



Opportunity Zones

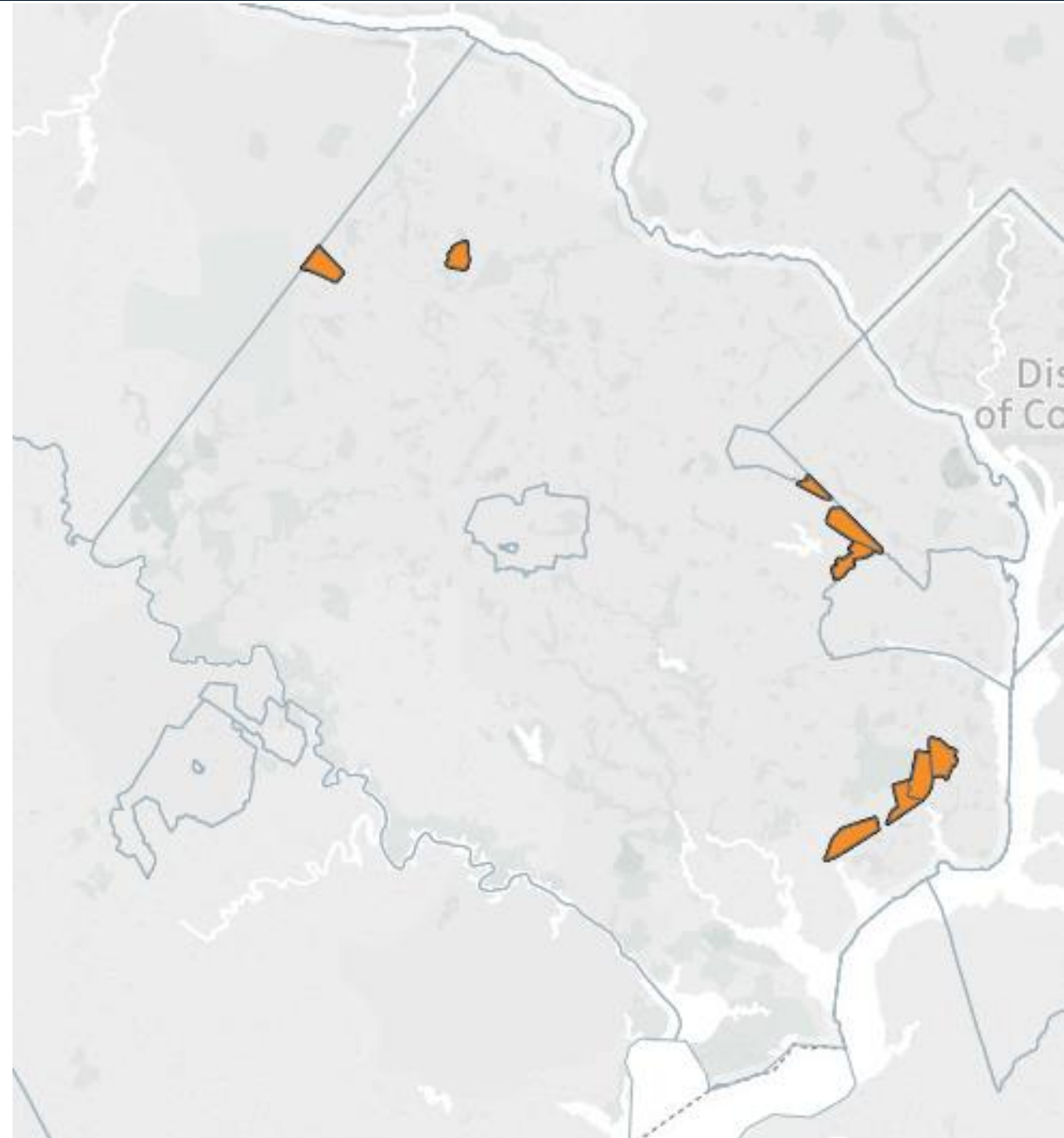
A New Federal Economic and Revitalization Tool

Scott Sizer, P3/Joint-Ventures Policy Coordinator, Office of the County Executive

Embark Housing Advisory Group
November 29, 2018

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 has issued preliminary guidance



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).

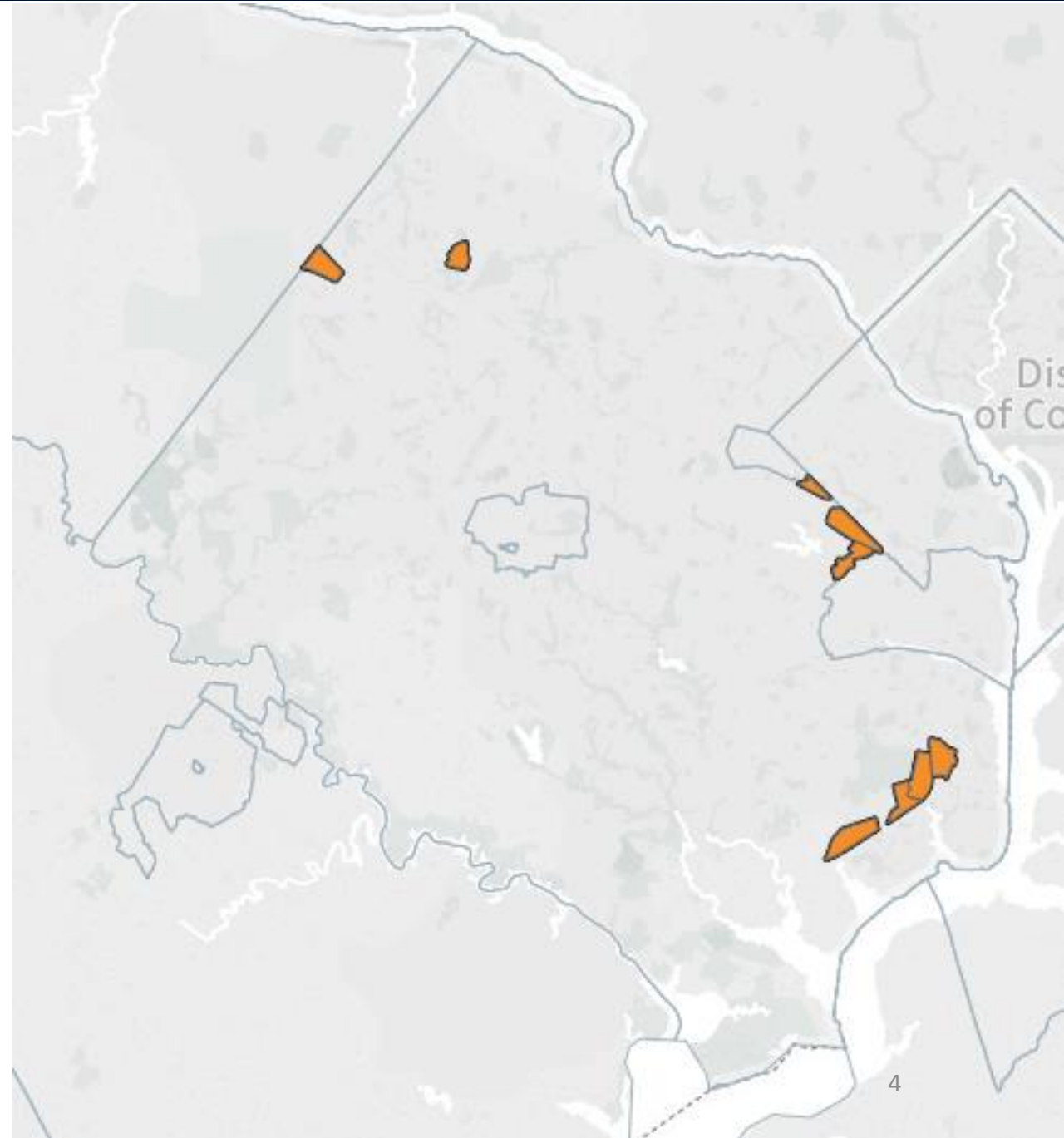


Permanent Exclusion

- 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
- Transit Oriented Developments
- Public-Private Partnerships
- Real Estate Investments
- **Workforce/Affordable Housing**



FOZs At-A-Glance:

North County Opportunity Zones (2)

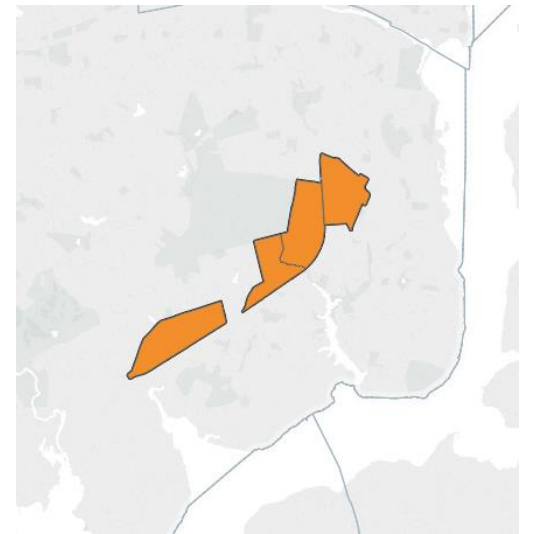
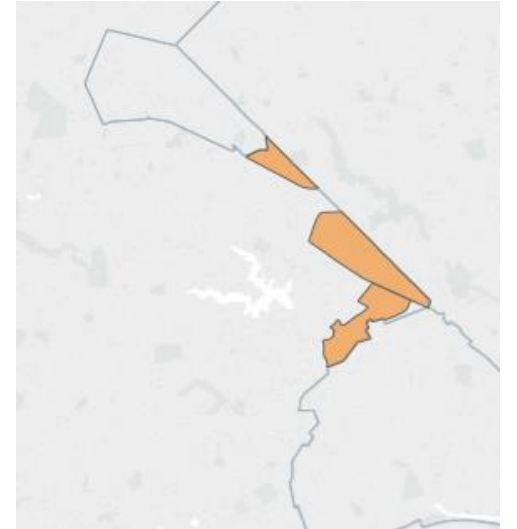
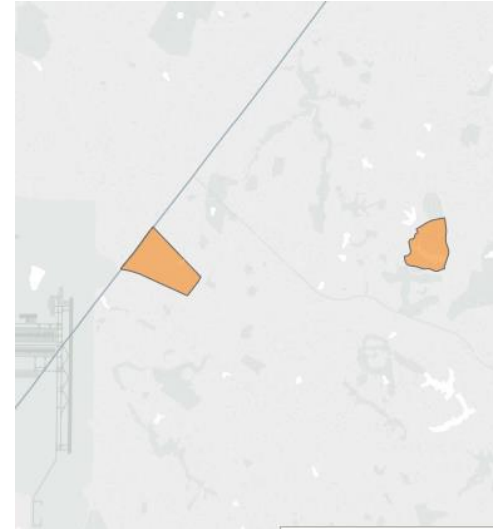
East County Opportunity Zones (3)

Richmond Highway Opportunity Zones (4)

[Interactive FOZ Map for Fairfax](#)

Infographic for Opportunity Zone

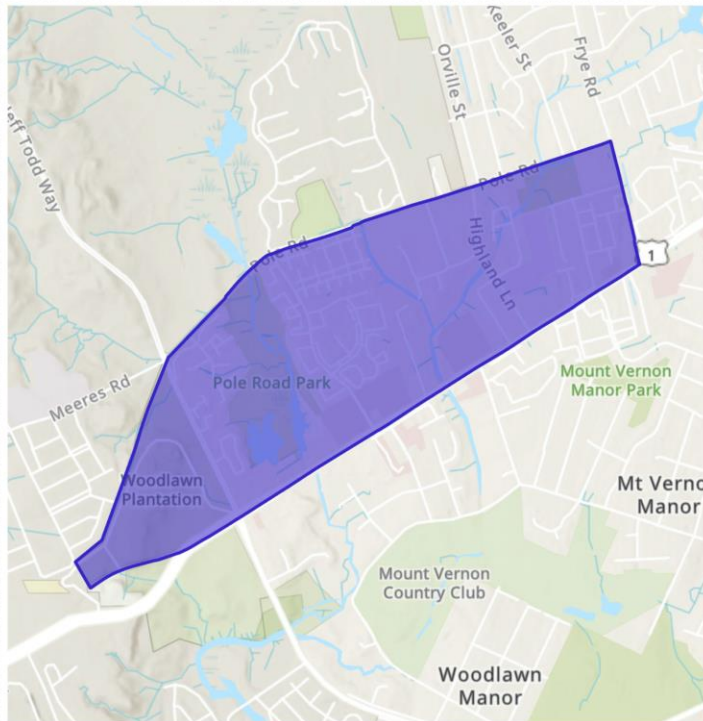
- South County Center



Opportunity Zone

Census Tract 4218: South County Center

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



KEY FACTS


6,315
Total Population (Pop)

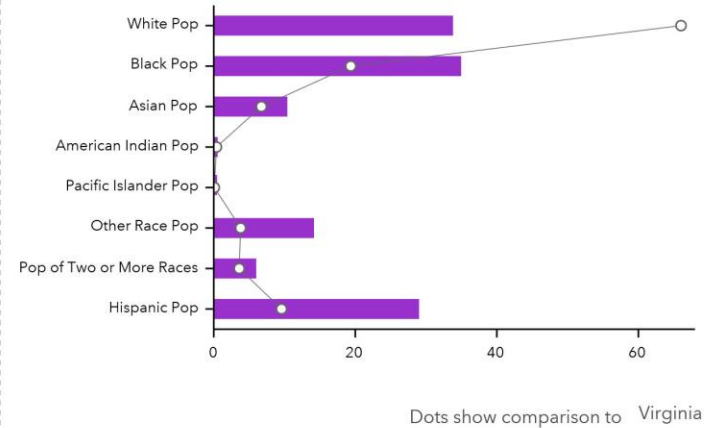

\$71,713
Median Household Income


34.7
Median Age


135
Total Businesses


2,472
Total Households (HHs)

Race and Hispanic Origin (%)



HOUSING


\$327,708
Median Home Value


4%
Vacant Housing Units

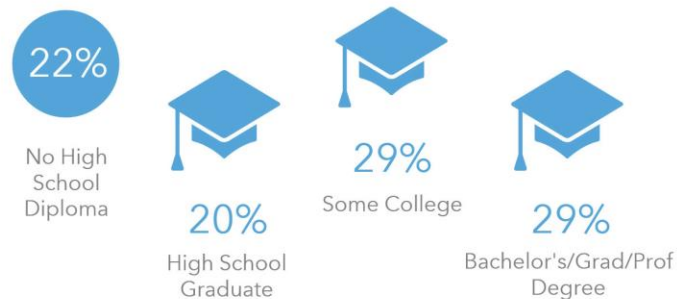

55%
Renter Occupied Housing Units


36%
Burdened Renter HHs

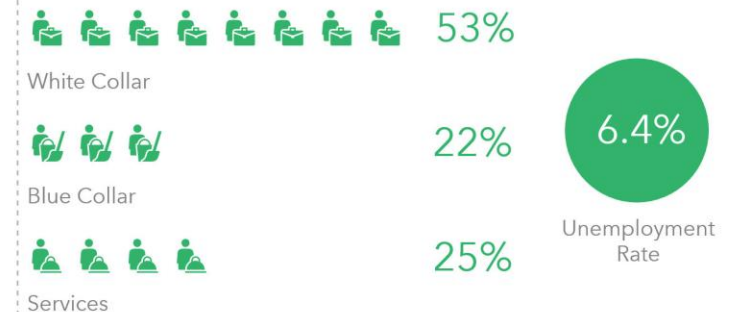
AT RISK POPULATION



EDUCATION



EMPLOYMENT



Next Steps

- Continued 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