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Real Estate Funds Move Into Opportunity Zones, Raising Concerns About Displacement.

Fundrise has made its mark by democratizing commercial real estate investing. By pooling commitments of as little as \$10,000 from 50,000 investors, the firm has made the asset class accessible to investors who don't necessarily have a seven-figure net worth.

Since 2012, the company has invested \$500 million in equity across about 150 deals. Now, Fundrise is planning a \$500 million fund to invest in so-called opportunity zones. Across the country, 8,700 mostly low-income census tracts qualify for significant investment tax benefits under the Investing in Opportunity Act that was part of last year's U.S. tax-cut bill.

"It's a promising opportunity for us," Fundrise's CEO Ben Miller told ImpactAlpha.

Funds like the one Fundrise is raising could again democratize access to the tax advantages to be offered by opportunity funds. The tax-law provision allows investors to defer taxes on capital gains for long-term investments made into fund that invest at least 90% of their capital into opportunity zones.

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Impact Alpha

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