Opportunity Zones

By Ed Gramlich, Senior Advisor, NLIHC

Administering Agency: Internal Revenue Service (IRS) of the U.S. Department of the Treasury (Treasury)

Year Enacted: 2017

Number of Persons/Households Served: There is no information regarding the number of persons or households served because neither IRS nor Treasury require this information to be reported

Population Targeted: The statute creating Opportunity Zones and subsequent regulations do not target specific populations, such as low-income people. There are no requirements to hire or train low-income zone residents or to pay living wages, create truly affordable housing, or create or preserve small businesses owned by or serving low-income zone residents. Nor are there protections to prevent displacement of low-income people or existing local small businesses as a result of OZ investments.

The IRS states that the purpose of Opportunity Zones (OZs) is to spur economic growth and job creation in low-income communities while providing capital gains tax breaks to investors.

See Also: NLIHC's *A Critical Explanation of Opportunity Zones*

HISTORY

As early as 2007, former Facebook president and Napster founder Sean Parker conceived the notion of dangling the prospect of reducing or avoiding capital gains taxes to corporations and extremely rich individuals to entice them to fund investments in disinvested low-income communities. Years later he created the Economic Innovation Group (EIG) to promote his idea, which came to be known as Opportunity Zone capital gains tax breaks. OZs were endorsed by Senators Tim Scott (R-SC) and Corey Booker (D-NJ) and inserted as a very small provision in the "Tax Cuts and Jobs Act of 2017," the massive, nearly $2 trillion tax cut legislation signed into law by President Donald Trump that overall primarily benefits corporations and extremely wealthy individuals. The OZ component of the 2017 tax act was not considered and debated through the normal congressional hearing process.

PROGRAM SUMMARY

An Opportunity Zone is composed of "low-income" census tracts that have a poverty rate of at least 20% and median family income no greater than 80% of the area median income (AMI). A census tract that is not "low-income" may be designated as part of an OZ if it is contiguous to low-income tracts that make up an OZ and it has a median household income that does not exceed 125% of the median income of the contiguous low-income census tracts that form an OZ. Up to 5% of the census tracts may qualify under this exemption. Some census tracts that were low income based on census data several years ago have since experienced significant demographic changes resulting in them no longer being truly low-income and that are often gentrifying.

Governors, the Mayor of the District of Columbia, and the chief executive officers of the five U.S. territories could nominate up to 25% of their total eligible census tracts, along with up to 5% of that 25% that were contiguous non-low-income census tracts. According to the IRS, Treasury designated 8,764 zones that retain their designation for 10 years. Congress later designated each low-income community in Puerto Rico as an OZ.

What is the Tax Break?

The theory of Opportunity Zones is to provide an "incentive" for an investor to reinvest an unrealized capital gain, which is a gain in the value of an investment (such as a stock) that has not been taxed because the investor has not sold it yet. The OZ "program" allows an investor to defer (delay) until 2027, the capital gains tax that would otherwise be due when the investment is sold, as long as the amount of the gain is invested in a Qualified Opportunity Fund (QOF). (Taxes on the original capital gain is due no later than December 31, 2026.) In addition, if an investor holds the QOF investment for five years, the basis of their original investment is increased by 10% (meaning they will only owe taxes on 90% of the rolled-over capital gain). If an investment was made by December 31, 2019, and an investor holds it in the QOF for seven years, the basis increases by a further 5% (for a total exclusion of 15% of the gain over the seven-year period). The investor must "realize" (sell the investment) by 2027.

Significantly, an investor can exclude from taxable income until the end of 2047, all of any capital gain accrued from the investment in an Opportunity Fund (not the original gain which was deferred until 2027) held for at least ten years. In other words, after settling their original tax bill in 2027, patient investors in QOFs will face no capital gain tax on their OZ investment until the end of 2047. The OZ capital gain tax break is on top of the usual advantages for capital gains, which have a lower tax rate than the tax rate on regular income, plus the ability to defer capital gain tax until an asset is sold.

Aside from Investors, Who Benefits?

As previously noted, neither the statute nor the final regulations require investments to benefit low-income OZ residents by building truly affordable housing in the OZ, employing low-income OZ residents, or providing affordable capital for OZ small businesses or minority-owned or women-owned businesses. Nor are there protections to prevent the displacement of low-income OZ residents or OZ small businesses as a result of new investments in distressed communities.

Because the entire "Tax Cuts and Jobs Act of 2017" was passed using the Senate budget reconciliation process, a provision in the OZ portion of the bill requiring some reporting was removed. Consequently, the statute does not have data collection and reporting requirements. Due to opposition from developers and potential investors, the final regulations also fail to require data collection and meaningful reporting.

Therefore, anecdotal evidence is all that is available to assess the outcome of the capital gain tax breaks. Anecdotal evidence from the first three years suggests that extremely wealthy individuals and corporate investors are the beneficiaries. Anecdotes point to luxury hotels and apartments, parking lots, storage facilities, luxury student housing in census tracts next to major universities, and mostly projects long in the works or ready to go before the OZ capital gain tax break existed.

Early Warnings

Red flags were waved by numerous sources in 2018.

In February, 2018, the Brookings Institution wrote:

> "The value of the tax subsidy is ultimately dependent on rising property values, rising rents, and higher business profitability. That means a state's Opportunity Zones could also serve as a subsidy for displacing local residents in favor of higher-income professionals and the businesses that cater to them...With few guardrails that might promote...policies to retain local residents and preserve or expand low- and middle-income housing, it is uncertain whether poor residents will benefit or be kicked out."

The Dallas Federal Reserve wrote on October 18, 2018:

> "Opportunity Funds could potentially direct capital largely to projects in areas already on the verge of gentrifying—places where high returns are most likely. In that eventuality, investors would get a tax break while neighborhoods would simply continue on the path of gentrification, displacing some of the highest-need households from the area."

The Center on Budget and Policy Priorities (CBPP) wrote on January 11, 2019:

> "..it [the law] includes no requirements to ensure that local residents benefit from investments receiving the tax break. Thus, this tax break could amount to a "subsidy for gentrification" in many areas instead of, as intended, for providing housing and jobs for low-income communities."

> "This tax break does *not* include rules or tests requiring its direct beneficiaries to make specific investments that actually produce public benefits or requiring that opportunity zone businesses hire workers from, or provide services to, the local community. If anything, its incentives push in the opposite direction: the tax break is worth the most with respect to investments whose value rises the fastest. As a result, investors will likely select investments — such as luxury hotels rather than affordable housing — based mainly on their expected financial return, not their social impact."

Toward the end of 2019, Brett Theodos, Senior Fellow at the Urban Institute testified before the Subcommittee on Economic Growth, Tax, and Capital Access of the House Committee on Small Business. He stated OZs "lack any mechanism for community input or control," and "There are no requirements that new apartments be rented to low- or moderate-income residents; no requirements that federally backed investment occur only when fully private-market financing is unavailable…The federal government has not sufficiently narrowed the eligible uses of this incentive to activities that will directly benefit low- and moderate-income residents or contribute to broader economic development in truly disinvested communities."

An OZ Picture Starts to Emerge in 2019

As 2019 rolled around, numerous media reported on long-planned, high-end projects located in OZs, sometimes after affluent developers lobbied governors to include their project's area in a tract that either had not been selected or was not eligible for OZ designation.

The New York Times highlighted: a luxury hotel and opulent restaurant in New Orleans' already trendy Warehouse District; a 46-story luxury apartment tower in a Houston neighborhood already occupied by projects aimed at the affluent; a luxury office tower in Miami's Design District where commercial real estate prices had nearly tripled in the last decade, and which developers had already planned 12 residential towers and large-scale retail and commercial spaces; a 35-story tower in downtown Portland, OR with a Ritz-Carlton hotel, condominiums, and office space; and, a self-storage center in Connecticut (and another in San Antonio reported by the *San Antonio Express-News*).

ProPublica published a series of articles.

In Florida, billionaire Wayne Huizenga Jr. had long planned to build luxury apartment towers, Marina Village, adjacent to the existing Rybovich superyacht marina on the West Palm Beach, FL waterfront. The census tract of the planned Marina Village was not originally picked to be a part of an OZ but was included after lobbying by Mr. Huizenga. Not included were three other low-income and racially diverse tracts identified by city leaders that were attractive areas for growth, rebounding from significant blight, and well positioned for new investment.

In Maryland, years before OZs, Sangamore Development, owned by Under Armor CEO Kevin Plank, started quietly spending $100 million buying waterfront properties in a mostly vacant, isolated area cut off from downtown Baltimore by I-95. The intent was to move Under Armor's headquarters there and develop the area dubbed Port Covington with offices, a hotel, apartments, and shopping – all geared to millennials. Prior to gaining OZ designation, Port Covington already had $660 million in tax increment financing, a Brownfields tax credit, and $233 million from Goldman Sachs. Did it need more tax breaks to be viable?

The Port Covington tract, which includes a gentrified corner, was too wealthy to be an OZ. It couldn't even meet the test to be included as a contiguous, non-low-income tract. Due to intensive lobbying with the governor and to a mapping error, Port Covington is now in an OZ.

Missed Opportunity: The West Baltimore Opportunity Zones Story in HUD's April 2022 issue of *Cityscape*, claims that Port Covington is garnering 65% of all of Baltimore's OZ capital, while less than 5% is deployed or expected to be deployed to deeply distressed neighborhoods.

According to a November 15, 2022 article in the *Baltimore Banner*, a newly installed development team took over as lead developers and investors in May 2022, owning about 80% of the area's real estate, revising the master plan, and renaming the area "Baltimore Peninsula." Kevin Plank's Sagamore Ventures and Goldman Sachs, still owns 50 acres where Under Armour is building its headquarters but has reduced its plans due to declining Under Armour sales and company scandals.

The first two residential buildings, anticipated to open in March 2022, will have more than 400 units between them; 20% of the units are to be "below market rate" (whether they will be affordable to low-income households is not apparent). Three residential buildings are nearing completion.

In Michigan, Quicken Loans founder and Cleveland Cavaliers owner, Dan Gilbert, had spent the past decade buying 100 buildings in downtown Detroit. Three areas of downtown Detroit with Gilbert holdings were selected as OZs, two of which critics assert are significantly wealthier than the surrounding area. One of the tracts sought by Gilbert was not initially included but eventually added after lobbying, even though it did not meet the poverty criteria. These census tracts already included Gilbert-owned office space with high-end tenants including Microsoft, JP Morgan, and Quicken Loans. A boutique hotel sits in another Gilbert property that is now in one of the OZs.

THE OZ PICTURE COMES INTO FOCUS 2020-2022

The Urban Institute's "An Early Assessment of Opportunity Zones for Equitable Development Projects" set out to assess how OZs were working as a community development tool for mission-oriented entities that have a purpose of helping people in poverty with quality jobs, affordable housing, and community amenities like grocery stores. The report lists several challenges faced by mission-oriented actors: Many mission-oriented actors struggled to access capital from wealthy individuals and corporations with capital gains. In addition, many mission-oriented projects yield below-market returns that most OZ investors appeared unwilling to accept. A further challenge was that mission-driven sponsors want to develop a community asset with a lifetime greater than the ten-year period an OZ investor has to hold an investment, but OZ investors usually do not want to tie up investments that long.

Kresge Foundation Model and Trepidations about OZs

An example of a mission-oriented investor discussed above has been the Kresge Foundation, which announced in March 2019 that it was committed to providing $22 million in investments to two goal-aligned investment managers, Arctaris and Community Capital Management, which agreed to covenants committing them to develop affordable housing, create living wage jobs, prohibit displacement, and form community advisory boards.

Unfortunately, as early as June 2019, the Kresge Foundation signed on to a letter from the U.S. Impact Investment Alliance which states, "…this transformative tax break could leave residents and communities vulnerable to displacement. These residents understandably fear losing their voice in defining their economic futures. Meanwhile, there is no guarantee capital will flow to the most distressed neighborhoods, or to the projects that are best for those who work and live there."

In 2021 Aaron Seybert, managing director of social investments at the Kresge Foundation remarked:

"We have always and continue to want this incentive to succeed, but we continue to have trepidations about that. Those fears have only grown as we hear directly from people in communities who say the incentive is causing more harm than good…OZ doesn't require measurement, accountability or tracking of any impact beyond dollars in; it rewards appreciation regardless of social impact. If millions go into a community, but they're invested into liquor stores, storage units, and condominiums that price people out of housing opportunity, are the people who live there any better off? OZ is just the latest example of policymakers and investors doing something *to* low-income communities rather than *with* them."

Mr. Seybert concluded:

"In short, I trust our community partners who have been investing in low-income communities far longer than OZ has been around. The majority tell me it's not working for them, and, in some cases, it's making their work harder. The news-friendly bright spots are a tiny fraction of capital flowing through this incentive. I'm not interested in continuing to evaluate OZ by anecdote when there are likely billions in investments we will never know about. We can no longer put lipstick on the proverbial pig. We need full transparency into OZ, we need some level of local accountability for the capital invested, and we need better evidence that the tool can deliver against community needs at scale. Without these, I don't think the incentive should continue to exist at all."

Testimony Before the Oversight Subcommittee of the House Ways and Means Committee, November 16, 2021

BRETT THEODOS, SENIOR FELLOW AT THE URBAN INSTITUTE

In his testimony, Mr. Theodos stated "In the years since Opportunity Zones' inception, it has become increasingly clear that their structure is preferenced against operating businesses, against smaller and rural projects, and against the types of mission-aligned projects that could deliver maximum community benefit."

- He found that the OZs structure disadvantages high social impact projects in several ways:
- The tax exemption on OZ projects is structured to provide the largest financial benefits to projects that provide the highest returns, rather than reward investors willing to support projects with large social impacts.
- The ten-year time horizon of most OZ investments is not long enough for many beneficial projects, such as affordable housing, health care centers, or schools.
- For investors, the OZ incentive is a shallow subsidy, and the permanent exclusion of gains is speculative. However, disinvested rural and urban OZs often require a deeper subsidy than OZs can provide. It is unlikely that OZ financing alone can spur the small business growth or types of development needed to promote sizable job creation or equitable growth.

Mr. Theodos' testimony included a footnote from an April 12, 2021 paper by Patrick Kennedy and Harrison Wheeler, *Neighborhood-Level Investment from U.S. Opportunity Zone Program: Early Evidence*. They found that OZ investments are highly concentrated in a relatively small number of census tracts, 84% of designated OZ tracts in their sample received zero OZ investment. Among tracts designated as OZs, investors favored neighborhoods with higher income, educational attainment, home values, declining shares of non-white residents, and pre-existing population and income growth.

DAVID WESSEL, DIRECTOR OF THE HUTCHINS CENTER ON FISCAL AND MONETARY POLICY, SENIOR FELLOW IN ECONOMIC STUDIES, BROOKINGS INSTITUTION

In his testimony, Mr. Wessel stated "Nothing in law or regulation requires OZ investors to put their money into those [OZ] census tracts that really need the money or into projects that will benefit the people who live in the zones. The available evidence and my reporting suggest that the bulk of the money is going to real estate projects that would have been done otherwise or projects that will not do much to improve the lives of the low-income residents of the zones. Proponents and drafters of the Opportunity Zone legislation were so determined to make the tax break attractive to wealthy investors and so allergic to oversight from Washington that they avoided the guardrails and oversight that might have directed more money to places and people most in need of private investment. They also underestimated the cleverness and aggressiveness of the huge industry of accountants, lawyers, wealth advisers and real estate fund managers who find every possible way to exploit the tax code to save their clients' money. I fear that when we finally get all the data, we will learn that Opportunity Zones did more to cut taxes for the wealthy than to improve the lives of people who live in the zones."

Cityscape Article

"Missed Opportunity: The West Baltimore Opportunity Zones Story" in HUD's April, 2022 issue of *Cityscape* reinforces earlier critiques. The paper presents the findings from 76 interviews regarding OZ investments in the West Baltimore OZ Cluster (WBOZC), a grouping of 11 highly disadvantaged census tracts representing 44,000 residents. In sum, the paper finds that OZs are failing at oversight and community engagement, and they are not changing development outcomes. The interviews reveal a locality doing its best with a tax policy poorly designed to stimulate development in distressed communities.

Participant interviews reveal a locality doing its best with a tax policy poorly designed to stimulate development in distressed communities. OZs are failing West Baltimore because they are a weak incentive for capital gains investors who want market-rate returns, and they fail to support or incentivize community development entities, community developers, small businesses, nonprofits, and institutions already operating in and around distressed neighborhoods. A developer of a project in the WBOZC that expects OZ financing noted, "the potential for unintended consequences is massive. One, all the development may just be concentrated on areas that don't need it. [Or] two, it isn't… but [OZs lead] to development that causes displacement."

Three years after the 2017 tax act authorized OZs, no OZ capital had been committed in the WBOZC. The authors state, "Little capital is flowing into deeply distressed neighborhoods… Three projects meet the stated intent of OZ policy but represent less than 5% of total OZ equity deployed or expected to be deployed in Baltimore." Thirteen study participants expressed a general concern that OZ's primary purpose is tax relief for the wealthy.

"OZs are opaque and undemocratic. OZs offer no planning mechanisms for communities to prevent harmful investment." The authors write that planning mechanisms help build trust with communities and are necessary to stimulate positive development in distressed communities, especially those with long histories of race-based disinvestment and skepticism of outside investors. A manager commented, "[OZs have] laid bare just how far we have moved away from transparency in economic development … parasitic development is happening, and the feds should not be incentivizing that."

"OZ investment funds typically seek double-digit internal rates of return (IRR) between 10 and 16 percent, whereas projects in Baltimore's distressed tracts are more likely to generate IRRs no higher than 3–6 percent while also being considered higher risk investments… Mission-driven funds willing to accept lower returns have either been unable to raise OZ equity or unable to deploy it in truly distressed census tracts. This is partially because low-income census tracts are not expected to appreciate." A small developer working in West Baltimore noted that "Our bottom-line concerns social outcomes; outside OZ investors are looking for large financial returns."

OZs suffer from design flaws that make investment in distressed neighborhoods unlikely. "Gentrified neighborhoods or neighborhoods already experiencing capital investment, were also selected [to be OZs]. Selection criteria allowed some non-low-income tracts contiguous to low-income tracts to qualify. Some OZ selections were made using outdated data and where distress was not defined properly. For example, numerous college campuses, including the University of Maryland, were eligible for selection because students are considered low-income." Participants in the study felt that the inclusion of downtown and Port Covington made it difficult for distressed neighborhoods to compete successfully for OZ capital.

OZs were failing to address a historically racialized hurdle to development in distressed neighborhoods, the "appraisal gap." In Baltimore, historic banking practices, such as redlining, drove down land values in targeted neighborhoods for decades. In brief, some OZ proposals do not obtain sufficient capital because the appraisal industry assesses properties in minority neighborhoods at values lower than those projected by investors and developers.

RECOMMENDATIONS FROM EXPERTS

For all of the following, Treasury should take the initiative, and Congress should act if Treasury cannot (due to legal reasons) or will not.

OZs required a more accurate definition of distress, the removal of contiguous tracts, and/or a deeper incentive for truly distressed areas.

- Treasury should require QOFs to provide basic transaction data and report it: where are OZ funds going and how much is going to each OZ, what types of projects are developed, and who benefits (by various categories).
- An agency such as the Community Development Financial Institution (CDFI) Fund should have administrative authority over OZs to provide oversight of QOFs and to collect, aggregate, and share data with the public.
- Provide larger OZ capital gain tax breaks for projects in the most economically depressed communities. The current one-size-fits-all approach will tend to direct money to places already attractive to investors.
- Target the size of OZ capital gain tax breaks to investments with the greatest impacts. OZ capital gain tax breaks could be based, for example, on the number of quality jobs created by an OZ investment.
- Limit the type of eligible projects, prohibiting projects such as self-storage facilities, luxury hotels and housing, or upscale shopping districts. And, for real estate investments, which are the bulk of OZ projects, create a limited set of eligible uses. For instance, only allow real estate transactions involving an operating business that is owner-occupied, or commercial and industrial real estate in tracts with high vacancy rates, or housing sold or rented at below-market prices.
- Require a rigorous certification process to qualify as a Qualified Opportunity Fund (QOF). Currently, a QOF does not have to assert that it is helping low-income people or communities. Require QOFs to demonstrate an intention to invest in projects that provide genuine community benefit, and to adhere to disclosure and reporting requirements and community engagement processes.
- Support mission-driven QOFs that are accountable to the community by giving preferential treatment to CDFI-controlled and other mission-driven vehicles.
- Provide better investment support for small businesses.
- Redesignate and remove OZs based on the most current Census data to avoid designating tracts that seemed "low-income" due to out-of-date Census data but had improved demographically and were experiencing economic gains. Phase out the OZ capital tax gain break in these tracts for any projects not yet initiated. OZ designation should be subject to public comment before becoming final.
- Remove all contiguous tracts, those that did not meet the low-income threshold but were eligible because they bordered low-income tracts.
- Restrict the OZ capital gain tax break to a project that demonstrates, "but for" the additional aid of the OZ capital gain tax break, the project cannot succeed with private market resources alone.

- Provide grants to support community education, engagement, and technical assistance regarding OZs.

CONGRESSIONAL EFFORTS, 2022 AND PAST

Efforts in 2022

On April 7, 2022, Senator Corey Booker (D-NJ), an original champion of OZs, introduced a bill, "Opportunity Zones Transparency, Extension, and Improvement Act" (S.4065). Six other senators are co-sponsors. Representative Ron Kind (D-WI) introduce an identical bill (H.R. 7467) with seven cosponsors. The bill would: reinstate reporting requirements, including the number of and types of jobs created by OZ projects and information about OZ investors such as name and description of the investment; impose penalties for failing to report; terminate designated zones if their median family income is greater than 130% of the national median; allow states to replace those high-income OZs with high-need communities, or those with a poverty rate of 30% or higher; allow zero population census tracts to be eligible for OZs if they are formerly industrial areas that contain a brownfield site determined by EPA; extend the OZ temporary deferral period for qualifying capital gain through 2028; and create a fund to provide technical assistance to underserved communities, which can be suballocate to local governments and nonprofits. No further action was taken in the 117th Congress.

Representative Lloyd Doggett (D-TX) floated "The Opportunity Zone Reform Act of 2021," cosponsored by 13 progressive Members of Congress and several labor unions. It would: create an annual certification requirement for Qualified Opportunity Funds (QOF); sunset OZs that had a poverty rate of less than 20% or in a non-metro area with a median income greater than 80% of the statewide area median income; sunset non-low-income census tracts contiguous to low-income tracts; clarify Treasury rules, such as requiring 90% of an investment to be made in the OZ to meet the "substantially all" test. The statute requires this, but Treasury's rule allows as little as 40%; require at least one full-time job (paying prevailing wages and paid leave time) to be created for every $35,000 in capital gains tax relief; ensure no further tax breaks after 2028; and require QOFs to report information to Treasury, which would make the information available to the public. Failure to report would result in a $10,000 penalty per month. A bill was never formally introduced.

Past Efforts

As early as June 2018, Senator Corey Booker (D-NJ), an original champion of OZs, wrote to Treasury urging stronger regulations to ensure low-income communities benefit from OZs. Senator Booker followed that up on April 7, 2019, sponsoring S.1344, which would strengthen OZ reporting requirements and specifically require Treasury to collect data on QOFs and their impact on low-income communities.

Various bills proposing to modify OZs were introduced by Democrats in 2019: Senator Ron Wyden (D-OR) introduced S. 2787, and Representatives James Clyburn (D-SC) and Henry Johnson (D-GA), introduced H.R. 5042 and H.R. 4999, respectively. Overall, these bills would: establish annual reporting requirements; prohibit investments in private planes, sports stadiums, self-storage facilities, parking facilities, and luxury rental properties; eliminate and terminate OZ designations of contiguous communities that are not low-income; disqualify a census tract that had a median family income greater than 120% of the national median income; disqualify rental property unless 50% or more of the units are both rent-restricted (following the Low Income Housing Tax Credit rules) and occupied by individuals whose income is 50% or less of area median income (AMI); disqualify rental housing unless 20% of the units were occupied by households with income no greater than 30% of AMI or 200% of the poverty line.

Representative Rashida Tlaib (D-MI) introduced H.R. 5252 to eliminate OZs.

In 2021, Representative Michelle Steele (R-CA) introduced H.R.4608, which would create additional OZ designations every ten years, and

Representative Jim Hagedorn (R-MN) introduced H.R. 4147, which would create an estimated 950 additional OZs.

Ultimately, no bills modifying OZs passed.

FUNDING

The Opportunity Zones capital gain tax break is not funded through federal appropriations; it is a "tax expenditure," resulting in the federal government losing tax revenue. The Joint Committee on Taxation estimates that OZ tax expenditures will total $8.2 billion between 2020 and 2024.

FORECAST FOR 2023

Senator Ron Wyden (D-OR), Chair of the Senate Finance Committee sent letters to seven investment entities on January 13, 2022 demanding information to determine whether they are abusing OZs. Previously, on December 20, 2021, nine Democrats on the U.S. House of Representatives' Ways and Means Subcommittee on Oversight sent a letter asking Treasury to consider three changes to OZ requirements: implement a rigorous certification process for QPOs, allocate a dedicated agency staff to oversee OZs, and require transaction reporting separate from tax forms.

FOR MORE INFORMATION

NLIHC's *A Critical Explanation of Opportunity Zones*.

The IRS Opportunity Zones webpage, https://bit.ly/3GXNEle.

The Center on Budget and Policy Priorities, https://bit.ly/3rQKny1.

The Urban Institute, https://urbn.is/2kLVlWX.

The Brookings Institution, https://brook.gs/3H2sUsO,

ProPublica, https://bit.ly/344Ewg6.

HUD's April 2022 issue of *Cityscape.*