

# Bond Case Briefs

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## Will This New Investor Tax-Incentive Policy Avoid Mistakes of the Past?

**In an ideal world, Opportunity-Zone designation will infuse capital into low-income, historically marginalized communities. But without clear guidelines in place, will those benefits materialize?**

Historians have meticulously documented how government policies and racial discrimination combined to result in billions of dollars invested in the creation of white-only, middle-class suburbs across the United States, while systematically denying the same investment to black people and black communities. You can read about it most recently in Richard Rothstein's "The Color of Law."

The consequences of this history remain firmly entrenched, as evidenced by today's racially-segregated metropolitan areas and astounding levels of racial-wealth inequality. With government backing to build their homes and cement what was, in most cases, the primary source of wealth, white homeowners left other groups in the dust. In Boston, according to a study funded by the Federal Reserve, white households have a median net worth of \$247,500, compared with just \$8 (not a typo) in median net worth for U.S.-born black households. In Los Angeles, another Federal Reserve-funded study found that white households in that city have 100 times the median net worth of black and Latino households.

The next big chapter of this history is probably being written as you're reading this, thanks to the new federal policy known as "Opportunity Zones," passed as part of the Tax Cuts and Jobs Act at the end of 2017. A broad array of affordable housing developers, community development lenders, venture capitalists, real estate investment platforms, local housing and economic development agencies, bankers, and others have already lined up to utilize the new policy. It's intended to drive billions of dollars in private investment into communities of color and other low-income communities that previous policies have left behind. Whether the policy will actually benefit the current residents of those communities remains to be seen.

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