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Opportunity Zones: Moving Toward a Shared Impact Framework.

Introduction

The tax bill passed in 2017 includes a provision creating various benefits for investors that move capital gains into designated low-income census tracts, known as Opportunity Zones, through special investment vehicles known as Opportunity Funds.

This tax benefit has captured the attention of a wide range of stakeholders—from investors attracted by a new tax incentive to community development practitioners drawn by the promise of increased investment in low-income areas.

Many elements of this new investment tool are uncertain, including if and how Opportunity Funds will manage and report on the social and environmental impact of their investments. Yet even amid this uncertainty, investors are looking to take advantage of the benefit.

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Federal Reserve Bank of New York