizations working toward ensuring residents are not marginalized as development and redevelopment occur in their respective neighborhoods.

II. Definition, Legislation and History of Opportunity Zones

a. What are Opportunity Zones?

Included in the landmark overhaul of the Internal Revenue Code, passed in December 2017 as the Tax Cuts and Jobs Act (TCJA), is a new tax incentive program intended to guide investor capital to economically disadvantaged communities called Opportunity Zones (OZs). The zones are designed to spur economic development in disadvantaged areas. The OZ program offers investors significant tax benefits including temporary tax deferrals and permanent exclusions. Like many prior tax incentive programs, OZs are a limited time offer. The program's legislation sunsets on December 31, 2028, meaning new investments cannot be made after this date and only early adopters investing on or before December 31, 2019 will qualify for all of the program's tax benefits.

The 2017 federal mandate designated OZs along 8,761 census tracts across the United States, of which 427 are located throughout Florida and 67 are in Miami-Dade County.¹ Throughout the nation, low-to-moderate income census tracts were eligible for OZ designation. Each governor was tasked with designating up to 25% of eligible low-income or high poverty tracts as OZ-designated areas. The U.S. Department of the Treasury then certified the OZ designations.²

The main characteristics of neighborhoods designated as OZs are:

- 1) Having lower incomes;
- 2) Exhibiting higher poverty rates; and
- 3) Showing higher unemployment rates than those areas that are eligible but not designated as OZs.³

The Internal Revenue Service (IRS) defines the term "Qualified Opportunity Zone" as a population census tract located in a low-income community.⁴ The OZ program covers nearly 35 million Americans within the designated census tracts nationally. Developers are required to first establish a Qualified Opportunity Fund (QOF) before they can invest in an OZ.⁵ A QOF is an investment mechanism whereby investors file federal income tax returns as either a partnership or corporation and use that fund to invest in a Qualified Opportunity Zone property. OZs provide a substantial federal tax relief for investors.⁶ Typically, investors would have to pay capital tax gains of up to 23.8% when they cash out.⁷ For OZs, it is required for a QOF to be established as a partnership or corporation that holds at least 90% of its assets in a qualified OZ or a tangible business property in a qualified OZ.⁸

¹ URBAN INSTITUTE, <u>www.urban.org.</u> (last visited Aug. 26, 2019).

² Board of County Commissioners Meeting, Testimony by Erin Gillespie of the Florida Department of Economic Opportunity (December 10, 2018).

³ What are Opportunity Zones and how do they work? TAX POLICY CENTER, URBAN INSTITUTE & BROOKINGS INSTITUTION, <u>https://www.taxpolicycenter.org/briefing-book/what-are-opportunity-zones-and-how-do-they-work.</u> (last visited Aug. 26, 2019).

⁴ IRC Section 1400Z-1: Designation, Internal Revenue Code: Income Taxes

http://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title26-section1400Z-1&num=0&edition=prelim.

⁵ Samantha Jacoby, *Potential flaws of Opportunity Zones Loom, as Do Risks of Large-Scale Tax Avoidance,* CENTER ON BUDGET AND POLICY PRIORITIES (2019), <u>https://www.cbpp.org/research/federal-tax/potential-flaws-of-opportunity-zones-loom-as-do-risks-of-large-scale-tax.</u>

⁶ IRS, Opportunity Zones (2018), <u>https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions#qof</u>

⁷ Edmund Andrews, *Will Opportunity Zones Lift Neighborhoods Out of Poverty?*, STANFORD BUSINESS (2018), https://www.gsb.stanford.edu/insights/will-opportunity-zones-lift-neighborhoods-out-poverty.

⁸ Scott Eastman, *Opportunity Zones: What We Know and What We Don't*, TAX FOUNDATION (2019), https://taxfoundation.org/opportunity-zones-what-we-know-and-what-we-dont/.

Listed below are the ways investors can benefit from tax incentives via the OZ mechanism.

- 1) <u>*Tax Deferral*</u>: investor can defer capital gains taxes for several years by rolling their gains into an Opportunity Fund;
- 2) <u>*Tax Reduction*</u>: deferred capital gains liability is reduced depending on whether investor holds on to the fund for five or seven years; and
- 3) <u>*Tax Exemption*</u>: capital gains on subsequent investments made through a QOF accrues tax-free if investor holds on to the fund for a minimum of 10 years.⁹

In order for investors to qualify for tax deferrals, they must first meet the following criteria:¹⁰

- Invest in a QOF;
- Ensure the fund holds at least 90% of its assets in a qualified OZ property;
- QOF must be certified by the Treasury Department;
- Ascertain the qualified opportunity zone is an equity interest not debt interest; and
- QOF must be audited twice annually by a private sector CPA firm to ensure program compliance.

⁹ Email correspondence from Florida Department of Economic Opportunity on September 9, 2019.

¹⁰ Florida Department of Economic Opportunity, *supra* 2.



The IRS and Treasury Department are charged with oversight of the OZ program.¹¹ The last round of OZ designations in all 50 states and five U.S. territories was released on June 14, 2018.¹² Enterprise Florida, Inc., is the state arm that recruits businesses and markets the state, and has been charged as the entity to also manage OZ business marketing, according to the state's Department of Economic Opportunity (DEO). Enterprise Florida has a dedicated page on its website (<u>https://www.enterpriseflorida.com/</u>), allowing users to track OZ designated areas using an interactive Geographic Information Systems tool.¹³ Enterprise Florida is a public-private partnership between the state and private industry that serves as an economic driver to recruit new business to the state and retain and expand industry, with a focus on various sectors: aviation, information technology, clean energy, financial and professional services, and manufacturing, among others.¹⁴ Gov. Ron DeSantis serves as chairman of the 59-member organization.

¹¹ Tax reform creates opportunity zones tax incentive, INTERNAL REVENUE SERVICE,

https://www.irs.gov/newsroom/tax-reform-creates-opportunity-zones-tax-incentive (last visited Aug. 5, 2019).

¹² Treasury Designates Final Round of Opportunity Zones, NOVOGRADAC, <u>https://www.novoco.com/news/treasury-designates-final-round-opportunity-zones</u> (last visited Sept. 6, 2019).

¹³ Enterprise Florida, Inc. <u>https://www.enterpriseflorida.com/</u> (last visited Sept. 3, 2019).

¹⁴ See id.

According to DEO, the potential investment opportunities for developers considering OZ designated areas are:

- ✓ Specialized office and laboratory facilities on or near campuses;
- ✓ Privately developed student housing on and near campuses;
- ✓ Surplus public property as project sites;
- ✓ Infrastructure projects through public private partnerships;
- ✓ Small businesses and start-ups;
- \checkmark Affordable Housing; and
- ✓ Community spaces and amenities.¹⁵

Not every type of development is allowed in OZs. Per DEO, zone businesses are prohibited from engaging in the following uses:

- Private or commercial golf courses;
- Country clubs;
- Massage parlors;
- Hot tub facilities;
- Suntan facilities;
- Racetrack or other facilities used for gambling; and
- Retail stores where the principal business is the sale of alcoholic beverages for consumption off the premises.¹⁶

Under the OZ program, developers are required to invest in Qualified Opportunity Zone businesses during the QOF holding period. A Qualified Opportunity Zone business is one where almost all of the tangible property owned or leased is located in a Qualified Opportunity Zone, and a substantial portion of the business' intangible property must be used in a qualified business in an OZ, among other provisions.¹⁷

Table 1 depicts the number of OZ census tract designated areas in Miami-Dade County and the incorporated areas totaling 67 within the County. Cities such as Doral, Miami Beach, and Palmetto Bay did not have designated OZ census tracts.¹⁸

Jurisdictions*	# OZ Designated Areas ¹⁹
Unincorporated Miami-Dade County	15 ²⁰
(Leisure City, Ives Estates, West Perrine,	
Pinewood, Gladeview, Golden Glades,	
Westview, areas in So. Miami, Medley,	
Cutler Bay, West Little River)	
City of Miami	28
City of Hialeah	8
City of Miami Gardens	6
City of Homestead	5
City of North Miami	3
City of Coral Gables	2
TOTAL	67

Table 1	1
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¹⁵ Email correspondence with Florida Department of Economic Opportunity dated September 9, 2019 ¹⁶ *Id.*

¹⁹ *Id.*, Enterprise Florida Inc., *supra* note 13, DEO, *supra* note 2, *Id*.

¹⁷ Patrick J. O'Sullivan & Louis Tuchman, Primer on Opportunity Zones and Qualified Opportunity Funds: Eligibility Requirements and Tax Considerations, HERRICK, (2018), <u>http://www.herrick.com/publications/primer-opportunity-zones-and-qualified-opportunity-funds-eligibility-requirements-and-tax-considerations/</u>

¹⁸ Email correspondence with Urban Institute dated September 19, 2019.

²⁰ Figure depicts the designated census tracts, some of which are shared with various incorporated jurisdictions, as noted by Florida Department of Economic Opportunity OZ website access.

Table 2 provides data pertaining to demographics, economics, and housing for the County's four largest cities: Miami, Hialeah, Miami Gardens, and Homestead as they relate to the OZ designations. The data was provided by the Urban Institute.²¹

Area Characteristics	City of Miami	City of Hialeah	City of Miami Gardens	Homestead
Median household income	\$24,851	\$24,539	\$39,198	\$32,922
Poverty rate	40%	34%	23%	41%
Unemployment rate	19%	16%	13%	16%
Medan home value	\$134,359	\$132,613	\$138,750	\$97,400
Median monthly rent	\$821	\$950	\$1.158	\$993

Table 2

b. Enterprise Zones and Empowerment Zones

Opportunity Zones share similarities with a previous economic stimulus program known as Enterprise Zones (EZs). Such zones provided developer incentives in impoverished areas, but also incorporated local subsidies and other benefits. At the state level, the Florida Senate and House considered Senate Bill 1408 and accompanying House Bill 481 as recently as May 2019 to rename the state's Enterprise Zone Act as the *Florida Opportunity Zone Act*; both bills were indefinitely postponed and withdrawn from consideration and died in their first committee stop.²² If passed, the bill would have required counties and municipalities to create an OZ development agency, and authorized said agency to invest in community investment corporations under certain circumstances for certain purposes, as well as require the agency to submit an annual report to the Florida Department of Economic Opportunity.

This origin of OZs can be traced to Enterprise Zones, which were made popular in the United Kingdom in the 1980s during Prime Minister Margaret Thatcher's tenure. Those EZs sought to revitalize urban areas in London deemed dilapidated, by limiting government constraints on capital and labor in a handful of zones.²³ President Ronald Reagan was a supporter of OZs in the 1980s, and although no federal legislation was ever passed in the United States, more than 40 states created Enterprise Zones modeled after the U.K. program.²⁴ EZ opponents of that era, however, claimed that EZ attributes such as waiving the minimum wage, along with environmental regulations and taxes would not be effective in the United States.

In the 1990s President Bill Clinton introduced Empowerment Zones, which consisted of a hybrid concept of both Enterprise Zones and Empowerment Zones.²⁵ For areas to be considered Empowerment Zones, cities with a population of more than 500,000 could not have more than 200,000 people or exceed 20 square miles within the EZ. For example, in New York City, Harlem was classified as an Empowerment Zone with the goal of revitalizing the neighborhood via private industry investment; however, reviews on its success were mixed at best, as the Enterprise Zone program did not achieve its purpose.²⁶ During the administrations of Presidents George W. Bush and Barack Obama, Empowerment Zones reverted to Enterprise Zones, which evolved into the current OZ program under President Donald J. Trump.

- ²² SB 1408: Opportunity Zones, Florida Senate, <u>https://www.flsenate.gov/Session/Bill/2019/1408/ByVersion</u>
 ²³ Michael L. Moss, *Where's the Power in the Empowerment Zone?* CJ (1995), <u>https://www.city-</u>
- journal.org/html/where%E2%80%99s-power-empowerment-zone-12129.html (last visited July 29, 2019) ²⁴ Timothy Weaver, *The Problem with Opportunity Zones*, CITYLAB (2018),
- https://www.citylab.com/equity/2018/05/the-problem-with-opportunity-zones/560510/. (last visited July 24, 2019). ²⁵ See id.

²¹ URBAN INSTITUTE, *supra* note 1.

²⁶ CJ, *supra* note 23.

Enterprise Zones were established by the Florida legislature in 1994 as a mechanism for state and local jurisdictions to offer economic development incentives via local subsidies, state sales tax refunds, and corporate income tax credits for companies to stimulate job growth in impoverished areas.²⁷ In Florida, there were 67 EZs identified and in Miami-Dade County EZs encompassed 53.1 square miles of distressed neighborhoods with a population of 553,000. The Enterprise Zone program differed from OZs in that EZs provided a number of tax rebates or credits to private sector businesses operating in zones and those businesses constructing commercial properties and affordable housing, as well as investing in business equipment while hiring from a local employee pool within the EZs.

However, Enterprise Zones also brought an unexpected financial burden to Florida. By 2011, Florida was seeing evidence of a negative return on investment. The proof was in a 2011 report from the state's Office of Program Policy Analysis and Government Accountability indicating that Miami-Dade County businesses received 55% of all enterprise zone state funds, leading to a reduction in state revenues.²⁸ During that time, EZs synergized with Florida's urban redevelopment initiatives to tackle impoverished regions of the state. Pursuant to Florida Statutes Chapter 290, Section 290.003, passed in 2012 and repealed in 2015, policy directives promoted state assistance to local communities and the private sector to create economic and social equity in low-income areas.²⁹

The Miami-Dade BCC adopted Resolution No. R-862-13 on October 22, 2013 to support the reauthorization of the Florida Enterprise Zone Program. Subsequently in 2014, and pursuant to Resolution No. R-635-14, the BCC requested a comprehensive report pertaining to the County's Enterprise Zone Program and the effects on the local economy. The County reviewed the issue via the *Economic Assessment of Miami-Dade County's Enterprise Zone: 2000-2012*, which was prepared in 2015 by the Department of Regulatory and Economic Resources (RER). Among the report's findings:³⁰

- Businesses and residents in EZs benefited from tax rebates and credits received by business and the associated consumer buying power;
- Socio-economic indicators showed areas in the County's EZs outperformed areas outside the zone from 2000-2012.
 - Indicators of private investment showed EZs outperformed the areas outside the zone from 2004-2014.

Table 3 provides a summary of socio-economic indicators shown as increases (\uparrow) or decreases (\downarrow) for persons residing inside and outside of designated Enterprise Zones in Miami-Dade from a report submitted by RER to the BCC on January 21, 2015.

	Poverty line	Unemployment rate	Job Growth	Median family income	Homeownership	Private investment
Inside EZ	↓ 4.3%	$\uparrow 0.6\%$	↑ 139.9%	↑ 42%	↑ 29% - 34%	↑ 29 million sq.
area						ft.
Outside EZ	↑ 0.3%	↑ 2.2%	↑ 9.9%	↑ 29%	63% (unchanged)	(sq. ft. not
area						quantified)

Source: RER Report, 2015

²⁷ Florida Sunsets Ineffective Enterprise Zone program, GOOD JOBS FIRST,

https://www.goodjobsfirst.org/blog/florida-sunsets-ineffective-enterprise-zone-program-0. (last visited Aug. 13, 2019).

²⁸ See id.

²⁹ Florida Statutes Chapter 290.003, Urban Development, <u>https://www.flsenate.gov/Laws/Statutes/2012/290.003.</u>

³⁰ RER Enterprise Zone Report (2015).

c. Miami-Dade County OZ Status

Locally, Miami-Dade County leaders recently contemplated avenues to tap into Opportunity Zones to help stimulate economic growth in distressed areas, while ensuring OZ residents benefit from this investor tax incentive program. At the July 16, 2019 Housing, Social Services and Economic Development Committee meeting, committee members discussed Legislative Information System File No. 191788, a proposed resolution to partner with The Beacon Council as the County's point of contact to access OZ benefits. The committee forwarded a favorable recommendation to the Miami-Dade Board of County Commissioners (BCC).³¹ At the September 4, 2019 BCC meeting, the Board voted to defer the item, until after an Opportunity Zone workshop is held.³²

The Beacon Council worked with several Miami-Dade County offices, including RER's Office of Resilience and its Planning Research and Economic Analysis Section, on an OZ prospectus. Mr. Jaap Donath, Sr. Vice President of Research & Strategic Planning for The Beacon Council, indicated that the agency was awaiting to receive the BCC's green light through adoption of a resolution, sponsored by District 9 Commissioner Dennis C. Moss, designating The Beacon Council as the entity that will field questions about OZs and serve as the point of contact. At the October 18, 2019 Chairwoman's Policy Council meeting, members forwarded the proposed resolution to the BCC with a favorable recommendation.³³

The Beacon Council issued a draft of its Miami-Dade County prospectus in October 2019, featuring the following:

- Marketing the County as a place to do business by providing information on assets (such as PortMiami and Miami International Airport), the business climate (innovation practices), demographics, labor force, talent and quality of life.
- Provides details on OZs across the North, Central, and South areas of the County, similar to the previous Enterprise Zones
- Offers information on the business environment (target industries), education, infrastructure, and examples of potential projects proposed and land available that can be investment targets in the short run by OZ funds. Information how investors and developers are encouraged to work with a local community on the best possible activity that will create the best benefit for the community in which the investment is occurring, while ensuring the investment will benefit the investor in the long run.³⁴

The prospectus is expected to be distributed to interested OZ funds, developers, commercial brokers, potential companies, and local communities and organizations.³⁵

The City of Miami recently held a two-day Opportunity Zone Summit on September 27-28, 2019, featuring local, state and national leaders, including U.S. Housing and Urban Development (HUD) Secretary Dr. Ben S. Carson, Sr. At the summit, Dr. Carson extoled OZs as a way to create economic and community revitalization into distressed areas of Miami, including the creation of additional healthcare infrastructure. Dr. Carson, a retired pediatric neurosurgeon, said: "When you're developing communities, you want to do it holistically and have healthcare facilities. Nobody has to suffer if we design things the right way." Dr.

³¹ Miami-Dade County HSSED Committee Meeting, Testimony by the Committee (July 16, 2019).

³² Miami-Dade County BCC Meeting, Testimony by the Board of County Commissioners (Sept. 9, 2019).

³³ Miami-Dade County Chairwoman's Policy Council meeting, October 18, 2019.

³⁴ Miami-Dade County Opportunity Zones Prospectus, Miami-Dade Beacon Council, October 17, 2019.

³⁵ Email correspondence with The Miami-Dade County Beacon Council dated September 12, 2019.

Carson said it was important to stand behind OZs, pointing out that through OZs those individuals who have traditionally been neglected will benefit. "Don't be discouraged by naysayers. Those who are oppressed – we have to create the opportunities for. That's what this program is about."³⁶

The City of Miami is already seeing OZ investments coming to fruition. A \$73 million, 18-story apartment tower, to be named Soleste Grand Central, is being planned for construction in Overtown at 218 NW 8 Street. The complex will have 260 units and is near the Virgin MiamiCentral train station.³⁷ Additionally, the City of Miami has been selected as one of five cities by The Rockefeller Foundation and Smart Growth America to be part of the *National Opportunity Zones Academy*, aimed at attracting socially responsible investment. The other chosen cities are Chicago, IL; Norfolk, VA; Pittsburgh, PA; and Seattle, WA.³⁸

d. Life Cycle of an OZ Investment

There are three main steps to the life cycle of OZs. First, an investor can defer capital gains on a Qualified Opportunity Zone (QOF) Fund until December 31, 2026. If investors choose to keep the investment for five years, only 90% of the original gain is taxed, and for those who wait seven years, 85% of the original gain is taxed. In turn, if investors wait at least 10 years, any tax on the appreciation of the QOF is forgiven and investors would pay zero capital gains taxes on that investment.³⁹

³⁶ City of Miami Opportunity Zone Summit, Testimony by Advisor to the Mayor of Miami, Economic Development & Resiliency (September 27, 2019).

³⁷ Lidia Dinkova, *Opportunity Zone Project in Miami's Overtown Scores* \$73 *Million Financing*, DAILY BUSINESS REVIEW (2019), <u>https://www.law.com/dailybusinessreview/2019/08/09/opportunity-zone-project-in-miamis-overtown-scores-73-million-financing/?slreturn=20190901101824</u>.

³⁸ Katie Pyzyk, Rockefeller Foundation creates Opportunity Zone Academy, SMARTCITIES DIVE (2019), <u>https://www.smartcitiesdive.com/news/rockefeller-foundation-creates-opportunity-zone-academy/563008/</u>.

³⁹ Opportunity Zone News, OpportunityDB, <u>https://opportunitydb.com/</u> (last visited Sept. 6, 2019).

Graphic 1 shows the life cycle of an investment as an equity fund and how investors can profit from the capital gains deferral or forgiveness provisions on properties they hold on to for a span of five, seven or 10 years, pursuant to the Treasury Department's guidelines.⁴⁰



⁴⁰ John Ettorre, *Opportunity Zones: Worth the Hype?* U.S. NEWS AND WORLD REPORT (2019), https://www.usnews.com/news/cities/articles/2019-01-11/can-opportunity-zones-revive-struggling-cities.

Graphic 2 illustrates a monetary example of investing in a Qualified Opportunity Fund, which operates a Qualified Opportunity Zone Business, so long as the fund meets the criteria previously listed in this report.⁴¹



III. Local and National Landscape

Since 2018, Miami-Dade County leaders have weighed in on OZs when considering ways to assist economically distressed communities across their respective districts. In December 2018, Erin Gillespie, the then-Deputy Chief of Staff of Florida's Department of Economic Opportunity, made a presentation before the BCC to explain the OZs initiative. The highlights included an overview of the tax benefits afforded to investors and how the program could be layered with other state and local programs providing new investors with an extra boost with tax breaks and additional incentives; however, Ms. Gillespie warned about a possible side effect of OZs: gentrification. Ms. Gillespie made reference to the type of businesses that qualify for OZs: residential, commercial, small businesses, corporations and developers.

Commissioners also heard from Brett Theodos of the Urban Institute, a national think-tank comprised of data scientists, economists and demographers. Mr. Theodos' presentation to the BCC in April 2019 covered OZs and the options local jurisdictions can pursue. Mr. Theodos indicated that a main challenge for elected officials is that while local governments could implement certain zoning controls for oversight, investors of OZs can make a project affordable or unaffordable. The reason is that although County leaders may have influence over a project, they do not have full control⁴² because the program is under the authority of the federal government. Notwithstanding, local governments can make decisions on zoning and land use regulations to spur development in an area and also have the ability to place restrictions by incentivizing investors. For example, a city or jurisdiction can amend the zoning code to incentivize developers and allow higher density and intensity in mixed-use developments so long as investors offer to set aside a certain number of affordable housing units to be sold below market price value.

⁴¹ Florida Dept. of Economic Opportunity, *supr*a note 9.

⁴² Board of County Commissioners Meeting, Testimony by Brett Theodos of the Urban Institute (April 16, 2019).

a. Examples of OZs in the National Arena

Table 4 shows cases of OZs in the national arena, with the area's population and the type of jurisdictional safeguards or policies pursued or implemented to balance developer incentives and community needs (such as affordable housing). The areas are sorted by population, starting with the highest.

Jurisdictions	Population ⁴³	Policies Pursued
California	39,557,045	The state launched the <u>www.OPZones.ca.gov</u> website as a tool to guide investors, communities, and partners on the program. The website also provides an OZ Toolkit with substantial information for investors, including anti- displacement guidance to promote investment without displacement principles. ⁴⁴
Florida	21,299,325	Enterprise Florida Inc. has created an interactive tool on its website (<u>www.enterpriseflorida.com</u>) designed to guide investors in locating designated OZs statewide. ⁴⁵
New York	19,542,209	There is an OZ section on the state website with an interactive OZ map to view the entire 514 designated OZs in NY. The state plans to adopt legislation to further incentivize investment in OZs. ⁴⁶
Illinois	12,741,080	Considering state policy changes to support growth. ⁴⁷
North Carolina	10,383,620	Implemented public policy and tax incentives to support growth and development. ⁴⁸
Miami-Dade County, FL	2,761,581	The Beacon Council coordinated with various County departments and submitted a draft OZ prospectus dated Oct. 17, 2019. ⁴⁹ Note: As of 2019, the County's population is estimated at 2,805,792. ⁵⁰
Houston, TX	2,325,502	There is information on the city's website about OZs and how they work. The website lists the city's investment priorities as: affordable/workforce housing, retail development, manufacturing and distribution, innovation and technology, and investments with Complete Communities. ⁵¹
Louisville, KY	770,000	Created a Regional Opportunity Fund Prospectus in 2018 as a mechanism to identify investment opportunities in OZs and city assets such as education, workforce development, and equity. ⁵²
Washington, DC	702,455	Promoting public input for citizens to be engaged in the development of their city, with projects consisting of mixed-use developments and affordable housing. ⁵³

⁴³ U.S. Census Bureau, Data as of July 1, 2018, <u>www.census.gov</u> (last visited Aug. 28, 2019).

⁴⁴ CA Opportunity Zones, <u>www.opzones.ca.gov</u> (last visited Aug. 27, 2019).

⁴⁵ Enterprise Florida, Inc., <u>https://www.enterpriseflorida.com/</u> (last visited Sept. 9, 2019).

⁴⁶ New York State Empire State Development, <u>https://esd.ny.gov/opportunity-zones</u> (last visited Sept. 8, 2019).

⁴⁷ SITE SELECTION, *Four Opportunity Zone Tactics to Support Growth in 2019*, February 2019, https://siteselection.com/trustbelt/four-opportunity-zone-tactics-to-support-growth-in-2019.cfm.

⁴⁸ Id.

⁴⁹ Email correspondence with RER dated August 29, 2019

⁵⁰ Miami-Dade County Opportunity Zones Prospectus draft dated October 17, 2019, THE MIAMI-DADE BEACON COUNCIL.

⁵¹ City of Houston, Economic Development, <u>https://www.houstontx.gov/ecodev/opportunity-zones_concept.html</u> (last visited Sept. 9, 2019).

⁵² Louisville Opportunity Zone Prospectus, New Localism Advisors, November 2018,

https://louisvilleky.gov/sites/default/files/louisville forward/louisville prospectus version 13 11.5.2018.pdf. ⁵³ See id.

Jurisdictions	Population ⁴³	Policies Pursued
Fresno, CA	530,093	Prior to OZs, the city adopted a new zoning code that aligned with the strategic general plan, targeting areas with public transportation for growth and mixed-use development. The new zoning code removed a costly rezoning process to attract developer investment. ⁵⁴
City of Miami, FL	470,914	City held 2-day OZ Summit Sept. 27-28, 2019 with local, regional & national leaders to promote the program advantages; the summit included a site tour of properties & parcels for lease or purchase. ⁵⁵
Cleveland, OH	383,793	Adopted the Neighborhood Transformation Initiative, focusing on developing strategic commercial corridors that link affluent and low-income areas; zoning strategies such as form-based overlays have led to private market interest in the city. ⁵⁶
Boulder, CO	326,078	The city issued a temporary moratorium on OZ construction and demolition permits while it updated the zoning and land use regulations for its one designated OZ. ⁵⁷
Birmingham, AL	209,880	The mayor endorsed OZs via the "Birmingham Inclusive Growth" initiative in April 2019 to identify and fund OZ projects that offer goods and services needed by communities in the city's 24 designated OZs. ⁵⁸
Erie, PA	96,471	Created a Regional Opportunity Fund Prospectus as a way to measure social and economic variables with OZ opportunities and focus on downtown redevelopment via transportation, infrastructure and port access; ⁵⁹ Erie launched the branding campaign "Flagship OZs" and decided to invest in free WiFi for its 8 designated OZs. ⁶⁰
Tamarac, FL	66,054	Devised an investment prospectus promoting economic development through its commercial corridors to revitalize a targeted commercial site known as Four Corners Shopping Redevelopment Area. ⁶¹
East Chicago, IN	28,515	Construction of a 1.1 million sq. ft. logistics warehouse center is set to bring thousands of jobs for local residents on a 438-acre previous Brownfield site. ⁶²

⁶⁰ NEXT CITY, *supra* note 52.

⁵⁴ URBAN INSTITUTE, <u>www.urban.org</u> (last visited Aug. 2, 2019).

⁵⁵ OZ Summit, *supra* note 33.

⁵⁶ See id.

⁵⁷ Oscar Perry Abello, What's the Latest on Opportunity Zones? NEXT CITY, (2019),

https://nextcity.org/daily/entry/whats-the-latest-on-opportunity-zones (last visited Sept. 9, 2019). ⁵⁸ See id.

⁵⁹ City of Erie Investment Prospectus, Pennsylvania in Partnership with Erie Downtown Development Corporation and Erie County Planning Data Center, <u>https://acceleratorforamerica.org/sites/default/files/2019-</u> <u>03/Investment%20Prospectus%20for%20Accelerate%20for%20America_0.pdf.</u>(last visited Aug. 1, 2019).

⁶¹ City of Tamarac, Opportunity Zone Investment Prospectus, 2018.

⁶² Dan Rafter, *Can the Opportunity Zone program bring new life to NWI Indiana community?* RE JOURNALS (2019), <u>https://www.rejournals.com/can-the-opportunity-zone-program-bring-new-life-to-nwi-indiana-community-20190516.</u>

Table 5 shows areas in the country (with their respective populations) that have been dealing with gentrification, affordable housing issues, and an excess in vacant and residential land. Some industry observers believe OZs will serve to exacerbate the aforementioned issues in these areas.

Table !	5
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Jurisdictions	Population ⁶³	Main Challenges
Austin, TX	964,254	Concerns exist that a flood of capital could exacerbate existing gentrification challenges. ⁶⁴
Detroit, MI	672,662	Revitalization of the economy in recent years has netted little progress with regard to stimulating private investment and the city has some of the highest commercial & industrial property tax rates in the nation. ⁶⁵
Milwaukee, WI	592,025	The city struggles with a large number of vacant commercial and residential properties, while simultaneously dealing with an affordable housing crisis. ⁶⁶
Northeast Washington, DC	160,000±	Gentrification has been spreading quickly in this area of the nation's capital. ⁶⁷

⁶³ U.S. Census Bureau, <u>www.census.gov</u> (population as of July 1, 2018).

⁶⁴ Oscar Perry Abello, *Much-Awaited Guidelines Opening the Opportunity Zones Floodgates*, NEXTCITY (2018), https://nextcity.org/daily/entry/much-awaited-guidelines-opening-the-opportunity-zone-floodgates

⁶⁵ Reaching Full Potential: Are Real Estate Investors Ware of Opportunity Zones, NASDAQ, May 9, 2019, <u>https://www.nasdaq.com/article/reaching-full-potential-are-real-estate-investors-wary-of-opportunity-zones-cm1145886.</u>

 ⁶⁶ Andrea Riquier, A tax break to hasten gentrification? Housing market's Opportunity Zones may miss their target, MARKET WATCH (2018), <u>https://www.marketwatch.com/story/a-tax-break-to-hasten-gentrification-housing-markets-opportunity-zones-may-miss-their-target-2018-11-23.</u>
 ⁶⁷ Annie Lowrey, *Fixing America's Forgotten Places*, THE ATLANTIC (2014),

⁶⁷ Annie Lowrey, *Fixing America's Forgotten Places*, THE ATLANTIC (2014), https://www.theatlantic.com/ideas/archive/2018/07/how-do-we-help-this-place/565862/.

IV. Pros and Cons of Opportunity Zones

Table 6 shows the pros and cons of Opportunity Zones from the optics of investor advantages and community disadvantages.

OZ Pros for Investors	OZ Cons for the Community
No cap on the amount of money developers can invest ⁶⁸	Fast-tracks displacement and gentrification ⁶⁹
A form of tax haven for developers/investors ⁷⁰	Jurisdictions have very limited control via zoning and adoption of policies ⁷¹
Money can be placed into any type of equity investment (i.e. factories, homes) ⁷²	No assurances for affordable or workforce housing ⁷³
Minimal oversight via the IRS and Treasury Dept.; local and	States can revise their income tax code (Excepting Florida and
state regulations do not apply ⁷⁴	6 other states that do not have a state income tax) ⁷⁵
Invest in Transit-Oriented Developments ⁷⁶	Investors are not required to hire from local talent pool ⁷⁷
Investors have free rein to develop in distressed areas that are	No provisions for prospective employees hired in an OZ to
OZ-designated ⁷⁸	have available affordable housing. ⁷⁹
Benefits well-connected businesses rather than assisting	Some designated OZ tracts that are low-income will ultimately
residents in economically distressed neighborhoods. ⁸⁰	displace existing small businesses. ⁸¹
Potential loopholes in federal regulations may allow investors	It is estimated that such tax breaks will cost the nation \$1.6
to secure tax benefits impacts in OZs. ⁸²	billion in lost federal revenues during the next 10 years. ⁸³

Table 6

developers-not-poor.

 ⁶⁸ Anthony McAuley, Like the Wild West: Opportunity Zone tax breaks sparking investor stampede in Louisiana.
 NOLA (2019), <u>https://www.nola.com/news/business/article_df3e8e26-5d6a-5910-9266-69195a5f8bf2.html.</u>
 ⁶⁹ Luther Campbell, Donald Trump's Opportunity Zones Will Ruin Miami's Black and Latino Neighborhoods,
 MIANI NEW TIMES (2018), <u>https://www.miamingoutimes.com/news/papertunity zones are trumps trick on the pool
</u>

MIAMI NEW TIMES (2018), <u>https://www.miaminewtimes.com/news/opportunity-zones-are-trumps-trick-on-the-poor-10926732</u>.

⁷⁰ NOLA, *supra* note 63.

⁷¹ URBAN INSTITUTE, *supra* note 1.

⁷² Id.

⁷³ Ayesha Rascoe, *White House Touts Help for Poor Areas – But Questions Endure Over Who'll Benefit*, NATIONAL PUBLIC RADIO, <u>https://www.npr.org/2019/07/08/736546264/white-house-touts-help-for-poor-areas-but-questions-endure-over-wholl-benefit</u> (last visited Sept. 3, 2019).

⁷⁴ STANFORD BUSINESS, *supra* note 5.

⁷⁵ Sandra Block, *9 States with No Income Tax*, KIPLINGER (2019), <u>https://www.kiplinger.com/slideshow/taxes/T054-S001-states-that-don-t-tax-income/index.html</u>.

⁷⁶ URBAN INSTITUTE, *supra* note 1.

⁷⁷ STANFORD BUSINESS, *supra* note 7.

⁷⁸ URBAN INSTITUTE, *supra* note 1.

⁷⁹ Id.

⁸⁰ Chris Edwards & Vanessa Brown Calder, *Opportunity Zones Will Help Connected Developers, Not the Poor,* CATO INSTITUTE (2018), https://www.cato.org/publications/commentary/opportunity-zones-will-help-connected-

⁸¹ Steven Veuger, *4 Reasons to be Skeptical of Tax Incentives for Opportunity Zones*, AMERICAN ENTERPRISE INSTITUTE (2018), <u>http://www.aei.org/publication/4-reasons-to-be-skeptical-of-tax-incentives-for-opportunity-zones/.</u>

⁸² CENTER ON BUDGET AND POLICY PRIORITIES, *supra* note 5.

⁸³ Joint Committee on Taxation, "Estimated Budget Effects of the Conference Agreement for H.R. 1, the "Tax Cuts and Jobs Act," JCX-67-17, <u>https://www.jct.gov/publications.html?func=startdown&id=5053</u> (last visited Aug. 7, 2019).

OZ Pros for Investors	OZ Cons for the Community
Ambiguities in federal law do not allow for proper monitoring of OZ businesses, such as ensuring the OZ business derives at least half of its overall income from an active business located in an OZ. ⁸⁴	No resilience regulatory standards for sea level rise or climate change are in place. ⁸⁵ Notwithstanding, locally speaking, the Resilient305 report provides a roadmap for Miami-Dade County. ⁸⁶
Virtually anyone can establish a Qualified Opportunity Fund, so long as those funds are created through a partnership or limited liability company. ⁸⁷	Unlike other federal programs, the OZ legislation does not require tangible outcomes for distressed areas and has no barometers to gauge whether the investment will stimulate the local economy OZs. ⁸⁸

Table 7 shows results from a 2015 "Gentrification in America" report depicting the top 50 cities in the country where gentrification has been occurring at a fast pace. At the top of the list is Portland, Oregon. Miami ranked No. 32 in the report.⁸⁹

Ranking	Jurisdiction	Ranking	Jurisdiction
1	Portland, OR	26	Charlotte, NC
2	Washington, DC	27	Los Angeles, CA
3	Minneapolis, MN	28	Phoenix, AZ
4	Seattle, WA	29	Oklahoma City, OK
5	Atlanta, WA	30	Raleigh, NC
6	Virginia Beach, VA	31	Kansas City, MO
7	Denver, CO	32	Miami, FL
8	Austin, TX	33	Indianapolis, IN
9	Sacramento, CA	34	Columbus, OH
10	New York, NY	35	Milwaukee, WI
11	Oakland, CA	36	Mesa, AZ
12	Philadelphia, PA	37	San Antonio, TX
13	Albuquerque, NM	38	Fresno, CA
14	San Diego, CA	39	Wichita, KS
15	Baltimore, MD	40	Louisville, KY
16	Long Beach, CA	41	Dallas, TX
17	Fort Worth, TX	42	San Jose, CA
18	Omaha, NE	43	Memphis, TN
19	Nashville, TN	44	Tucson, AZ
20	Boston, MA	45	Tulsa, OK
21	San Francisco, CA	46	Cleveland, OH
22	Houston, TX	47	Detroit, MI
23	Colorado Springs, CO	48	Las Vegas, NV
24	Chicago, IL	49	El Paso, TX
25	Jacksonville, FL	50	Arlington, TX

⁸⁴ CENTER ON BUDGET AND POLICY PRIORITIES, *supra* note 5.

⁸⁵ URBAN INSTITUTE, *supra* note 1. (2019).

⁸⁶ Miami-Dade County Opportunity Zones Prospectus, Miami-Dade Beacon Council, October 17, 2019.

 ⁸⁷ Anthony McAuley, *Like the Wild West: Opportunity Zone tax breaks sparking investor stampede in Louisiana*.
 NOLA (2019), <u>https://www.nola.com/news/business/article_df3e8e26-5d6a-5910-9266-69195a5f8bf2.html</u>
 ⁸⁸ U.S. NEWS AND WORLD REPORT, *supra* note 62.

⁸⁹ Mike Maciag, *Gentrification in America Report*, GOVERNING, (2015), <u>https://www.governing.com/gov-data/census/gentrification-in-cities-governing-report.html#citieslist.</u>

V. Return on Investment

As the OZ trend is relatively new, the program's net gains or losses on economic development or redevelopment for the designated zones are yet to be determined.⁹⁰ Assessing an OZ's return on investment (ROI) will take some time before elected officials and investors can measure its success or failure in a quantitative and qualitative context. However, the ROI prospects for designated OZs and the potential for smart growth is already being assessed.

A 2018 report by George Washington University' Center for Real Estate and Urban Analysis listed the top 30 metro areas for OZs with the most smart growth potential and those with the lowest scores. Smart growth is an urban planning principle that promotes a mix of building types and uses for development, as well as diverse housing and transit options, and community engagement.⁹¹

Tables 8 and 9⁹² list the areas with the highest smart growth potential and the areas with the lowest smart growth potential, respectively, from the top 30 metro areas examined nationwide. According to the report, the following metrics were used to measure the Smart Growth Potential of these areas:

- ✤ Walkability;
- ✤ Job density;
- ✤ Housing diversity; and
- ✤ Distance to the nearest Top 100 central business district.

The areas or jurisdictions listed in Tables 8 and 9 received a score ranging between 0 and 20, with the score of 10 being the minimum score to be designated a smart growth potential OZ area.⁹³

Table 8

Ranking	Highest Smart Growth Potential Areas
1	New York, NY
2	Los Angeles, CA
3	Philadelphia, PA
4	Chicago, IL

Ranking	Lowest Smart Growth Potential Areas
27	Charlotte, NC
28	San Antonio, TX
29	Orlando, FL
30	Dallas, TX

⁹⁰ Public Square, Congress for New Urbanism Journal, (2019).

⁹¹ SMART GROWTH AMERICA (2019), <u>https://smartgrowthamerica.org/our-vision/what-is-smart-growth/</u> (last visited November 1, 2019).

⁹² LOCUS, CENTER OF REAL ESTATE AND URBAN ANALYSIS (2018).

⁹³ Id.

Table 10 depicts the Top 5 of 20 OZ markets ranked with regard to individual markets for Retail Asking Rents, Office Asking Rents, and Multifamily Asking Rents, with their respective ranking.⁹⁴

Table	10
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Top Markets	Retail Asking Rents Ranking	Office Asking Rents Ranking	Multifamily Asking Rents Ranking
Manhattan, Queens,	1	1	1
Brooklyn & the Bronx,			
Newark (New York,			
NY & Newark, NJ)			
Los Angeles, CA	4	2	3
(Hollywood)			
Brickell &	2	4	None
Midtown/Wynwood			
(City of Miami, FL)			
San Francisco Bay	3	2	4
Area, CA			
Seattle, WA	5	5	5

Table 11 lists the Top 12 of 20 ranked OZ markets across all product types (Retail Asking Rents, Office Asking Rents, and Multifamily Asking Rents). The Brickell area in the City of Miami ranks No. 11 on the list.⁹⁵

Ranking	OZ Markets Across All Product Types
1	Hudson Yards/Hell's Kitchen (Manhattan, NY)
2	East Village (Manhattan, NY)
3	Kips Bay (Manhattan, NY)
4	Williamsburg (Brooklyn, NY)
5	Greater Flushing (Queens, NY)
6	Brooklyn Heights (Brooklyn, NY)
7	East Harlem (Manhattan, NY)
8	Central Harlem (Manhattan, NY)
9	Downtown Brooklyn (Brooklyn, NY)
10	Williamsburg South (Brooklyn, NY)
11	Brickell (Miami, FL)
12	Forest Hills/Rego Park (Queens, NY)

 $^{^{94}}$ LOCUS, Center of Real Estate and Urban Analysis (2018).

Conversely, a recent report from Chicago-based real estate brokerage firm Cushman & Wakefield is contrary to the George Washington University study cited above. According to the South Florida Business Journal, Cushman & Wakefield examined 45 markets that contain 31% of the country's OZs in July 2019.

Table 12 shows the South Florida areas that were among those examined and recommended for OZ investment across the country and the respective metrics used to gauge ROI.⁹⁶ Whereas Tables 8 and 9 provide community-centric metrics to evaluate OZs, Table 12 depicts developer-centric factors to assess OZs in the South Florida area.

Top Viable Areas to Invest in OZs in South Florida	Regulatory Environment	Economic Factors (job creation & population increase)	Available Commercial Real Estate Data (office & multifamily)
Miami, FL	\checkmark	\checkmark	\checkmark
Fort Lauderdale, FL	✓	✓	✓
West Palm Beach, FL	\checkmark	\checkmark	\checkmark

Table 1	2
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Shown below is the South Florida OZ landscape regarding the number of designated OZ census tracts in the tri-county area.⁹⁷

- ➢ Miami-Dade County − 67
- **b** Broward County -30
- $\blacktriangleright \quad \text{Palm Beach County} 26$

The ROI for Opportunity Zones is pending at this point in the initiative's existence. In Chicago, for example, the joint venture Decennial Group stated in April 2019 that it was seeking to raise \$1 billion of capital to invest in OZs. Notwithstanding, there are no guarantees that any Chicago community will directly or indirectly benefit. According to Crain's Chicago Business, most Enterprise Zone tax incentives do not assist distressed areas – and the same goes with OZs. The reason is because investors who go into OZs can finance new businesses or large projects that require a large capital, thus, leading to gentrification.⁹⁸ As a result, it could be argued that the positive ROI for OZs is one-way: in favor of investors and not communities.

Some economic development experts theorize that OZs will serve to fuel the growth of start-ups and lead to affordable housing and job creation.⁹⁹ Others are not so sure. In areas such as Detroit, Michigan, there has been concern regarding unfairness in the selection process used by policymakers in selecting certain designated OZ areas, with those concerned alleging that some areas in Detroit were favored over other areas known as traditionally having chronic issues.¹⁰⁰ According to The Brookings Institution, the most effective way to evaluate the program's ROI is for the Treasury Department to conduct appropriate oversight of OZ

⁹⁶ Ryan Lynch & Ashley Portero, South Florida cities rank among top for Opportunity Zone investment, SOUTH FLORIDA BUSINESS JOURNAL, (2019), <u>https://www.bizjournals.com/southflorida/news/2019/08/05/south-florida-cities-rank-among-top-for.html.</u>

⁹⁷ Id.

⁹⁸ Michelle D. Layser, *Tax Incentives target poor neighborhoods but leave communities behind*. CRAIN'S CHICAGO BUSINESS, (2019), <u>https://www.chicagobusiness.com/opinion/tax-incentives-target-poor-neighborhoods-leave-communities-behind</u>.

⁹⁹ Elias Allen & Jason Richardson, *Opportunity Zones: Will the money flow in your town?* NATIONAL COMMUNITY REINVESTMENT COALITION (2018), <u>https://ncrc.org/opportunity-zones-will-the-money-flow-in-your-town/</u> ¹⁰⁰ CATO INSTITUTE *supra* note 75.

administration practices across the country. If effective oversight is not established, OZs may become a costly venture leading to a negative ROI not just for individual jurisdictions, but for the federal government also.¹⁰¹ It is estimated that the federal government will not collect more than \$1 billion in capital gains taxes that will be deferred from OZ investment funds.

VI. Conclusion

Opportunity Zones are seen as a short-term solution to a larger social equity issue as policymakers struggle to revitalize impoverished areas with true incentives that work.¹⁰² Tax policy experts from the Institute on Taxation and Economic Policy (ITEP), a nonprofit, non-partisan tax policy organization in Washington, DC, believe OZs are intended to benefit investors and promote displacement. According to ITEP, even if developers invest in distressed communities, there are no guarantees that low-income families will see any benefits, but may actually be driven out of their neighborhoods.¹⁰³ Researchers in Georgetown University say the central goal to OZs should be to improve low-income communities and underserved neighborhoods through job creation and making improvements on public spaces for a better quality of life.¹⁰⁴

In the long-term, the OZ program is seen by some as a flawed initiative passed by Congress, without public hearings or expert input and simply enacted as a way to directly benefit wealthy investors seeking tax break advantages.¹⁰⁵ The subsidies provided by the OZ legislation are viewed as overwhelmingly generous for investors and developers. The concern about OZs is that not only will residents be gentrified, but taxpayers will be the ones who will essentially subsidize the tax cuts for wealthy investors.¹⁰⁶ Nevertheless, OZ supporters laud the program as one representing a break-through in distressed areas in dire need of economic development.¹⁰⁷ It is up to each state to implement strategies to promote their respective zones, in addition to facilitating best development opportunities for investors. There are still those who have mixed reactions about OZs, according to the Council of Development Finance Agencies (CDFA), which works for the development finance community. In July 2018, the CDFA released survey results of 41 states regarding general attitudes about OZs. The survey indicated that 70% of states have an intermediate understanding of OZs, while only 9% revealed they had expert-level knowledge, 15% were unsure, and 6% were novices. With regard to general sentiments of OZs, 30% of those surveyed indicated having a positive outlook, 46% had mixed feelings, 21% were unsure, and 3% viewed OZs as negative.¹⁰⁸

¹⁰¹ Hilary Gelfond & Adam Looney, *Learning from Opportunity Zones: How to improve place-based policies*, THE BROOKINGS INSTITUTION (2018), <u>https://www.brookings.edu/wp-content/uploads/2018/10/Looney Opportunity-Zones final.pdf.</u>

¹⁰² CATO INSTITUTE, *supra* note 75.

¹⁰³ Tatiana Kimbo & Richard Phillips, *How Opportunity Zones Benefit Investors and Promote Displacement*, INSTITUTE ON TAXATION AND ECONOMIC POLICY (2018), <u>https://itep.org/how-opportunity-zones-benefit-investors-and-promote-displacement/</u>.

¹⁰⁴ Lisa Hall, *In the Land of OZ (Opportunity Zones) Who Will Benefit?*, BEEK CENTER SOCIAL IMPACT, GEORGETOWN UNIVERSITY (2018), <u>https://beeckcenter.georgetown.edu/land-opportunity-zones-benefit/</u>

¹⁰⁵ CENTER ON BUDGET AND POLICY PRIORITIES, *supra* note 5.

¹⁰⁶ Howard Gleckman, *Opportunity Zones May Someday Help Poor Communities. They Already Are a Tax Shelter for High-Income Investors*, FORBES (2019), <u>https://www.forbes.com/sites/howardgleckman/2019/09/05/opportunity-zones-may-someday-help-poor-communities-they-already-are-a-tax-shelter-for-high-income-investors/#44f938851b41.</u>

¹⁰⁷ Anne Kim, *How Opportunity Zones Could Transform Communities*, GOVERNING (2018), https://www.governing.com/columns/public-money/gov-opportunity-zone.html.

¹⁰⁸ Toby Ritter, Katie Kramer & Tim Fisher, *CDFA Opportunity Zones Report State of the State*, COUNCIL OF DEVELOPMENT FINANCE AGENCIES (2018),

https://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open&id=201808_OZSoS.html.

As previously stated, at the October 18, 2019 Chairwoman's Policy Council meeting, the Board forwarded a positive recommendation to the BCC regarding the appointment of The Beacon Council as the point agency for Opportunity Zone inquiries. The Beacon Council is a public-private partnership and serves as the official economic development organization of the County.¹⁰⁹

Subsequently, the Beacon Council submitted a draft prospectus to OCA on October 24, 2019, which shows an overview of the Miami-Dade County Opportunity Zone areas that cover approximately 352,000 residents. The prospectus shows the County divided into three areas: North, Central and South. Shown below are the boundaries for each:

- ➢ North OZ area from the Broward County line south to NE and NW 103rd Street (southern boundary) and the County boundary on the east and west.
- Central OZ area from 103rd Street (on the north) to SW and SE 88 Street (southern boundary) and the County boundary to the east and west.
- South OZ area from SW and SE 88th Street on the north to the Monroe County line in the south and the County boundary to the east and west.¹¹⁰

As with current jurisdictional control, OZ designated areas located in either incorporated or unincorporated areas would remain under the control of the respective jurisdiction. For example, if a specific parcel in an OZ is owned by a particular municipality – that government-owned parcel would remain under the jurisdictional authority of that municipality.¹¹¹

Exhibits A through K referenced hereto depict maps of each Commission District with their respective qualified OZ tracts. Commission Districts 10 and 11, represented by Senator Javier D. Souto and Commissioner Joe A. Martinez, respectively, had no qualified OZ tracts. The exhibits were provided to OCA by RER. The Planning Research and Economic Analysis Section of RER delivered these exhibits to the BCC in January 2019.¹¹²

¹⁰⁹ Miami-Dade Beacon Council, <u>www.beaconcouncil.com</u>, (last visited October 19, 2019).

¹¹⁰ Miami-Dade County Opportunity Zones Prospectus, Miami-Dade Beacon Council, October 17, 2019.

¹¹¹ Email correspondence with The Beacon Council dated October 24, 2019.

¹¹² Email correspondence with RER dated October 21-22, 2019.

EXHIBIT A COMMISSION DISTRICT 1 OPPORTUNITY ZONES



Exhibits A through K provided to OCA by the Dept. of Regulatory and Economic Resources

EXHIBIT B COMMISSION DISTRICT 2 OPPORTUNITY ZONES



EXHIBIT C
COMMISSION DISTRICT 3 OPPORTUNITY ZONES



EXHIBIT D
COMMISSION DISTRICT 4 OPPORTUNITY ZONES



EXHIBIT E COMMISSION DISTRICT 5 OPPORTUNITY ZONES



EXHIBIT F
COMMISSION DISTRICT 6 OPPORTUNITY ZONES



EXHIBIT G COMMISSION DISTRICT 7 OPPORTUNITY ZONES



EXHIBIT H COMMISSION DISTRICT 8 OPPORTUNITY ZONES



EXHIBIT I COMMISSION DISTRICT 9 OPPORTUNITY ZONES



EXHIBIT J
COMMISSION DISTRICT 12 OPPORTUNITY ZONES



EXHIBIT K COMMISSION DISTRICT 13 OPPORTUNITY ZONES

