

# ECONOMIC DEVELOPMENT

## MOTION

Opportunity Zones were established as part of the Tax Cuts and Jobs Act of 2017 to promote economic development in low-income urban and rural communities nationwide. As part of this program, the City had the opportunity to send a list of Opportunity Zone-eligible tracts to the Governor of California for consideration to be included in the program. The City submitted 189 tracts for Governor Brown's approval. In March 2018, the Governor approved 185 of the City's recommended tracts and added an additional eight tracts located in the City, providing 193 census tracts across the City that are eligible to receive funds through the Opportunity Zones program.

Recently, the Internal Revenue Service (IRS) released regulations to govern the implementation of the Opportunity Zones program. These provide guidance to investors and others as to how funds can be used and how Opportunity Funds can be formed. This is the vital link to allow funds to be invested in designated zones. At this time, the City should closely evaluate those regulations and, if necessary, provide comments to the IRS to adjust the regulations in a manner that would maximize investment in designated areas.

Further, City staff should be directed to immediately evaluate development potential in eligible census tracts and identify projects that would qualify for Opportunity Fund investments. The City should ensure that managers of Opportunity Funds are aware of projects in the City that are eligible for investment and provide information that would support active investment.

I THEREFORE MOVE that the City Council INSTRUCT the Department of Economic and Workforce Development, with the assistance of the Chief Legislative Analyst, City Administrative Officer, City Attorney, and all other affected Departments, to evaluate the proposed regulations for Opportunity Zones and recommend amendments to the regulations to ensure that they facilitate effective investments.

I FURTHER MOVE that the City Council INSTRUCT the Department of Economic and Workforce Development, with the assistance of the Chief Legislative Analyst, City Administrative Officer, and all other affected Departments, to develop a program for Council consideration to promote City projects to be marketed to designated Opportunity Funds.

Presented by:



JOE BUSCAINO  
Councilmember, 15<sup>th</sup> District

Seconded by:



OCT 31 2018

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