

# Opportunity Zones: Whose Opportunity Is It?

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# Brief History

## 2016 Opportunity Zone Legislation

**H.R. 5082**  
To amend the Internal Revenue Code of 1986 to provide for the federal income tax treatment of capital gains realized in an opportunity zone.

**S. 2868**  
To amend the Internal Revenue Code of 1986 to provide for the federal income tax treatment of capital gains realized in an opportunity zone.

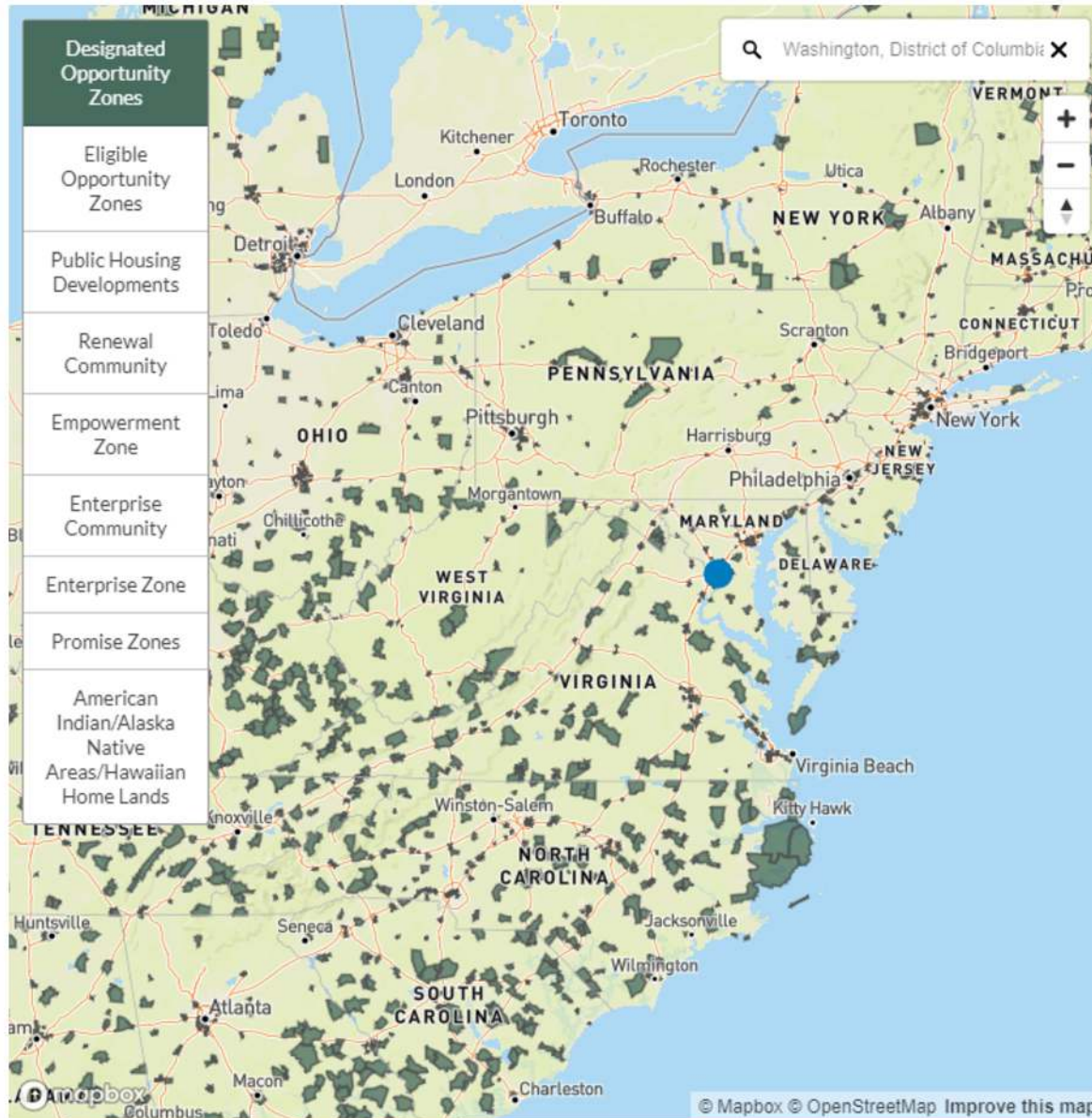
## 2017 Opportunity Zone Legislation

**H.R. 828**  
To amend the Internal Revenue Code of 1986 to provide for the federal income tax treatment of capital gains realized in an opportunity zone.

**S. 293**  
To amend the Internal Revenue Code of 1986 to provide for the federal income tax treatment of capital gains realized in an opportunity zone.

## 2017 Tax Cuts and Jobs Act

**OZs: Known to need some technical corrections**



- Role of the governors
  - Tailored selection
  - Prioritized higher-need places
  - Zones average poverty rate: **31 percent**

# 3 Tax Incentive Benefits

## 1. Capital Gain Deferral

Defer to  
12/31/2026  
(or earlier)

## 2. Partial forgiveness

5/7 year hold  
10% - 12/31/2019  
5% - 12/31/2021

## 3. Forgiveness of additional gains

Ten year hold  
FMV basis,  
when sell interest  
in Fund



**Investors:**  
Defer capital gains  
& more



*for making  
timely  
investments in*

**Qualified  
Opportunity Funds  
(QOFs)**

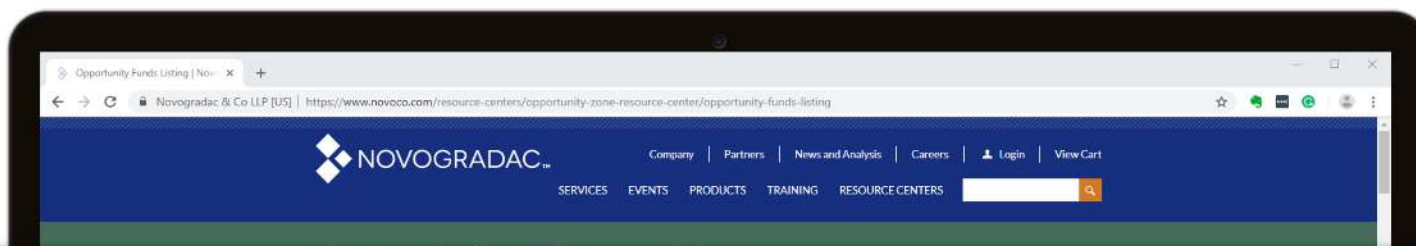


*which  
invest in*

**Qualified  
Opportunity Zone  
Business Property  
and Businesses**



www.OpportunityZonesResourceCenter.com



## Opportunity Funds Listing

The listings on this page are provided as a free service to potential community development funding recipients.

The 87 funds listed on this page represent more than \$20 billion in community development investing capacity.

Fund Name	Fund Manager	Investment Footprint (Geographical Focus)	Investment Focus Area
1787 Capital Opportunity Zone Fund	1787 Capital Chris Jeter 040.293.7295 chris@1787capital.com	Mid-Atlantic and Southeast	Partnering with public agencies and officials on key redevelopment projects; Transit-Oriented Development
3LB Equities Opportunity Zone Fund	3LB Equities Adam Smith 817.406.0075 ASmith@3lbequities.com	Texas	Multi-family Acquisition and Development
Access Ventures Opportunity Fund	Access Ventures		

March 11-13, 2019  
Washington Hilton Hotel  
Washington, DC

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## 1. October 2018

- Thorough overview is available at [www.novoco.com/blog](http://www.novoco.com/blog)
- Biggest takeaway: addressed significant gating issues

- Tax Credit Tuesday Podcast
- Notes from Novogradac
- Journal of Tax Credits
- Press Releases
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Published by Michael Novogradac on Friday, October 19, 2018 - 12:00am  
(Updated Monday, Oct. 22, 2018, 8:25 a.m.)

Investors, fund managers, real estate developers, operating businesses and others involved in the nascent opportunity zones (OZ) community received news they were waiting for Friday when the U.S. Treasury Department issued its first tranche of guidance for the new community development incentive. That guidance included 74 pages of proposed regulations, a five page revenue ruling, an updated Q&A document and both a draft of Form 8996 for qualified opportunity funds and instructions for that form.

While the regulations are proposed, taxpayers and qualified opportunity funds (QOFs) may rely on the proposed regulations, presuming they apply the rules in their entirety and do so in a consistent manner.

The biggest takeaway is that the guidance addressed significant gating issues for which many investors and fund managers have been waiting. The OZ incentive was part of the tax reform legislation passed last December. Since enactment of OZs, many investors and fund managers have been identifying and underwriting investments, organizing funds, and otherwise preparing to invest in distressed areas. But many remained on the sidelines, eagerly and anxiously anticipating tax guidance from Treasury. Friday's guidance release (Treasury will accept comments for 60 days) means the OZ community has actionable clarity on significant tax issues. The release of this guidance will lead many investors and fund managers to begin to invest capital in OZ businesses and OZ business property.

This investment could be significant. The Economic Innovation Group

# Regulatory Guidance

## Three Tranches

### 1. October 2018

- Thorough overview is available at [www.novoco.com/blog](http://www.novoco.com/blog)
- Biggest takeaway: addressed significant gating issues

### 2. March/April 2019

- May include guidance on:
  - Federal income tax treatment of interim gains
  - “Reasonable period to reinvest” proceeds from the sale of qualifying assets
  - Measurement rules for leased property
  - Application of the 50 percent gross income in the OZ rule
  - Whether unimproved land needs to be substantially improved
  - Tax consequences of the distribution of refinance proceeds

### 3. Later 2019

- Anti-abuse?
- Decertification?
- Reporting?



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