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## Opportunity Zones

### Preliminary Guidance Document for Designating Eligible Census Tracts

#### About the Program

The Tax Cuts and Jobs Act of 2017 established a new economic development program called Opportunity Zones, which has been designed to encourage long-term private investments in low-income communities. You may read a summary about the program, prepared by Economic Innovation Group (EIG) [here](#).

This program uses low-income community census tracts as the principal basis for determining areas eligible for Opportunity Zone designation.

Once designated, an Opportunity Zone becomes an area in which the private sector may invest through Opportunity Funds. Opportunity Funds provide investors the chance to channel their capital in the form of unrealized capital gains into private sector investment. The fund model was created with the goal of enabling a broad array of investors to pool their resources specifically into Opportunity Zones, therefore increasing the scale of investments going to underserved areas.

Read the U.S. Treasury Department's guidance on Opportunity Zones [here](#).

#### Opportunity Zone Designation Process

The Governor has to designate up to 25% of Utah's eligible low-income census tracts as Opportunity Zones by April 20. The State has asked for the assistance of the state's Associations of Governments (AOGs), of which WFRC is one, in prioritizing those designations.

**Eligibility:** You may view a [map of all eligible census tracts here](#), as prepared by the U.S. Department of Treasury. There are 181 eligible census tracts in Utah, 98 of which are in the WFRC AOG area. Working with local governments, each county has the opportunity to nominate 25% of their eligible census tracts:

- Salt Lake County – 64 eligible tracts, may nominate 16
- Davis County - 10 eligible tracts, may nominate 2-3
- Weber County - 21 eligible tracts, may nominate 5-6
- Tooele County - 3 eligible tracts, may nominate 1
- Morgan County - 0 eligible tracts

**Nominating primary, secondary, and contiguous tracts:** Counties/cities are not required to nominate as many as 25% of all eligible tracts, or, conversely, may have more than 25% of eligible tracts within their county that fit the criteria for recommendation. In the latter instance, these entities may wish to nominate additional tracts above the 25% eligible tracts for consideration by the Governor. Counties should first prioritize and designate those to be considered as the “primary” tracts (25% eligible tracts), and those that are requested to be considered as “additional” (above the 25% per county threshold).

Additionally, the Treasury Department has created a special rule for “non-low income communities (LIC) contiguous tracts,” those that are:

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- (1) Contiguous with an LIC that is designated as an Opportunity Zone (the contiguous LIC Opportunity Zone need not be in the same State or County); and
- (2) The median family income of the non-LIC tract does not exceed 125 percent of the median family income of that contiguous LIC Opportunity Zone.

You may view these eligible non-LIC Contiguous Tracts by clicking on the “Layers” tab and selecting Opportunity Zone Eligible Contiguous Tract. Eligible non-LIC Contiguous Tracts will be shown in red in the [map of all eligible census tracts](#). Note that if a non-LIC contiguous tract(s) is designated, it is part of, not in addition to, the 25% to be designated by the State.

Please be prepared to indicate which tracts are to be considered as primary, additional, or contiguous.

#### **Timeline:**

- February 26-March 29: County/City dialogue on tract selection
- April 2: Designation recommendations submitted to WFRC by counties
- April 9: Designation recommendations submitted to Governor’s Office by WFRC
- April 20: Designation recommendations submitted by Governor to Treasury

#### **Criteria for Designating Opportunity Zones**

In addition to the basic requirement that they be eligible census tracts (reflected on the map linked above), some additional factors that may be relevant to designating zones could include market/investment factors such as redevelopment areas, proximity to existing or planned infrastructure, investor interest/engagement, etc.

A few questions you may wish to consider when selecting tracts:

- Why is this area a good fit to be a designated Opportunity Zone? What is the thesis of designating this as an Opportunity Zone?
- What can the Opportunity Zone credit provide to this area? What investment products would be realistic fits here?
- Has there been a history of similar programs working in the area? If so, what kind? e.g., is it already an RDA zone? Have TLC grants, NMTC, CRA, or CDBG funds been used here before?
- How is the area using zoning as an economic tool to further development and access to opportunity?
- Are other public/private investments already being made? If so, what kind?
- Are there any private investment projects already underway? e.g., affordable housing, economic development funds, etc.
- What is the infrastructure in the area to support investments? e.g., is there enough current housing stock? Transportation?
- Is the area ready for “people-based” investments: what are the workforce trends that have existed in the region and what do the next 10 years look like?

The State is looking to local leaders to make a compelling case for why this designation should exist in your community. Please include as much of this information as is relevant and helpful in achieving that objective. We recommend that you be prepared to demonstrate why these tracts should be designated as Opportunity Zones in the attached Nomination Form, as developed by WFRC. This form was created

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for you to provide substantive information about each proposed tract, and is consistent with information required by the Treasury Department.

**Submitting nomination:** We are requesting that cities with eligible tracts work with their respective county, and that the County submits on behalf of all interested cities one nomination form for each nominated tract, and compile these into one nomination package for all tracts within the county.

Please use the Nomination Form provided by WFRC to nominate your eligible census tracts. Please be prepared to submit all required materials to Callie New with WFRC (callie@wfr.org) by COB April 2.

**Questions:** If you have any questions about the program or the process, please feel free to contact:

Ginger Chinn, GOED – gchinn@utah.gov  
Benjamin Hart, GOED – benhart@utah.gov  
Jonathan Hardy, DWS – jhardy@utah.gov  
Keith Heaton, DWS – kheaton@utah.gov  
Patrick Mullin, Salt Lake County – PMullen@slco.org  
Andrew Gruber, WFRC – agruber@wfr.org  
Callie New, WFRC – callie@wfr.org