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Opportunity Zones Have Accelerated Investment, But Not In The Neighborhoods That Need It.

It has been nearly a year since Qualified Opportunity Zones became law, and the early numbers suggest they may not be working as intended.

The program is meant to encourage private investment in destitute or underserved communities by allowing investors to defer capital gains tax on income invested in those zones. A new report from Real Capital Analytics shows that on average, land prices in census tracts designated as opportunity zones are not significantly lower than outside of them.

Since the Tax Cuts and Jobs Act was passed, transaction volume for land purchases have grown in every quarter, with Q3 seeing a year-over-year increase of over 50%. Deal volume outside of opportunity zones have remained stagnant over the same period, according to RCA. Though investors have responded to the new tax break, they haven't changed their behavior meaningfully, RCA Senior Vice President Jim Costello said.

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