
NACCED

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

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Docket No. FR-6155-N-01: Review of HUD Policy in Opportunity Zones

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To Whom It May Concern,

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As the Department of Housing and Urban Development (HUD) is reviewing the existing policies, practices, planned actions, regulations, and guidance to identify actions HUD can take to encourage beneficial investments into distressed areas and Opportunity Zones, the National Association for County Community and Economic Development (NACCED) would like to offer our recommendations to ensure a successful implementation of this new initiative in response to HUD's Request for Information. NACCED applauds HUD for taking the initiative to inquire how the Administration can ensure, through policy, Opportunity Zones are as effective and efficient as possible to maximize the support Opportunity Zones can bring to distressed areas.

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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 that administer federally-funded affordable housing, community development, and economic development programs benefiting low- and moderate-income households. Opportunity Zones will affect most of NACCED's members, and we would not want HUD 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.

(I) How should HUD use its existing authorities to maximize the beneficial impact of public and private investments in urban and economically distressed communities, including Opportunity Zones?

STAFF

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HUD can contribute to the direct impact of the tax incentive to local communities by supporting local governments operating within or around Opportunity Zones. In order to ensure existing residents, businesses, and community organizations within Opportunity Zones benefit from these investments and remain the focus of their communities, HUD can provide additional assistance, funding, and grants to local HFAs who have the expertise and knowledge of the needs of their local community. HUD can allocate more funding to their programs in their budget, and urge Congress to approve their higher funding limits.

Specifically, HUD can allocate a higher amount to grant programs such as the Community Development Block Grant (CDBG) and the HOME Investment Partnership Program (HOME) in their budget. However, NACCED does not support additional set asides or prioritization for the entitlement funds within Opportunity Zones as this could negatively impact the 75% of eligible areas that were not designated as Opportunity Zones. Those areas could see additional disinvestment as Federal resources are directed away from them. HUD should provide guidance on how to use these and other successful affordable housing programs in collaboration with Opportunity Zones to reach deeper levels of affordability.

HUD can also facilitate a clearer understanding of the HUD programs, resources, and tools already in place at the federal, state, and local levels that would benefit the residents and communities within Opportunity Zones. Through partnership with local, state and national groups such as NACCED, HUD is well positioned to advance training tools suited to empower and engage state and local stakeholders.

(II) HUD is considering creating an information portal on Opportunity Zones. What types of information should HUD include in such a tool? How can it be made accessible to and most usable by HUD's various stakeholders and customers?

HUD should collaborate with the Department of Treasury (Treasury) to develop a publically accessible information portal on HUD's website. The portal should be a resource for HFAs, investors, stakeholders, businesses, residents and community organizations. The creation of an information portal is critical to ensuring local government entities have access to data occurring within Opportunity Zones and can align their programs as needed with the Opportunity Zone projects in their communities. The portal should include a searchable marketplace for Opportunity Zone funds and projects including investment size, geographic location, and existing fund portfolio composition.

(V) What role can HUD play in helping to ensure that existing residents, businesses, and community organizations in Opportunity Zones benefit from the influx of investment and remain the focus of their community's growth moving forward?

One of NACCED's priorities is ensuring that the influx of investment within Opportunity Zones does not displace current residents and small businesses in each community. Gentrifying neighborhoods that already have a high rate of poverty create a higher possibility of lower-income resident displacement out of the affordability market. To ensure this does not happen, as mentioned earlier, HUD can increase funding to entitlement programs, such as CDBG and HOME, which already serve low-income residents and provide guidance as to how to coordinate layering the various programs with Opportunity Zones. Again, while NACCED supports HUD providing additional funding to entitlement programs, we do not support any type of set-aside or prioritizing the entitlement funds in an Opportunity Zone over other distressed communities.

(VI) How Can HUD Properly Evaluate the Impact of Opportunity Zones on the Communities?

NACCED recommends that HUD compile an annual report submitted to Congress and available on HUD's website that includes basic information about every Opportunity Zone fund, including identifying the fund manager, where the fund is registered, and important metrics outlining the community and resident benefits of investments occurring in each Opportunity Zone. NACCED supports annual reporting and recommends that HUD include this 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.

Annual reporting of Opportunity Zones also allows HUD to properly evaluate the impact Opportunity Zones have on local communities. Without regular, required reporting from the start of an Opportunity Fund, assessing the effectiveness and efficiency of the program would be nearly impossible, thus hindering future efforts to strengthen the program. Annual reporting is an effective way that HUD can properly evaluate the impact of Opportunity Zones on a community.

These metrics could include the following:

- Economic indicators such as job creation, poverty reduction and new business starts;
- Jobs created that are held by residents of Opportunity Zones;
- Wage information from created jobs;
- Affordable homes created or preserved serving low- to moderate- income families; and
- Investments going to minority and women business enterprises (MWBE).

NACCED is grateful for this opportunity to contribute recommendations on HUD's RFI on the Opportunity Zones tax incentive. 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 HUD 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 reaching out to me at ldemaria@naced.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Laura DeMaria', written in a cursive style.

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