
NACCED

National Association for County Community and Economic Development
An Affiliate of the National Association of Counties

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July 1, 2019

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Orange County, FL

Internal Revenue Service, PO Box 7604,
Ben Franklin Station, Washington, DC 20044
Room 5203

Vice-President
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DuPage County, IL

Washington, DC 20410-055

Secretary/Treasurer
Christy Moffett
Travis County, TX

Docket Number: Investing in Qualified Opportunity Funds (REG–120186–18)

To Whom It May Concern,

NACo Board Representative
Patricia Ward
Tarrant County, TX

The National Association for County Community and Economic Development (NACCED) thanks the Department of Treasury (Treasury) and the Internal Revenue Service (IRS) for recently releasing a second tranche of much anticipated Opportunity Zones guidance, as this takes us one step closer to seeing projects break ground and begin to serve distressed communities. While we offer no suggestions or edits on the second round of guidance at this time, we would like to take the occasion to illuminate how Opportunity Zones, in conjunction with already effective housing programs, could benefit local distressed communities all over the nation and can help provide some of the necessary safe, decent, and affordable housing which America is exponentially lacking.

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NACCED was established as an affiliate of the National Association of Counties (NACo) in 1978 to develop the technical capacity of county government practitioners who administer federally-funded affordable housing, community development, and economic development programs benefiting low- and moderate-income households. Opportunity Zones will affect all of NACCED's members, and we would not want Treasury to overlook any unintended consequences in these underserved communities. We therefore respectfully offer the following recommendations to provide a local perspective on the implementation of this new development tool.

County governments, which NACCED represents, already manage a variety of affordable housing programs serving low- to moderate-income residents in distressed communities. They have been successful in facilitating public-private partnerships to provide vital funding to multifamily housing projects through programs such as the Low Income Housing Tax Credit (Housing Credit). These local governments also implement the priorities and programs of the Department of Housing and Urban Development (HUD) through the administration of grant programs including the Community Development Block Grant (CDBG) and the HOME Investment Partnerships Program (HOME). Both of these programs are critical to providing affordable housing for low- to moderate-income families. Our members are eager to begin layering these already proven effective housing programs into Opportunity Zone communities, which desperately need further housing assistance.

STAFF
Executive Director
Laura DeMaria

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Katelynn Harris

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One of NACCED's priorities is ensuring that the influx of investment within Opportunity Zones doesn't displace the current residents and small businesses in the community. Opportunity Zones have the potential to build on these programs and to complement the

public-private partnerships already in place, however, the positive benefits of Opportunity Zones will only be realized if the investments are targeted to truly serve low-income people and communities. NACCED encourages Treasury to regulate financial layering between qualified Opportunity Zone investments and other forms of public and private financing that ensures overall public investments continue to serve a public benefit without displacing current residents.

NACCED also encourages Treasury to begin working with HUD to create annual reporting of Opportunity Zones and recommends including this as a requirement for Opportunity Zones in order to provide Congress and taxpayers valuable information on how the investments are impacting local communities, residents and the economy. Transparency measures including data collection and reporting requirements will identify the extent to which the objectives of the Opportunity Zone are met by benefitting low income persons and communities. Without annual reporting, it will be difficult to determine if investments are providing Opportunity Zones with substantial and sustained benefits for the people who reside there.

NACCED is grateful for this opportunity to provide comments to Treasury while the agency reviews its Opportunity Zone guidance. NACCED and its members are optimistic about the potential for the Opportunity Zones tax incentive to bring together public and private funds in a responsible manner to create strong neighborhoods of opportunity that welcome new residents without displacing existing residents from their communities. We are committed to working with Treasury and the IRS to ensure that Opportunity Zones are successful in supporting healthy revitalization of distressed communities without displacing existing residents. If you have any questions regarding these comments, please do not hesitate to reach out to me at ldemaria@naced.org.

Sincerely,



Laura DeMaria
Executive Director
National Association for County Community and Economic Development