



# Opportunity Zones

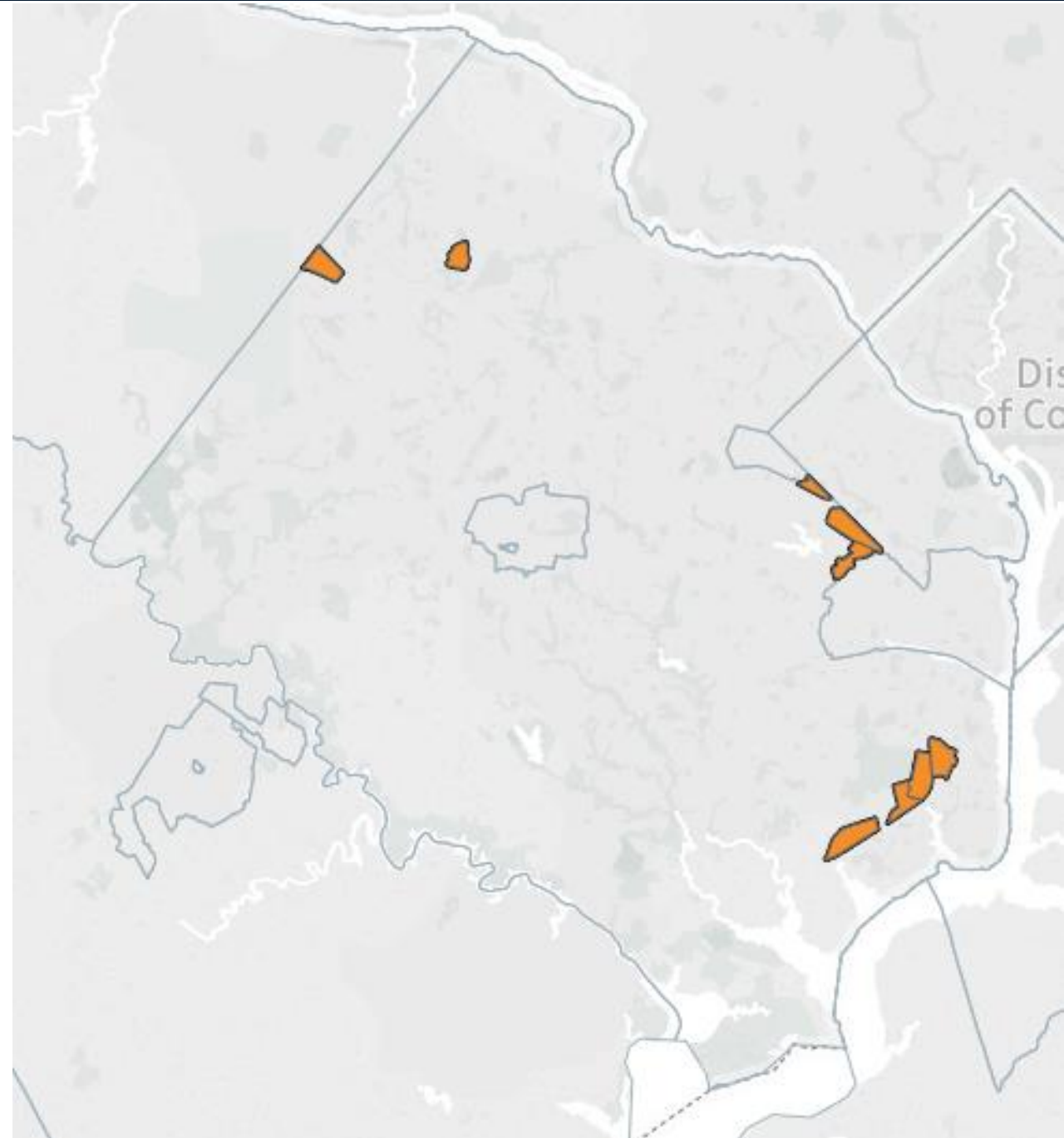
Briefing on a New Federal Economic and Revitalization Tool

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Fairfax County Board of Supervisors Revitalization Committee  
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# Opportunity Zones

- Opportunity Zones, and related Opportunity Funds, were created as part of the Federal Tax Cuts and Jobs Act of 2017
- Goal is to encourage long-term investments of private funds into designated low-income areas nationwide
- 25% of the total number of low-income Census Tracts in each state
  - Fairfax County has 9 census tracts certified as Qualified Opportunity Zones
- Department of the Treasury is developing guidance, but likely to have few restrictions



# Breakdown of Tax Advantages

To qualify, investor's realized capital gains must be invested in Opportunity Fund within 180 days of asset sale.



## Temporary Deferral

- Allows investor to defer paying capital gains taxes until December 31, 2026 if invested in Opportunity Fund.



## Step-Up In Basis

- If investor holds Opportunity Fund investment 5 years before 12/31/2026, they will receive a 10% reduction of liability of original investment.
- Additionally, if investor holds Opportunity Fund investment 7 years before 12/31/2026, they will receive another 5% reduction of liability of original investment (15% total).

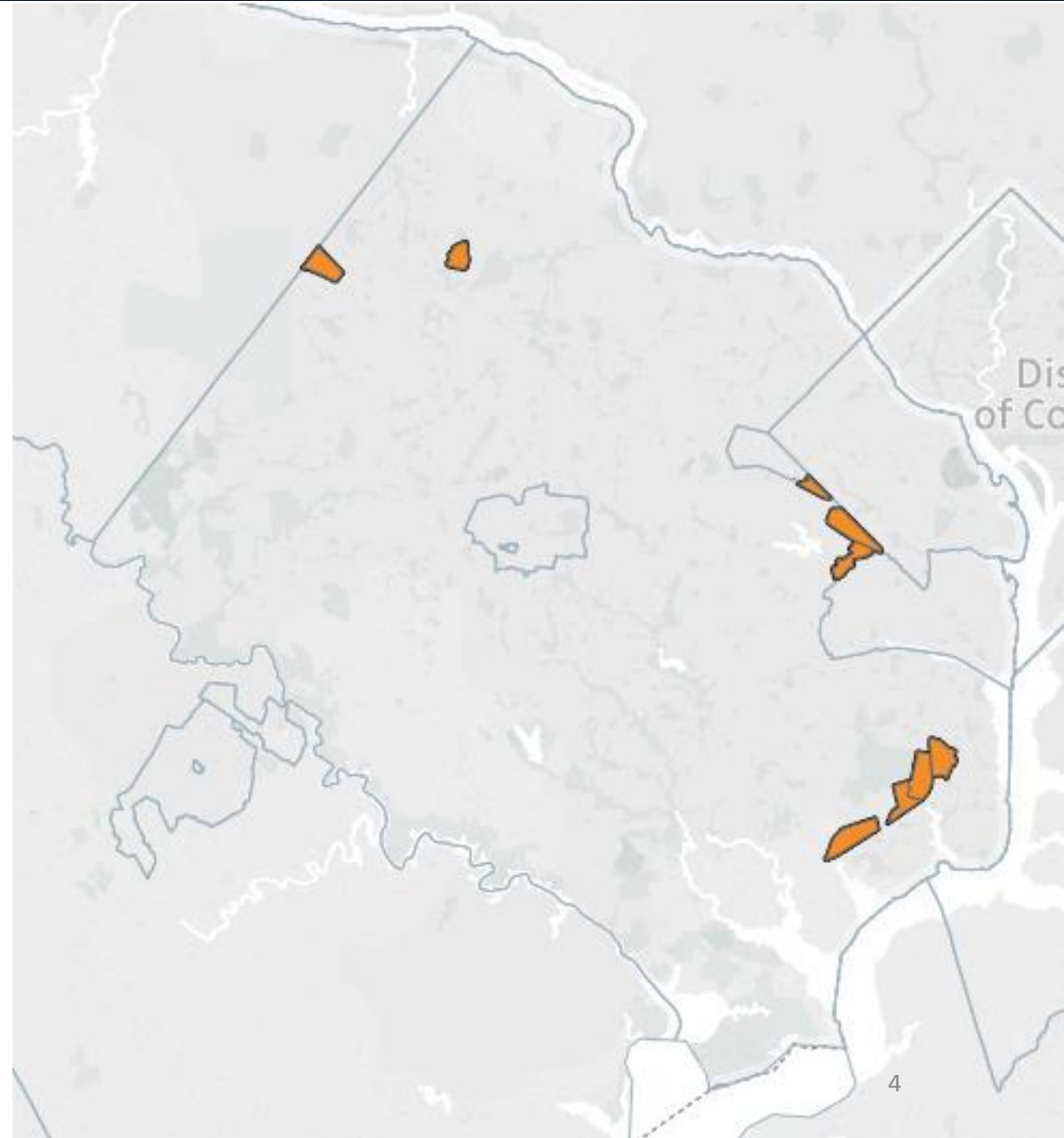


## Permanent Exclusion

- If investor holds Opportunity Fund investment 3 years after 12/31/2026 (10 years total), they can expect to pay zero dollars in capital gains taxes on any appreciation from their original Opportunity Fund investment.

# Benefits Community and Investors

- Concentrates capital in areas of desired impact
- Rewards for patient capital investment by linking incentives to the longevity of investment
  - Opportunity Funds offer great potential for long-term investors to earn significantly better returns than they would following a traditional investment path.
- Allows anyone with capital gains to invest in community, even if they do not live in a particular community.



# Possible Applicability in Fairfax County

Including, but not limited to:

- Business Retention and Expansion
- Mixed Use Development/Redevelopment
- Public-Private Partnerships
- Real Estate Investments
- Transit Oriented Developments
- Workforce/Affordable Housing

# FOZs At-A-Glance:

**North County Opportunity Zones (2)**

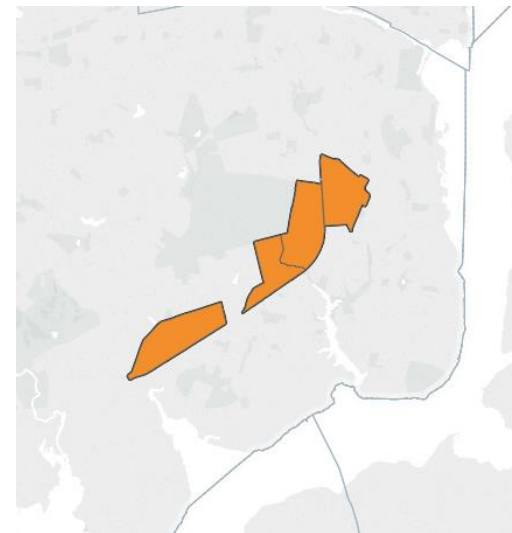
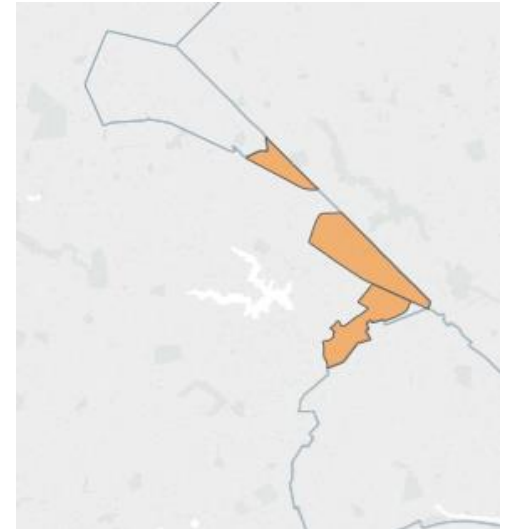
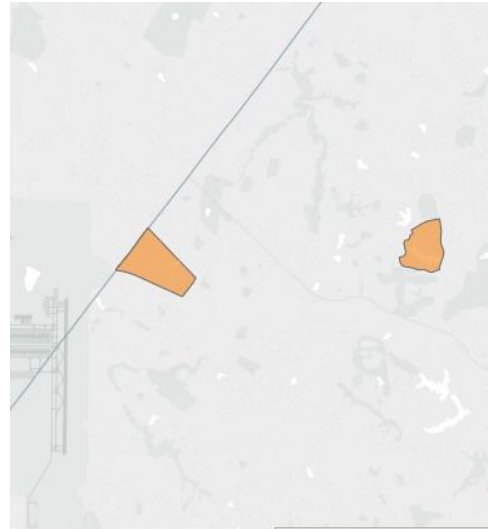
**East County Opportunity Zones (3)**

**Richmond Highway Opportunity Zones (4)**

[Interactive FOZ Map for Fairfax](#)

Infographic for Opportunity Zone

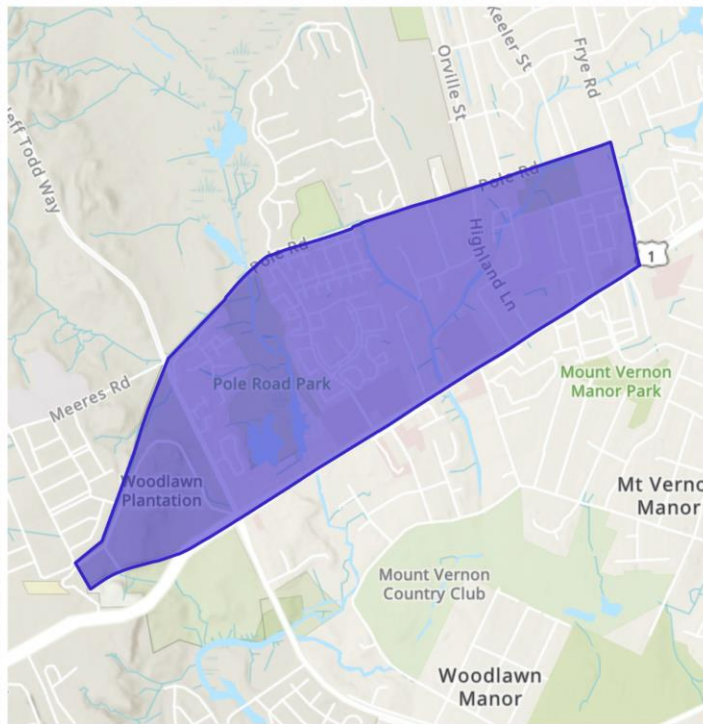
- South County Center



## Opportunity Zone

Census Tract 4218: South County Center

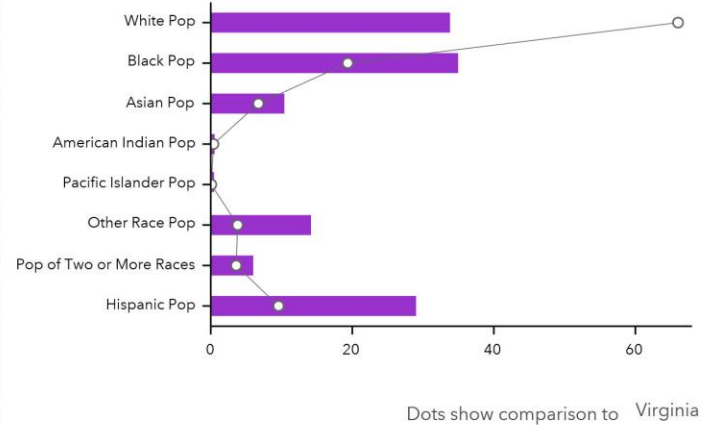
\*Source: Esri Updated Demographics (2018) and ACS 2012-2016



### KEY FACTS



### Race and Hispanic Origin (%)



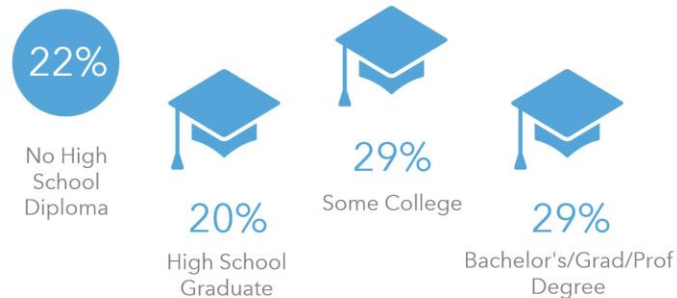
### HOUSING



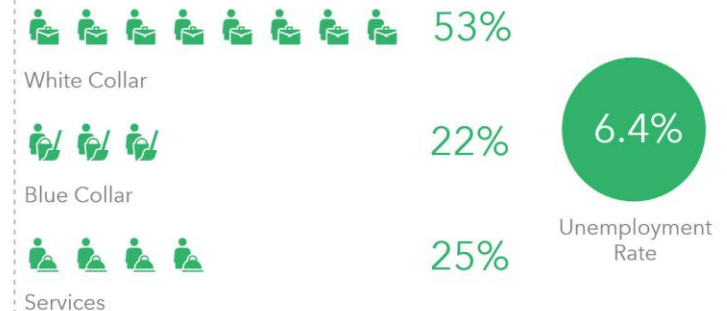
### AT RISK POPULATION



### EDUCATION



### EMPLOYMENT



# Next Steps

- Complete evaluation of how to best serve FOZ communities, including:

## Awareness

- Creating tools and outreach to existing community businesses and investors

## Promotion & Marketing

- Provide targeted promotion and marketing campaigns to link existing businesses with Opportunity Funds
- Provide targeted promotion and marketing campaigns to Opportunity Funds to encourage capital investment in Fairfax FOZ locations.

## Partnerships

- Coordination and collaboration with existing business stakeholders and organizations

## Creation of Opportunity Fund

- Create, or support creation of, an Opportunity Fund to collect capital and invest