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## Rockefeller Foundation Aims to Make Trump Tax Perk Work for Poor.

- **Charity promotes 'responsible' investment in opportunity zones**
- **Newark Mayor Baraka says it'll help guide where investments go**

Wall Street's obsession with a new tax break that rewards investment in low-income areas has raised doubts that the poor will benefit. Can a modest philanthropic effort change that?

The Rockefeller Foundation is set to announce Tuesday that it will hand out \$5.5 million to help six U.S. cities promote "responsible" investment in areas designated as opportunity zones.

Prudential Financial Inc. is contributing to the first award, which will provide \$920,000 to Newark, New Jersey. The money will allow a local nonprofit, the Newark Alliance, to hire a chief opportunity zone officer who will be embedded with the city, and two "community engagement specialists." The grant also comes with two years of technical assistance to help structure deals.

Opportunity zones have set off a fierce debate since they were tucked into President Donald Trump's 2017 federal tax overhaul. Backers say they'll draw investment to struggling communities. Critics argue the incentives may end up a handout to the wealthy or mainly benefit areas already on the upswing, potentially making it even costlier for poor people to live there. The law doesn't require investors to promote social good with their dollars.

"We should have more public and philanthropic guardrails" to ensure the law helps low-income families and workers, said Rajiv J. Shah, president of the Rockefeller Foundation. "We know making grants in six cities is not going to change the trajectory of the law right away," he said, but ultimately it's possible to "avoid some of the concerns that have been raised."

[Read a QuickTake on the opportunity zone debate](#)

Rockefeller's grants are part of a broader effort by philanthropies, public officials and others to make sure the tax break has positive outcomes. The Kresge Foundation pledged \$22 million this year to support fund managers who agree to report on their investments in opportunity zones. Jim Sorenson, a prominent impact investor, said this week he's seeding a \$150 million fund that will use a framework designed by U.S. Impact Investing Alliance and the Beeck Center at Georgetown University to measure the good it does in distressed areas.

Still, such endeavors may end up being the exception. Large asset managers like CIM Group and Starwood Capital Group have set out to raise hundreds of millions of dollars to deploy in the zones. Few have formally committed to measuring their impact. In fact, there's no requirement for investors to publicly divulge whether they're using the break.

"It's difficult for municipalities to identify readily the kinds of funds that are coming in," Newark Mayor Ras Baraka said in an interview. "We really need to figure out how to do that and direct the money in a very deliberate way so it's not arbitrarily spread in places we don't want it."

## **Bloomberg Markets**

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