



Contra
Costa
County

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: March 13, 2018

Subject: Designation of Opportunity Zones Pursuant to Federal Tax Bill

RECOMMENDATION(S):

1. ACCEPT information about new Federal Opportunity Zone program, and the preliminary designations of census tracts within Contra Costa County as recommended by the State of California Department of Finance.
2. PROVIDE general direction to staff about commenting to State Department of Finance regarding the designations.

FISCAL IMPACT:

No fiscal impact.

BACKGROUND:

The State of California Department of Finance recently announced that the new federal tax bill includes a new program intended to stimulate private investment in disadvantaged areas, to be called Opportunity Zones (OZ). The investment could be for housing, commercial, or industrial uses. The federal government has charged the states with designating census tracts to be named as OZs. Private investment in OZs would be eligible for lower federal capital gains tax; at this point, that is the only identified incentive. There is no dedicated funding

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **03/13/2018** ☒ APPROVED AS RECOMMENDED ☒ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 13, 2018

Contact: Amalia
Cunningham, 925-674-7869

David Twa, County Administrator and Clerk of the Board of
Supervisors

By: , Deputy

cc:

for the program nor has the State announced it will participate by lowering State capital gains tax for investment in OZs.

BACKGROUND: (CONT'D)

The federal government gave states the requirement that the nominated tracts either have greater than 20% poverty or median incomes below 80% of the state or metropolitan average. Governors may nominate no more than 25% of their eligible census tracts. The State Department of Finance staff narrowed down the eligible tracts using screening criteria of existing business activity, lowest average incomes (taking into account regional variations in median income), and geographic diversity. The State preliminary process resulted in a draft list of Recommended Tracts, for which they are requesting comments from stakeholders and affected agencies.

Contra Costa County has 11 Recommended Tracts under the State's criteria, with many more eligible tracts. (Map included as Attachment A.) The Recommended Tracts are in the cities of Richmond, San Pablo, Pittsburg, Concord, and Antioch, and the unincorporated communities of Bay Point and North Richmond. Comments, including affirming the State's recommendations, are due to the State by March 15. The State encourages consolidated comments by county. In a conference call with stakeholders, State staff indicated that comments suggesting adding more census tracts to the Recommended list would in most cases not be granted because of the 25% cap; however, contiguity would be a good justification to make the suggestion in agency comments.

After reviewing the comments and making any changes, Governor Brown will forward the State's list of Recommended Tracts to the Department of the Treasury for inclusion in the OZ Program. The states have been given a very abbreviated timeline from the federal government to submit their tracts. The State's draft list was made public on March 2 and local agency comments are due by March 15.

CONSEQUENCE OF NEGATIVE ACTION:

If there is no direction to provide comments on the County Recommended Tracts, there is a risk of the tracts being removed from the State's Recommended list in order to make room for new tracts suggested by other agencies. This would create the potential to not have any designated Opportunity Zones in the County, thus losing this potential financing tool, although its impact is not yet known.

CHILDREN'S IMPACT STATEMENT:

There is no impact on children.

CLERK'S ADDENDUM

ACCEPTED information about new Federal Opportunity Zone program, and the preliminary designations of census tracts within Contra Costa County as recommended by the State of California Department of Finance; DECLARED that first priority be with the recommended tracts; and DIRECTED that three additional tracts be added for consideration in the areas of Sommersville Mall, Rodeo, and Montalvin.

ATTACHMENTS

Possible Opportunity Zone Census Tracts
PowerPoint Presentation