Local Governments: Are You Ready for Opportunity Zone Investors?

The Opportunity Zone (OZ) tax benefit, created as part of the federal Tax Cuts and Jobs Act of 2017, aims to encourage private investment in low-income communities. Real estate development projects have long been considered ideal investment opportunities, and under the new law, investors receive tax benefits for reinvesting capital gains into designated OZs.

Did you know that there are 252 census tracts in North Carolina designated as Opportunity Zones? The most strategic local governments will identify attractive development opportunities, make them “investment-ready,” and market them to as many OZ investors as possible. Opportunity Zones offer a new way to spur local investment, and Development Finance Initiative (DFI) is ready to help our local government partners seize this chance.

How can local governments attract Opportunity Zone investors?

Investors must find investment-ready projects in OZs in order to take advantage of the new tax benefits. A community will be best positioned to attract and influence OZ investments when it

- identifies attractive development projects inside OZs,
- secures site control of those projects (and does not cede control of the property to speculators),
- makes those projects “investment ready,” and
- markets them to as many OZ developers and investors as possible.

DFI has worked with more than 75 local governments since 2011 to attract private investors for transformative projects. The professionals at DFI uniquely understand public-private partnerships and know how to attract private investment to local government development sites. DFI works with and supports its local government partners until an investment closes.

When should local governments act?

A full pre-development process typically takes at least six to 12 months. DFI recommends that local governments begin pre-development activities for OZ projects as soon as possible to maximize the value an Opportunity Zone designation can provide to investors.

DFI—Ready to help local governments prepare for Opportunity Zone projects

DFI can help local governments develop strategies that not only will attract investment but also lead to the creation of projects that achieve community goals and have the potential for transformative community impact. DFI’s pre-development process includes in-depth market, site, and financial analyses; identification of potential development partners; and guidance on structuring public-private partnerships.

For more information about Opportunity Zones and how DFI can help your community prepare for potential investment, visit sog.unc.edu/dfi/oz or contact Marcia Perritt at mperritt@sog.unc.edu.