

HOW STATES CAN MAXIMIZE OPPORTUNITY ZONES

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Commissioned by
THE GOVERNANCE PROJECT

Prepared by
NEW LOCALISM ADVISORS

HOW STATES CAN MAXIMIZE OPPORTUNITY ZONES



WHY STATES MUST ACT

The Tax Cuts and Jobs Act of 2017 required Governors to select Opportunity Zones from an eligible group of low income census tracts

“The designation of Opportunity Zones should be the first rather than the final action of states with respect to this federal tax incentive. States have a complex of powers, resources, assets and relationships which, if smartly deployed, could help leverage the Opportunity Zone incentive to shape markets and maximize economic and social outcomes. ... This incentive will have maximum impact only if states act with intentionality and purpose and interact closely with market actors and the cities, municipalities, counties and towns where Opportunity Zones are located.”

5 PRINCIPLES FOR STATE ACTIONS

1. Unveil the distinctive competitive assets and advantages that give disparate Opportunity Zones their market traction and potential
2. Leverage the distinctive economic assets of disparate Opportunity Zones with customized state interventions
3. View Opportunity Funds as one among other capital sources and structure strong partnerships with other public, private, and civic investors
4. Link capital investments to human capital strategies to maximize impact for low-income residents
5. Forge economic and social linkages between Opportunity Zones in disparate parts of the state

STATE OPPORTUNITY PLANS: IN GENERAL

State Opportunity Plans should focus on how states can help communities amplify local advantages and design strategies that align with local priorities and needs.

1. Help communities design and market an *Investment Prospectus*
2. Maximize economic impact of public institutions of higher learning
3. Maximize the economic impact of state assets
4. Ensure Zone infrastructure is of high quality
5. Align state investments/decisions with Opportunity Zones
6. Help local residents obtain skills
7. Support preservation/production of affordable housing

STATE OPPORTUNITY PLANS: INVESTMENT PROSPECTUS

States should develop an Investment Prospectus to unveil the distinctive assets and advantages of selected Opportunity Zones.

**INVESTMENT
PROSPECTUS**

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**COMMUNITY
MARKETING STRATEGY**

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**ECONOMIC DEVELOPMENT
POLICY BRIEF**

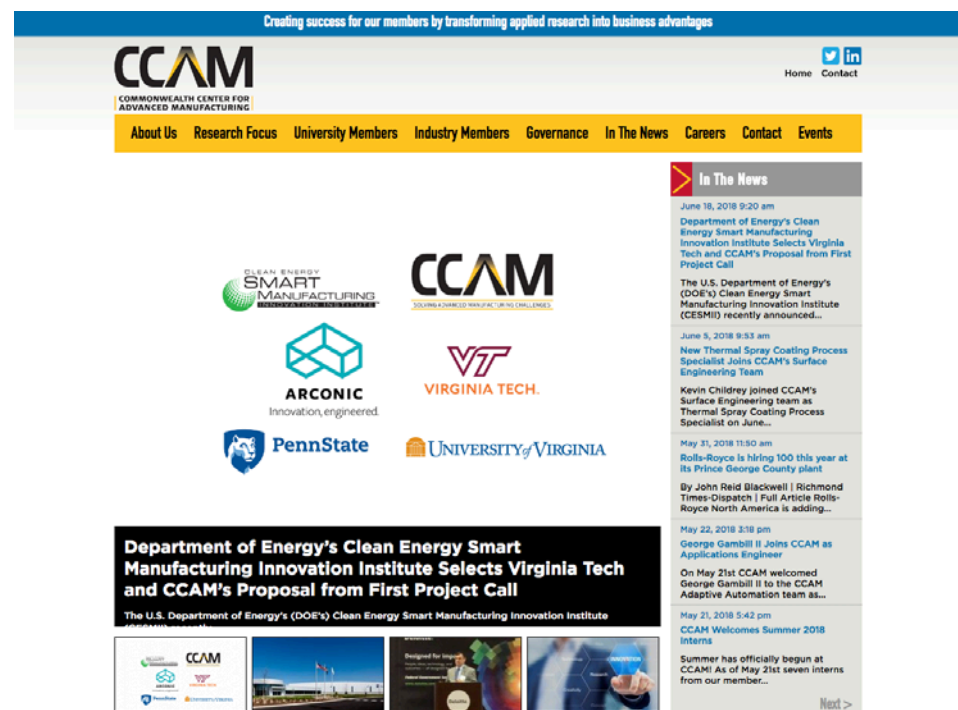
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**PRIVATE INVESTMENT
MEMORANDUM**

The screenshot shows the Brookings website interface. At the top is a navigation bar with links: ABOUT US, EXPERTS, EVENTS, THE BROOKINGS PRESS, BROOKINGS EXEC ED, SUPPORT BROOKINGS, CAREERS, and a SEARCH button. Below this is the Brookings logo and a secondary navigation bar with links: CITIES & REGIONS, GLOBAL DEVELOPMENT, INTERNATIONAL AFFAIRS, U.S. ECONOMY, U.S. POLITICS & GOVERNMENT, and MORE. The main content area features a report titled "Rhode Island innovates: A competitive strategy for the Ocean State" by Mark Muro and Bruce Katz, dated Tuesday, January 19, 2016. The report is part of the "Advanced Industries Series". The cover image shows a cityscape at night with a river. Below the title, there are social media sharing icons for Facebook, Twitter, LinkedIn, and a generic share icon. To the right of the report title, there is a section titled "Authors" with two authors: Mark Muro, Senior Fellow and Policy Director - Metropolitan Policy Program, and Bruce Katz, Former Centennial Scholar. Both authors have their names and titles listed, along with their Twitter handles: markmuro1 and bruce_katz.

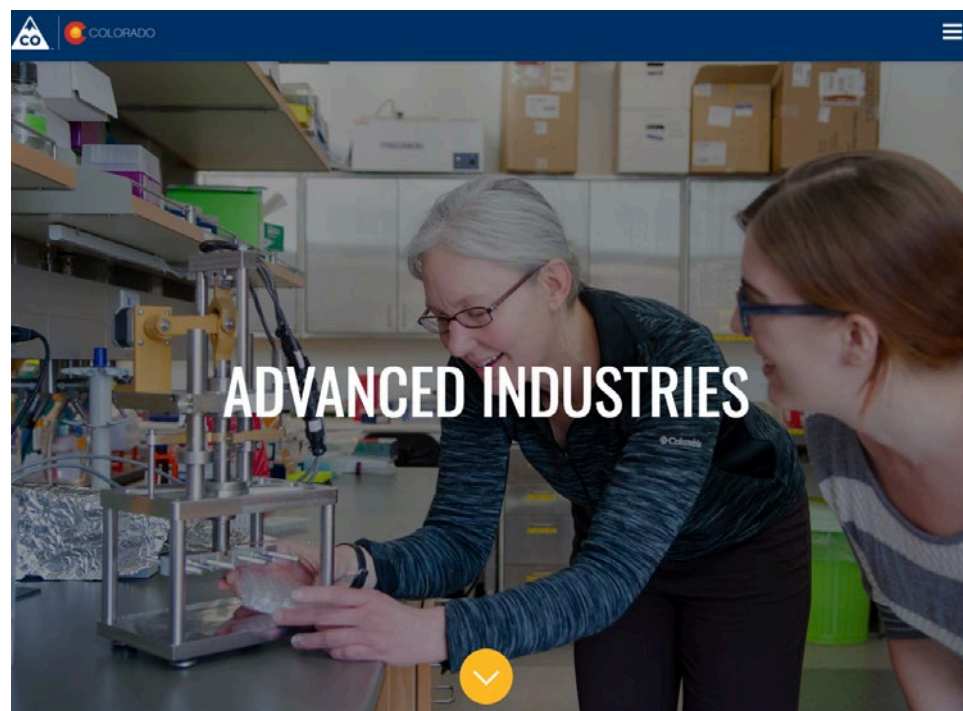
STATE OPPORTUNITY PLANS: PUBLIC UNIVERSITIES

States should establish partnerships between public institutions of higher learning, companies, start-ups, scale-ups, investors and communities and leverage full research and development power of universities.



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Rowan University, NJ

STATE OPPORTUNITY PLANS: PUBLIC ASSETS

States should encourage development of Opportunity Zones by offering surplus property owned by the state as project sites.

States should provide guidance to cities to help direct disposition of surplus municipal property.

Should manage public lands in rural areas to enhance value.



BullStreet District, SC

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STATE OPPORTUNITY PLANS: INFRASTRUCTURE

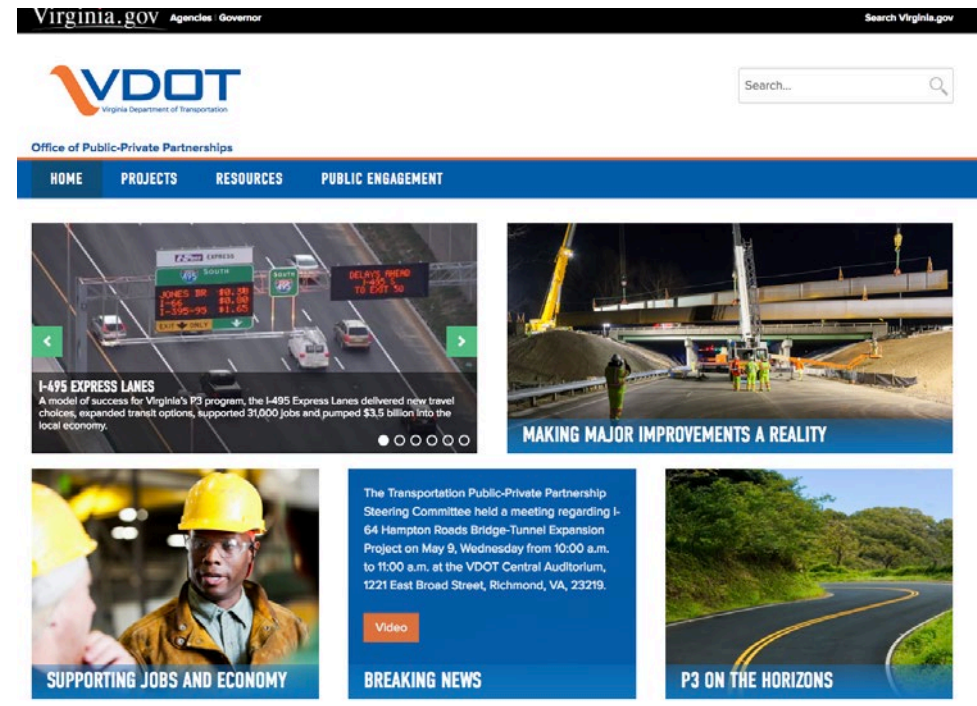
States should catalyze investment in infrastructure that is located in or near Opportunity Zones.

Prioritize Opportunity Zone projects for state financing/funding.

Simplify and expedite regulatory review.

Deploy technologies to enhance efficiency/performance.

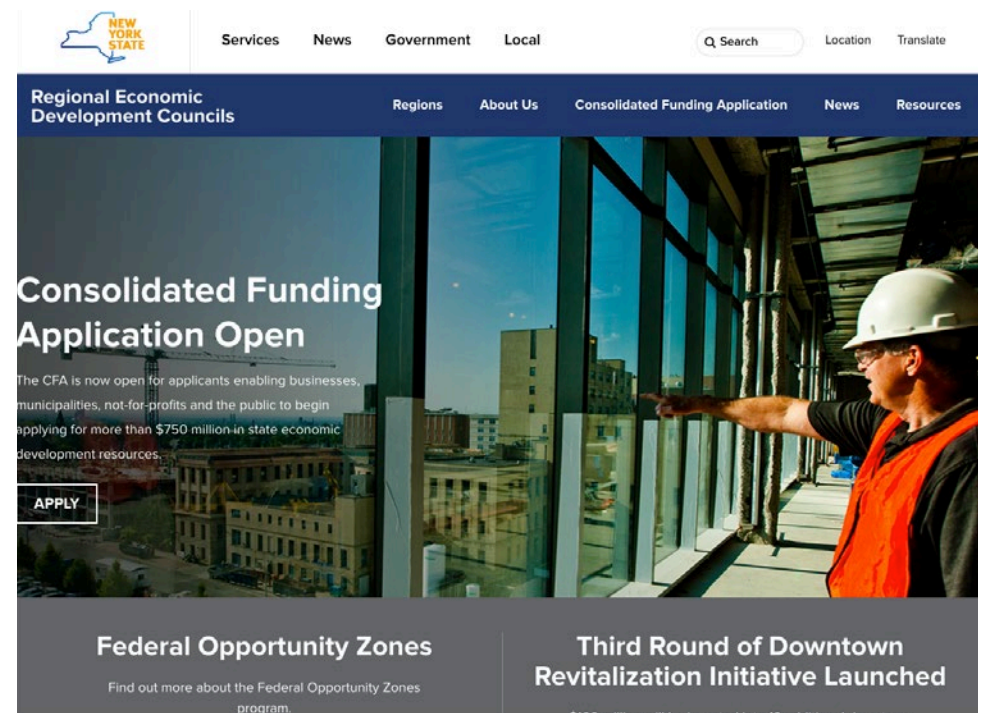
Close funding gap for critical infrastructure projects.



STATE OPPORTUNITY PLANS: ALIGN RESOURCES

States should align/allocate their resources in ways that promote the leveraging of public and private resources through co-financing and co-location.

States should create a State Opportunity Zone Clearinghouse to promote opportunities in the Zones and provide a single point of application for state funding, financing, and other incentives.



STATE OPPORTUNITY PLANS: WORK SKILLS

States should use workforce development system (special high schools, community colleges, skills providers) to give residents the skills and competencies to meet existing likely labor demand.



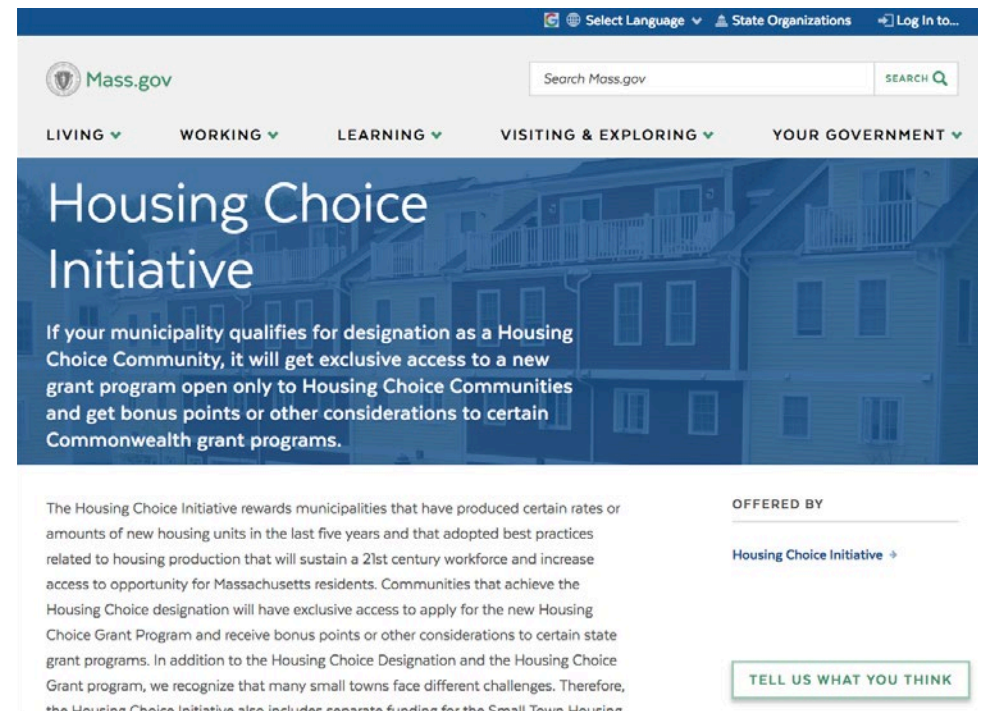
STATE OPPORTUNITY PLANS: AFFORDABLE HOUSING

States should help expand the production and preservation of affordable housing in Opportunity Zones.

Smart management of federal housing resources.

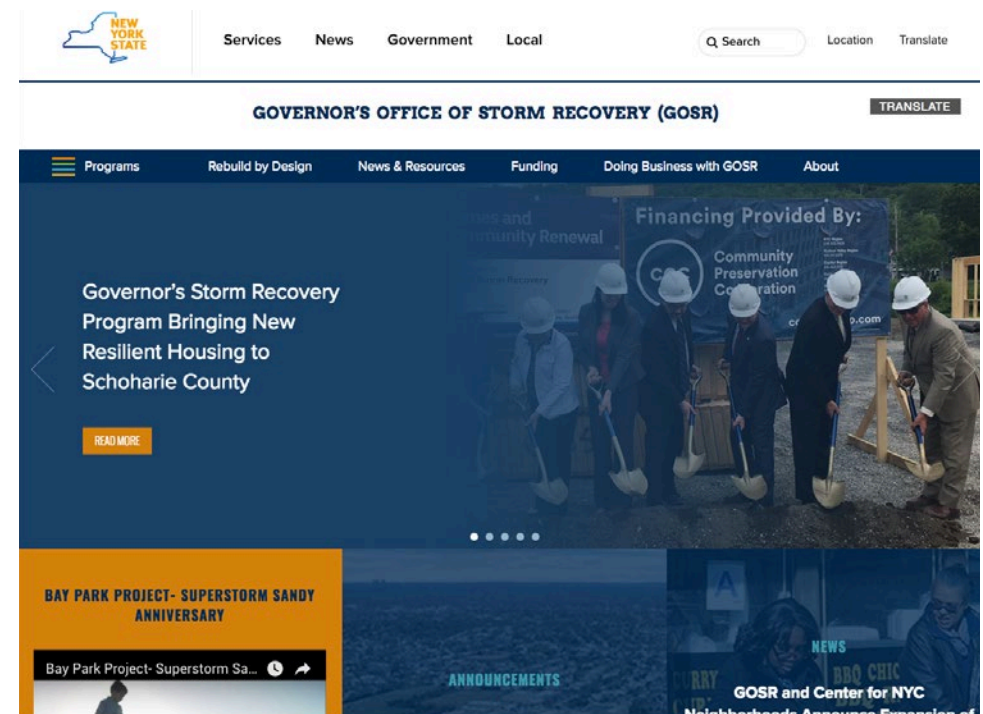
Smart use of state housing finance agency tools.

Marry low-income housing tax credits/Opportunity Zone incentive.



STATE OPPORTUNITY PLANS: GOVERNANCE

States should establish a special Opportunity Zone Unit with the authority to coordinate actions within the government and the capacity to engage with communities, companies and investors.



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