

Opportunity Zones: Understanding the Background and Potential Impact in Northeastern Illinois

Note: The statements in this article are those of the authors and do not necessarily represent those of the Federal Reserve System or the Federal Reserve Bank of Chicago. For legal or tax-related advice, please consult with an attorney or certified public accountant.

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On October 19, 2018, the proposed rules and regulations for Opportunity Zones were made available for public comment for 60 days. Given the pending nature of the regulations, any Opportunity Zones-related investment activity during the public comment period will be allowed a “grace period.”¹ After the public comment period, the rules will be revised accordingly and published in the Office of the Federal Register (OFR). This article incorporates clarification offered by the pending regulations.

Introduction

Opportunity Zones² are designated low-income census tracts in both urban and rural markets eligible to receive private investments through Opportunity Funds. They were formed in the Tax Cuts and Jobs Act of 2017.³ The law authorizes governors in every state, U.S. territory, and the mayor of Washington, D.C., to designate a certain number of Opportunity Zones, the vast majority of which will be low-income census tracts. It further allows the U.S. Department of the Treasury (Treasury) to define and certify Opportunity Funds designed to deploy equity investment capital in Opportunity Zones for eligible purposes. Eligible purposes include investment in real estate and small businesses. U.S. investors receive a

temporary tax deferral and other tax benefits when they reinvest capital gains into Opportunity Funds for a minimum of five years.

Treasury is utilizing published procedures as a frontline information source to interpret and help implement the law. Notably, neither tax credits nor public sector financing is involved. Opportunity Zones rely on market dynamics to encourage investment, rather than other federal place-based incentives programs, such as New Markets Tax Credits (NMTCs). Opportunity Zones do not depend on federal appropriations,⁴ and they were designed to require minimal federal regulatory oversight, a dramatic divergence from other programs.⁵

In an effort to illustrate the potential impact of Opportunity Zones, this article uses the seven counties of the Chicago Metropolitan Agency for Planning’s (CMAP) service area in northeastern Illinois (Cook, DuPage, Kane, Kendall, Lake, Will, and McHenry) as a case study to illustrate how the designated tracts compare to other eligible and low- and moderate-income places, and discuss the implications for how Opportunity Zones may impact investment potential in distressed areas.

Overview of Opportunity Zones

Designation process

To be an Opportunity Zone, a census tract or census tracts must meet the same criteria and definition of a “low-income community”⁶ that is used by Treasury’s Community Development Financial Institutions (CDFI) Fund NMTC program. Every state or territory can then select up to 25 percent of its census tracts that meet those criteria to be Opportunity Zones. A unique feature of the Opportunity Zones designation process is that tracts contiguous to low-income tracts are allowed to be designated, provided they meet other parameters;⁷ a state’s designated tracts may contain up to 5 percent non-low-income contiguous tracts. Opportunity Zone designations remain in place for a period of 10 years. As of June 26, 2018, Treasury had certified designations in all 50 states and territories. A list of all zones, as well as a mapping tool, is available on the CDFI Fund website.⁸

Establishing Opportunity Funds

Opportunity Funds are the investment vehicles that will manage investments in designated Opportunity Zones.⁹ Specifically, the draft regulations¹⁰ outline eligibility for Qualified Opportunity Funds (QOFs), stating that new partnerships or corporations, as well as existing entities, can become QOFs:

QOF is any investment vehicle organized as a corporation or partnership for the purpose of investing in qualified Opportunity Zone property [and] must hold at least 90 percent of its assets in qualified Opportunity Zone property ... The proposed regulations clarify that there is no prohibition to using a pre-existing entity as a QOF or as a subsidiary entity operating a qualified opportunity business, provided that the pre-existing entity satisfies the requirements under section 1400Z-2(d).

QOFs are certified through a self-certification process:

In order to facilitate the certification process and minimize the information collection burden placed on taxpayers, the proposed regulations generally permit any taxpayer that is a corporation or partnership for tax purposes to self-certify as a QOF, provided that the entity self-certifying is statutorily eligible to do so ... It is expected that taxpayers will use Form 8996, Qualified

Opportunity Fund, both for initial self-certification and for annual reporting of compliance with the 90-Percent Asset Test¹¹ ... attached to the taxpayer’s Federal income tax return for the relevant tax years.

Eligible investments

QOFs invest in eligible property types in designated Opportunity Zones. As outlined in the Tax Cuts and Jobs Act,¹² eligible property types include tangible business property (if substantially improved),¹³ stock, and partnership interests, provided the investment happened after December 31, 2017. Certain types of “sin businesses” cannot receive investment, according to the draft regulations.¹⁴

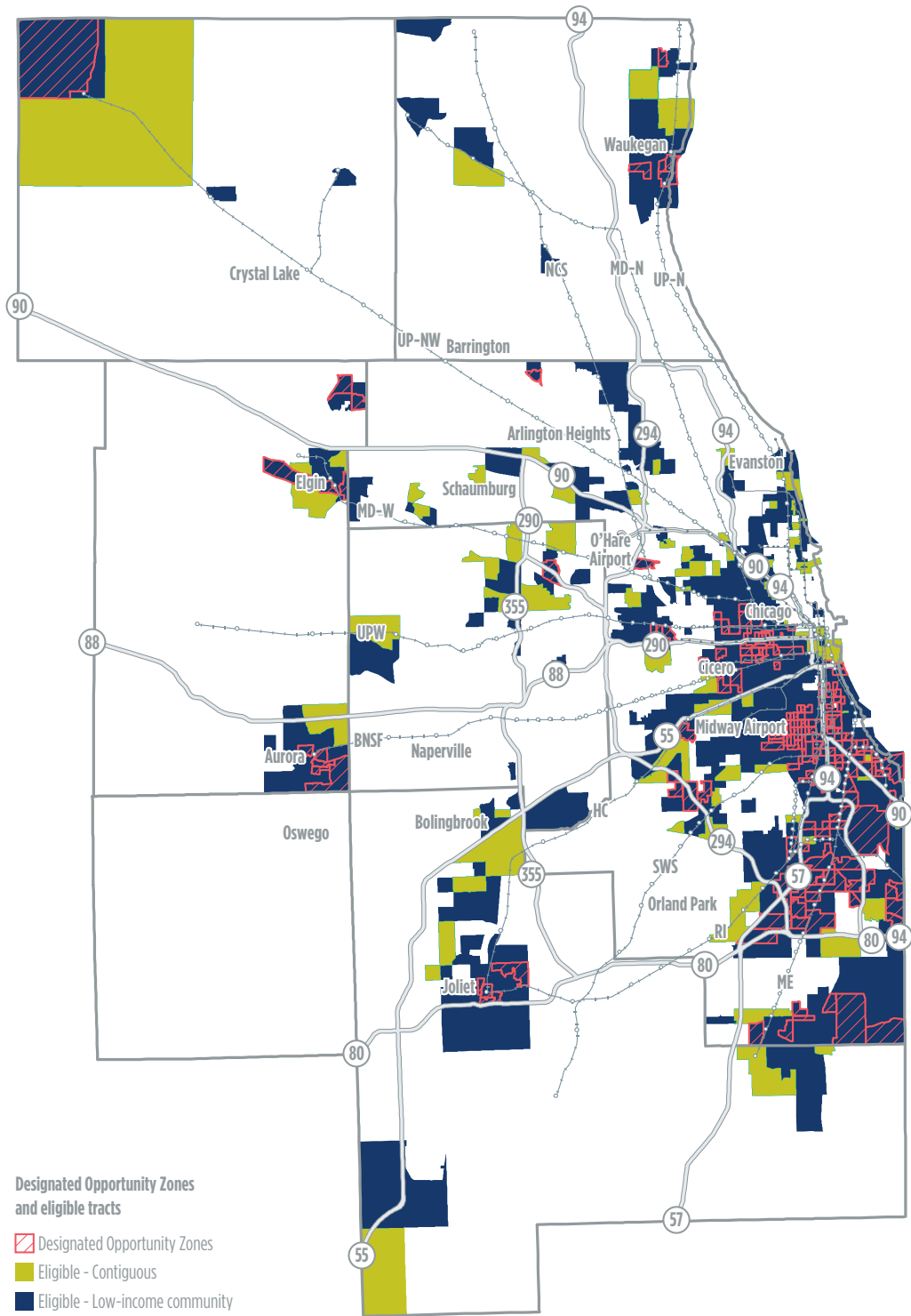
Opportunity Zone incentives

By establishing or investing in a QOF, investors can take advantage of incentives to invest “patiently” in low-income communities. In short, the incentive is deferred tax liability on capital gains, and the size of the incentive increases depending on how long the investment is held in the Opportunity Fund. Aspects of the incentives are as follows:

- A temporary deferral of tax liability for capital gains invested into an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the Opportunity Zone investment is disposed of or on December 31, 2026.
- A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis of the original investment is increased by 10 percent if the investment in the Opportunity Fund is held by the taxpayer for at least five years, and by an additional 5 percent if held for at least seven years, excluding up to 15 percent of the original gain from taxation.
- A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund, if the investment is held for at least 10 years.¹⁵

As outlined above, initial investments in Opportunity Funds must be made by the end of 2026, and the tract designations will remain in place through 2028; however, the proposed regulations allow investments to be held for an additional twenty years, through 2047.

Map 1. Designated Opportunity Zones and eligible tracts



Source: Chicago Metropolitan Agency for Planning analysis of CDFI Fund data and Enterprise Community Partners Opportunity 360 data.

According to the draft regulations, tax benefits are restricted to investments with capital gains that would otherwise be recognized and taxed, and which are generated from the “sale or exchange” of an asset.

Landscape of Opportunity Zones in Illinois

State designation process

In designating its tracts, the state of Illinois¹⁶ took into account poverty rates, unemployment rates, total number of children in poverty, and crime rates, as well as general population analysis. It also took into account Dunn and Bradstreet business listings and proximity to natural or manmade amenities like water features, infrastructure, and economic development potential. In addition, the state considered whether the tracts had existing or previous projects receiving incentives under federal or state grant programs, tax credit programs, Tax Increment Financing designations, or Enterprise Zone designations. To ensure equity, each of the state’s 88 counties has at

least one qualifying Opportunity Zone, and each municipality outside of Cook County was limited to five zones.

The state of Illinois designated 327 tracts, the maximum number allowed by Congress under the federal Tax Cuts and Jobs Act of 2017. These tracts contain about 9 percent of the state’s population, or nearly 1.2 million people.

Designated tracts in northeastern Illinois

Northeastern Illinois received 203 tract designations out of the state’s 327. The region contains about 62 percent of the state’s population in Opportunity Zones: of the 1.2 million Illinois residents who live in designated Opportunity Zones, about 725,000 residents live in the seven counties that make up the CMAP region. By comparison, the region contains 66 percent of the state’s population. The region’s eligible and designated tracts, are shown in map 1.¹⁷

Six out of the seven counties in northeastern Illinois received designations, and Cook received the vast majority of the region’s (and state’s) designations.

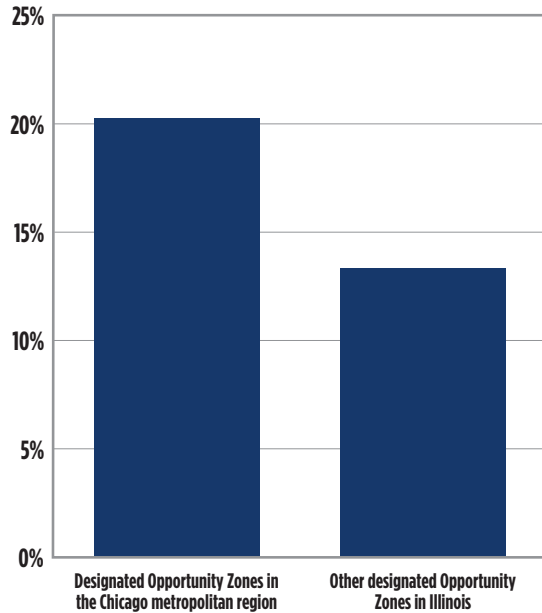
Table 1. Population and employment statistics for Opportunity Zone tract designations in northeastern Illinois

County	Total number of tracts	Total number of designated tracts	Total population	Population in designated tracts	Percent of population in designated tracts		
					Total population	Labor force (age 16 and over)	Unemployed population (age 16 and over)
Cook	1,319	181	5,227,575	594,917	.11	.10	.24
DuPage	216	1	930,514	5,992	.01	.01	.01
Kane	82	10	526,615	83,370	.16	.15	.22
Kendall	10	0	121,452	-	N/A	N/A	N/A
Lake	154	5	702,890	18,452	.03	.02	.07
McHenry	52	1	307,083	4,852	.02	.01	.03
Will	152	5	685,378	17,826	.03	.02	.05

Source: Chicago Metropolitan Agency for Planning analysis of designated Opportunity Zones, American Community Survey 5-Year Estimates, 2012-16.

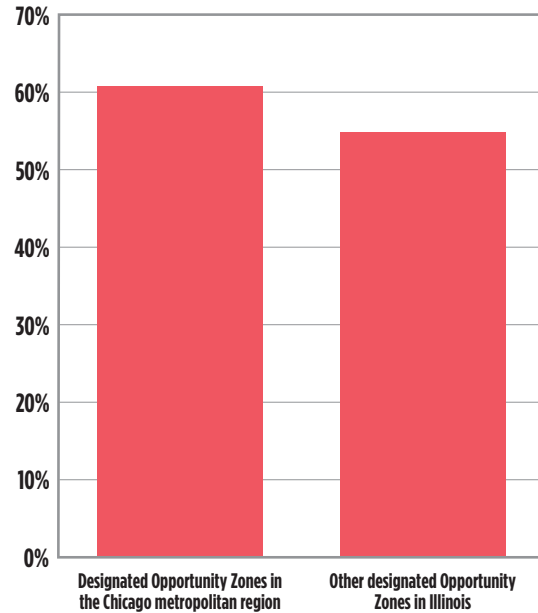
Note: The labor force and unemployed population columns were derived from the population age 16 and over, not total population.

Figure 1. Opportunity Zone differences in unemployment rate (2012-2016 5-year averages)



Source: United States Department of the Treasury Community Development Financial Institutions Fund. “List of designated Qualified Opportunity Zones,” and “Opportunity Zones Information Resource,” <https://www.cdfifund.gov/pages/opportunity-zones.aspx>, 2018. United States Census Bureau. “S2301: Employment Status,” 2012-2016 American Community Survey.

Figure 2. Opportunity Zone differences in labor force participation (2012-2016 5-year averages)



Source: United States Department of the Treasury Community Development Financial Institutions Fund. “List of designated Qualified Opportunity Zones,” and “Opportunity Zones Information Resource,” <https://www.cdfifund.gov/pages/opportunity-zones.aspx>, 2018. United States Census Bureau. “S2301: Employment Status,” 2012-2016 American Community Survey.

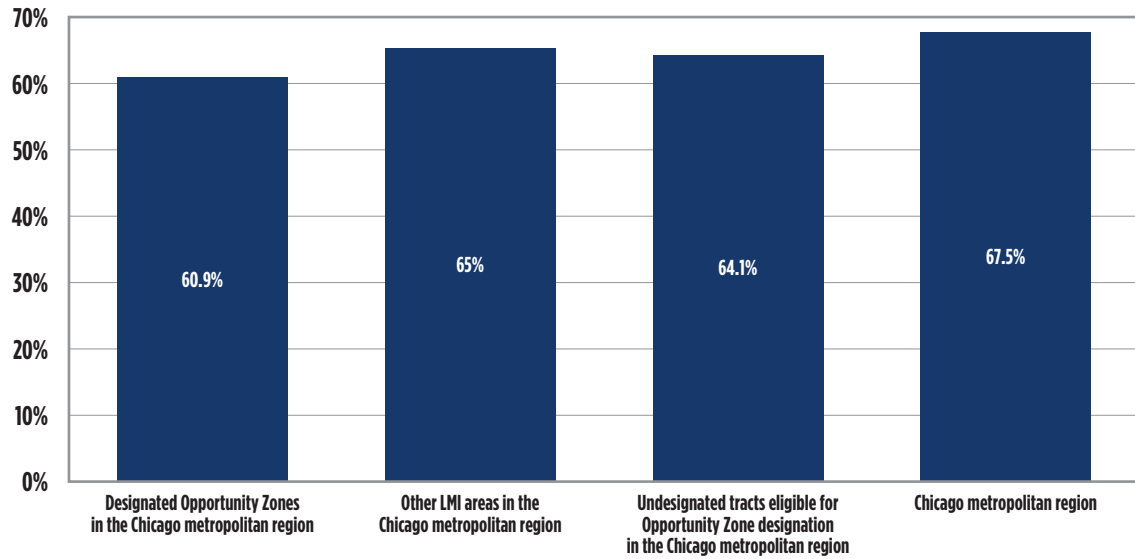
(Kendall County did not have any eligible census tracts, so it received no designations.) Key population and employment statistics are reflected in Table 1.

Comparing the designated tracts in the region to the state’s designated tracts, and to other low- and moderate-income places

The Opportunity Zones designated in the Chicago metropolitan region differ economically from the rest of Illinois’ designated Opportunity Zones. As shown in figure 1 and figure 2, both the labor force participation rate and unemployment rate are higher in the Chicago metropolitan region’s Opportunity Zones than in the rest of the state’s Opportunity Zones; this may reflect the region’s urbanization and density relative to the rest of the state.

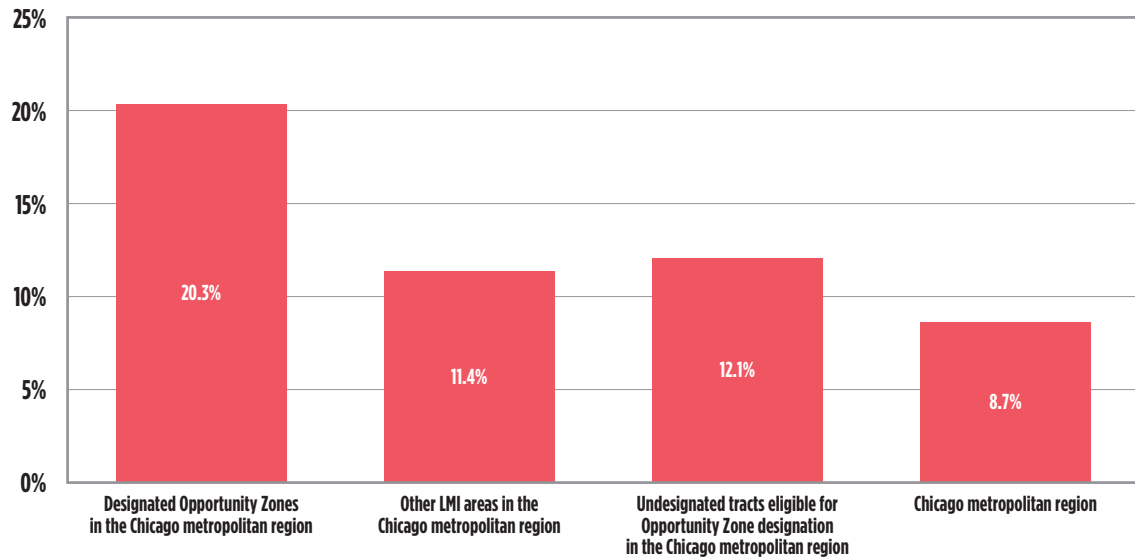
Designated Opportunity Zones in the CMAP region differ from other low- and moderate-income (LMI)¹⁸ areas within the region, as well as the region as whole. The labor force participation rate in the CMAP region is 67.5 percent while labor force participation is 61 percent and 65 percent in the Opportunity Zones and LMI communities in the region, respectively (figure 3). As might be expected for a program that targets economically distressed and underserved areas, the population of the region’s Opportunity Zones is younger and has a lower labor force participation rate, a higher unemployment rate, higher poverty rate, and a higher concentration of minorities (especially blacks). However, the Opportunity Zones have a smaller percentage of foreign-born population than other LMI areas in the region and compared with the region as a whole.

Figure 3. Labor force participation (2012-2016 5-year average)



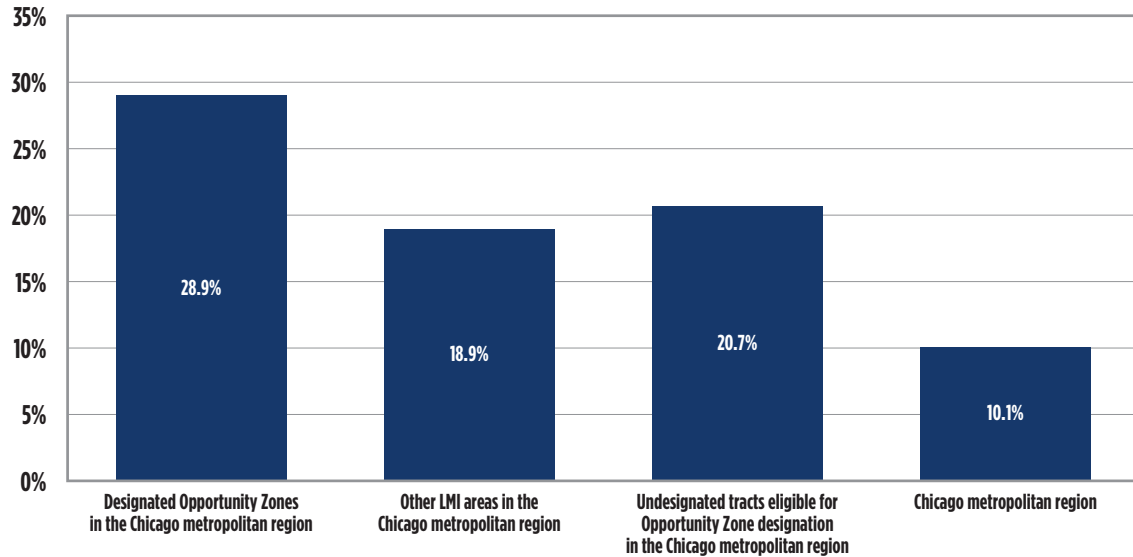
Source: United States Department of the Treasury Community Development Financial Institutions Fund. “List of designated Qualified Opportunity Zones,” and “Opportunity Zones Information Resource,” <https://www.cdfifund.gov/pages/opportunity-zones.aspx>, 2018; Federal Financial Institutions Examination Council. “FFIEC Census Windows Application,” <https://www.ffiec.gov/censusapp.htm>, 2018; United States Census Bureau. “S2301: Employment Status,” 2012-2016 American Community Survey.

Figure 4. Unemployment rate (2012-2016 5-year average)



Source: United States Department of the Treasury Community Development Financial Institutions Fund. “List of designated Qualified Opportunity Zones,” and “Opportunity Zones Information Resource,” <https://www.cdfifund.gov/pages/opportunity-zones.aspx>, 2018; Federal Financial Institutions Examination Council. “FFIEC Census Windows Application,” <https://www.ffiec.gov/censusapp.htm>, 2018; United States Census Bureau. “S2301: Employment Status,” 2012-2016 American Community Survey.

Figure 5. Poverty rate for families



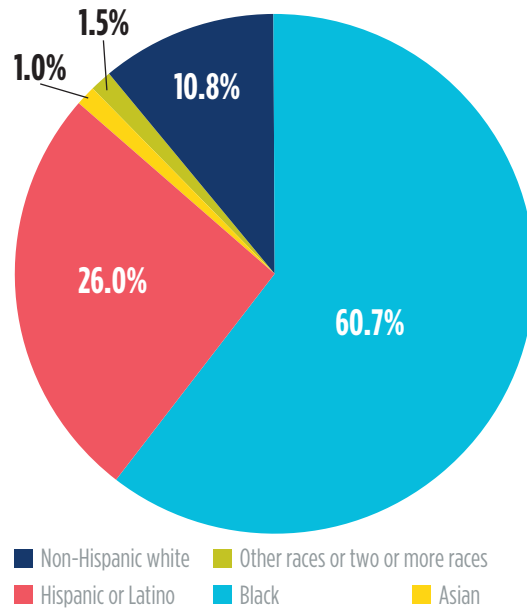
Source: United States Department of the Treasury Community Development Financial Institutions Fund. “List of designated Qualified Opportunity Zones,” and “Opportunity Zones Information Resource,” <https://www.cdfifund.gov/pages/opportunity-zones.aspx>, 2018; Federal Financial Institutions Examination Council. “FFIEC Census Windows Application,” <https://www.ffiec.gov/censusapp.htm>, 2018; United States Census Bureau. “S1702: Poverty Status in the Past 12 Months of Families,” 2012-2016 American Community Survey.

The average unemployment rate in the region’s Opportunity Zones is 20 percent, while the rates range from 9 percent to 12 percent in other LMI communities, and in the region. (The rates in figure 4 appear higher than current unemployment rates because they are derived from the American Community Survey’s five-year averages, which include periods when employment was still recovering from the last recession and financial crisis.)

Figure 5 shows poverty rate in the region’s Opportunity Zones, which is 10 percentage points higher than in other LMI areas in the region, and almost three times the region’s overall poverty rate.

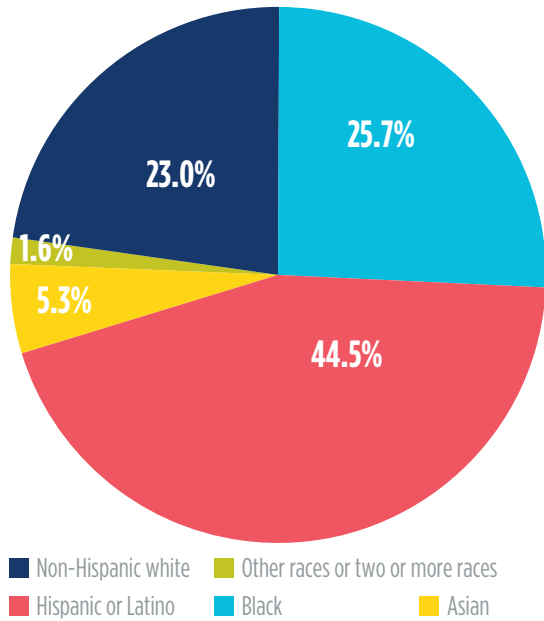
Opportunity Zones also show different racial and ethnic compositions compared to other LMI areas (figures 6-8). In particular, the Opportunity Zones have a greater share of black residents. Black, non-Hispanic residents comprise about 61 percent of the population in Opportunity Zones in these counties. Hispanic or Latino residents make up another 26 percent, and non-Hispanic whites add 11 percent of the population. In other LMI areas around the region, a much larger share of the population is Hispanic or Latino, while the non-Hispanic black population is 23 percent.

Figure 6. Racial and ethnic composition of designated Opportunity Zones in the Chicago metropolitan region



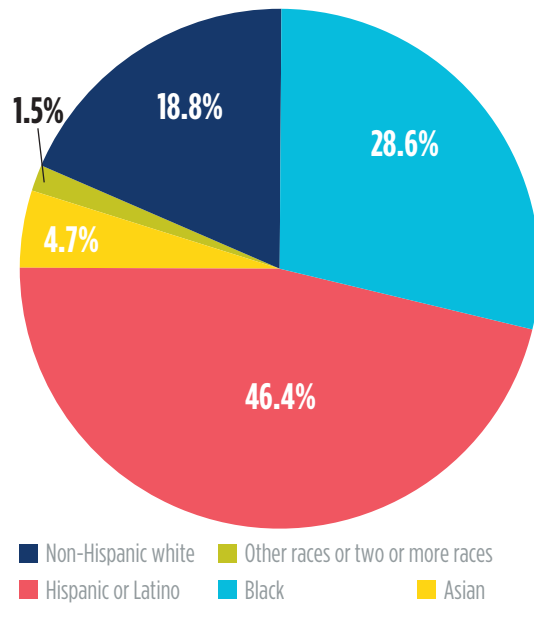
Source: United States Department of the Treasury Community Development Financial Institutions Fund. “List of designated Qualified Opportunity Zones,” <https://www.cdfifund.gov/pages/opportunity-zones.aspx>, 2018; United States Census Bureau. “B03002: Hispanic or Latino Origin By Race,” 2012-2016 American Community Survey.

Figure 7. Racial and ethnic composition of LMI areas in the Chicago metropolitan region not designated as Opportunity Zones



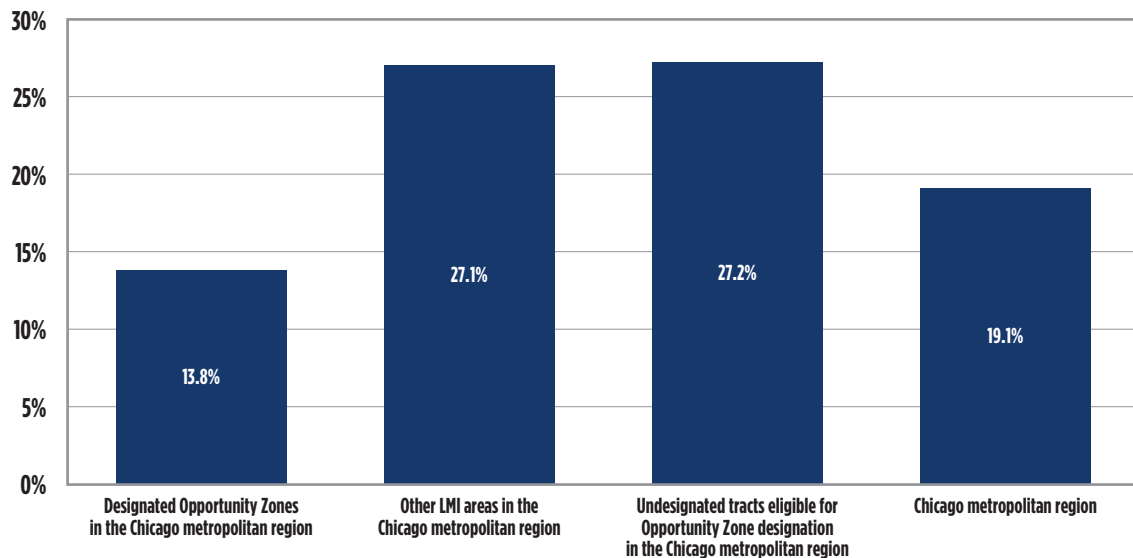
Source: Federal Financial Institutions Examination Council. “FFIEC Census Windows Application,” <https://www.ffiec.gov/censusapp.htm>, 2018; United States Census Bureau. “B03002: Hispanic or Latino Origin By Race,” 2012-2016 American Community Survey.

Figure 8. Racial and ethnic composition of undesignated tracts eligible for Opportunity Zone designation in the Chicago metropolitan region



Source: United States Department of the Treasury Community Development Financial Institutions Fund. “Opportunity Zones Information Resource,” <https://www.cdfifund.gov/pages/opportunity-zones.aspx>, 2018; United States Census Bureau. “B03002: Hispanic or Latino Origin By Race,” 2012-2016 American Community Survey.

Figure 9. Percent foreign-born population

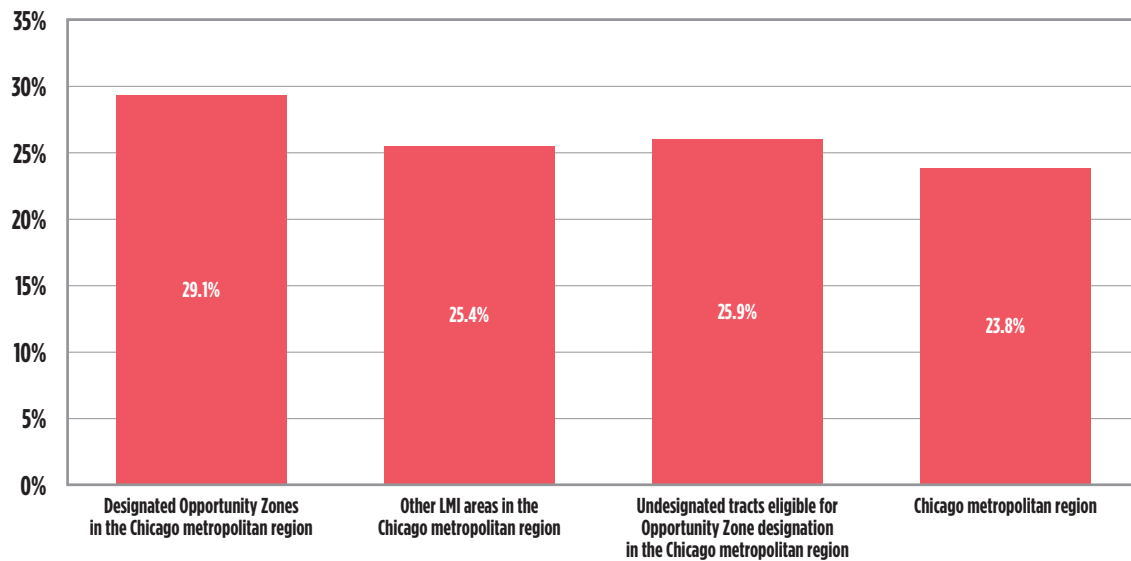


Source: United States Department of the Treasury Community Development Financial Institutions Fund. “List of designated Qualified Opportunity Zones,” <https://www.cdfifund.gov/pages/opportunity-zones.aspx>, 2018; Federal Financial Institutions Examination Council. “FFIEC Census Windows Application,” <https://www.ffiec.gov/censusapp.htm>, 2018; United States Census Bureau. “B03002: Hispanic or Latino Origin By Race” with “B05006: Place of Birth for the Foreign-Born Population,” 2012-2016 American Community Survey.

The percent of the population in the region's Opportunity Zones that immigrated to the U.S. is smaller in the region and much smaller than in other LMI communities (figure 9).

The region's Opportunity Zones have a higher percentage of their population under age 18, which means that the region and its other LMI communities are aging faster than the population residing in Opportunity Zones (figure 10).

Figure 10. Percent of population under age 18



Source: United States Department of the Treasury Community Development Financial Institutions Fund. "List of designated Qualified Opportunity Zones," <https://www.cdfifund.gov/pages/opportunity-zones.aspx>, 2018; Federal Financial Institutions Examination Council. "FFIEC Census Windows Application," <https://www.ffiec.gov/censusapp.htm>, 2018; United States Census Bureau. "B03002: Hispanic or Latino Origin By Race" with "B09001: Population under 18 Years in Households by Household Type and Age of Children in Households," 2012-2016 American Community Survey.

Implementation considerations in the context of ON TO 2050

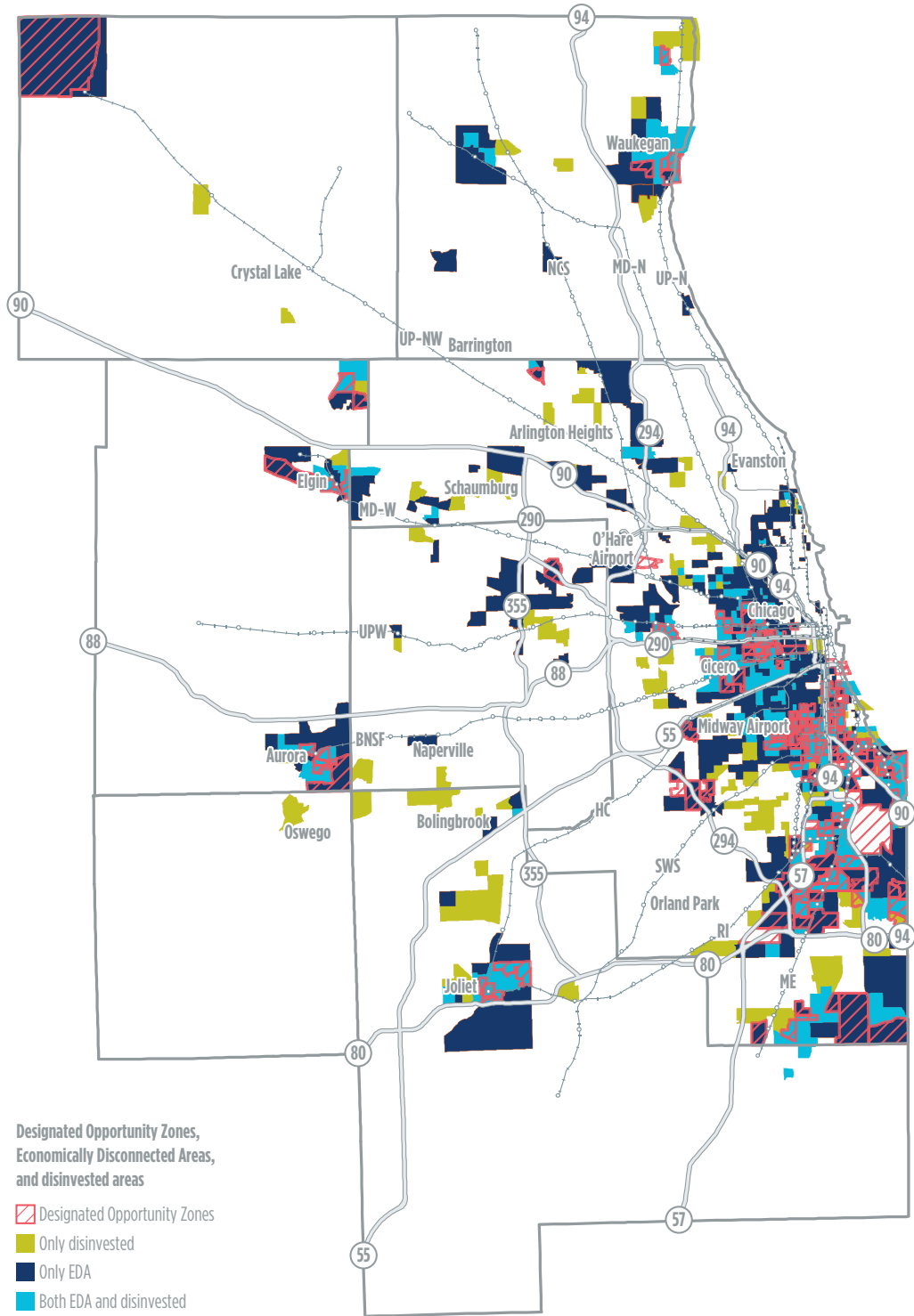
The statements, opinions, and assertions in this section are drawn from CMAP's ON TO 2050 Plan and are the consensus of those who participated in the planning process and not necessarily those of the Federal Reserve System or the Federal Reserve Bank of Chicago.

The ON TO 2050 Plan – developed by CMAP in partnership with partners and stakeholders from across the region, and adopted in October 2018 – recommends targeted reinvestment in areas with a long-term loss of jobs and people, and/or a concentration of low-income, minority residents. The designated Opportunity Zones overlap with geographies CMAP has identified as distressed, as well as with geographies that feature significant freight-supportive infrastructure; however, the region's job centers outside of downtown Chicago may be difficult to access from the Opportunity Zones.

Planning efforts and investment strategies should build off of existing assets to create more jobs within disinvested or economically disconnected areas (see below), as well as improving transportation connections to job centers; Opportunity Zones could complement these types of initiatives.

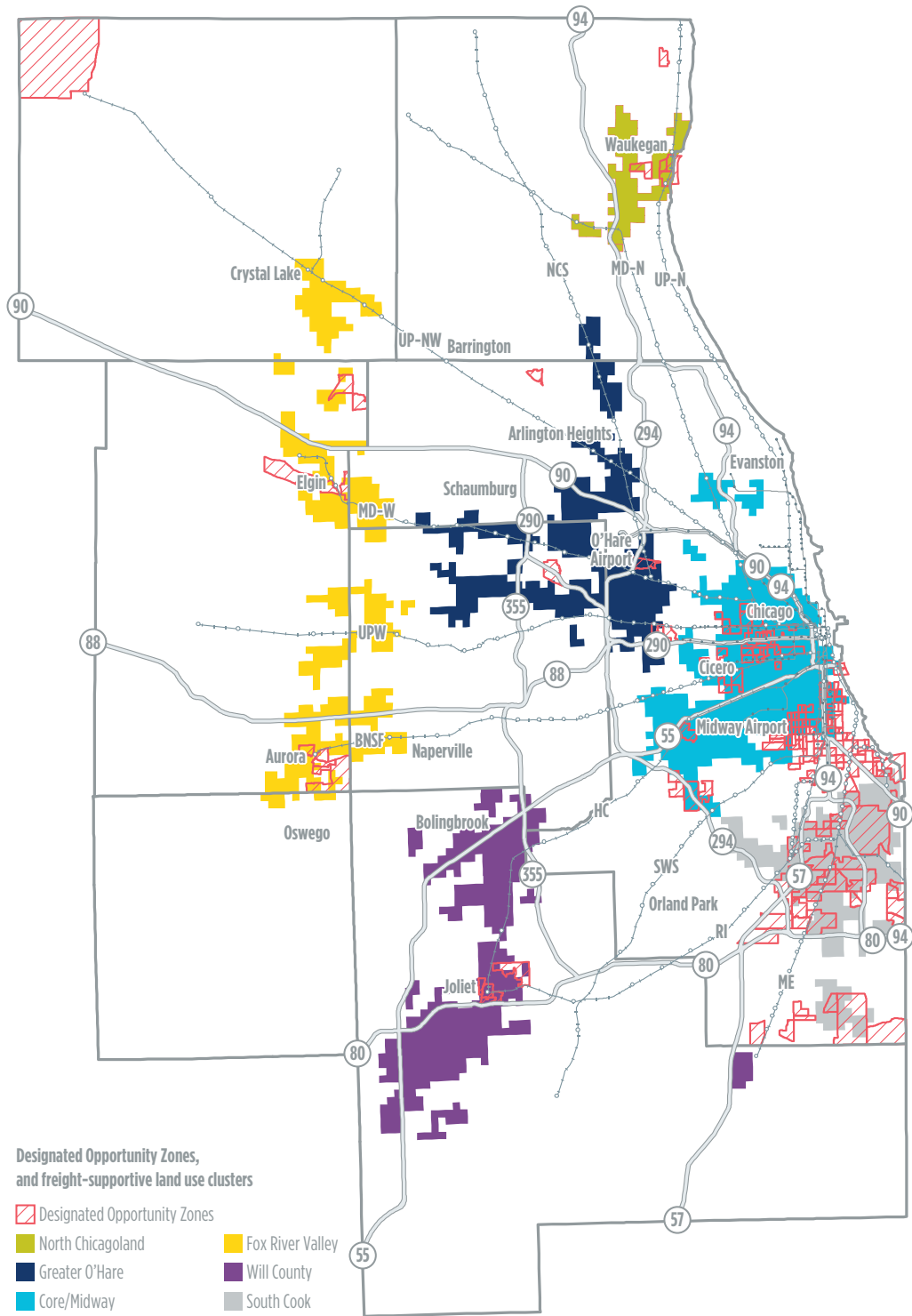
As part of ON TO 2050 development, CMAP has identified geographies in the region experiencing distress.¹⁹ Economically Disconnected Areas (EDAs) were defined using population-based measures, including race, English proficiency, and income, and disinvested areas were defined using market-based measures, including nonresidential market values, historic change in employment, and levels of lending to businesses.²⁰ These distressed geographies show strong overlap with one another, and with the designated Opportunity Zones (map 2). The ON TO 2050 Plan recommends investing in disinvested areas, with a focus on spurring renewed economic activity and increasing employment opportunities.

Map 2. Designated Opportunity Zones, Economically Disconnected Areas, and disinvested areas



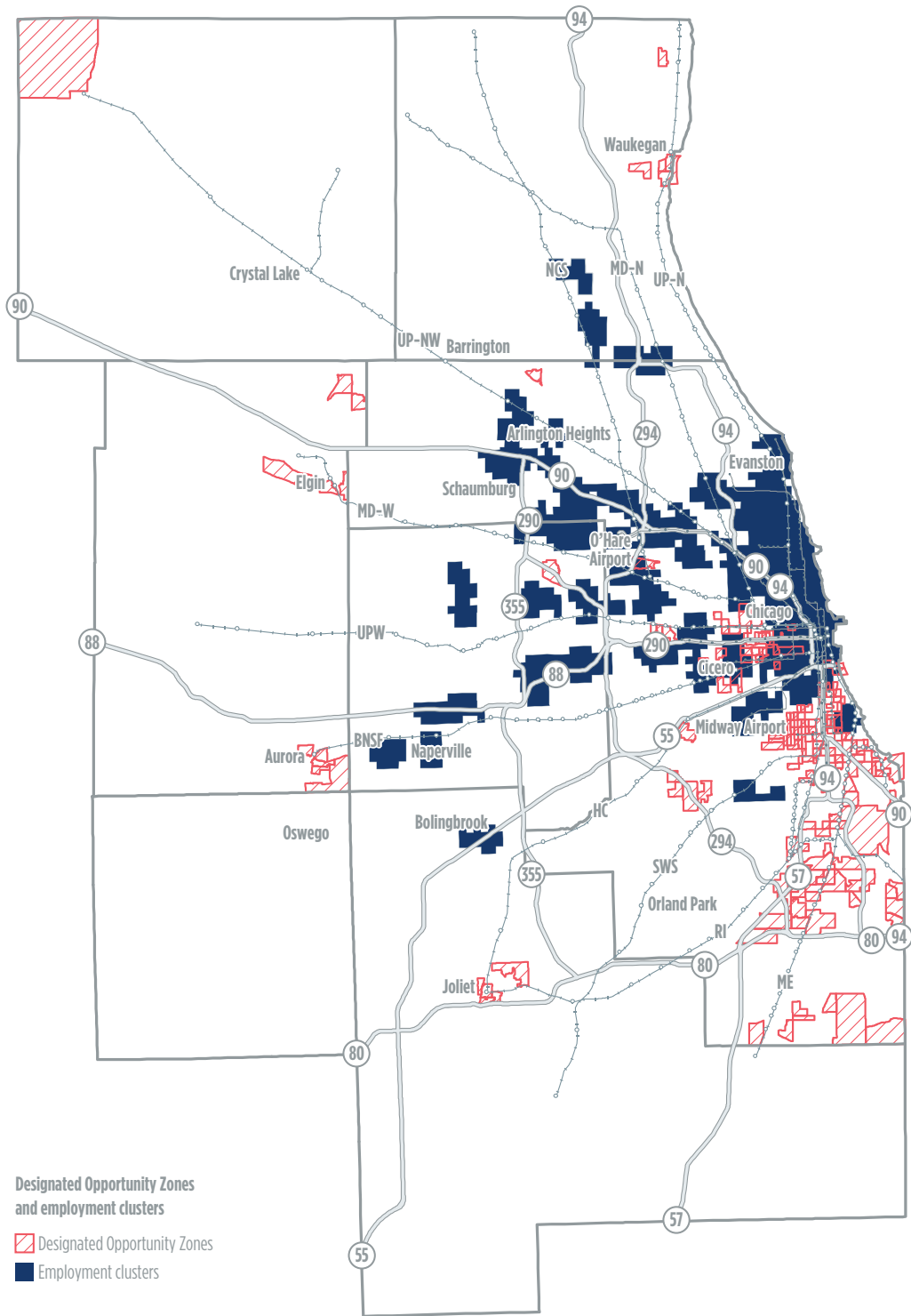
Source: Chicago Metropolitan Agency for Planning analysis of CDFI Fund data; American Community Survey data, 5-year estimates, 2010-2014 and 2011-2015; Community Reinvestment Act (CRA) data on small loans made to businesses, 2007 and 2015 (accessed through the Woodstock Institute); county assessor data aggregated from parcel to tract level by property class, 2010 and 2015; and Illinois Department of Employment Security data, 1970, 1980, 1990, 2000, and 2015.

Map 3. Designated Opportunity Zones and freight-supportive land use clusters



Source: Chicago Metropolitan Agency for Planning analysis of CDFI Fund data, CoStar 2015 data, and CMAP Land Use Inventory 2013 data.

Map 4. Designated Opportunity Zones and employment clusters



Source: Chicago Metropolitan Agency for Planning analysis of CDFI Fund data and Illinois Department of Employment Security 2015 data.

The designated tracts also tend to overlap areas of concentrated freight infrastructure and industrial development (map 3). This indicates potential for Opportunity Zone investments to build upon existing transportation and economic assets, but at the same time, planning efforts for these areas should aim to mitigate any negative effects of freight activity.

Many of the region's job centers are not readily accessible from the designated Opportunity Zones. Though many of the designated tracts in northeastern Illinois feature high transit availability and strong connections to downtown Chicago, commute times in these areas remain high because residents travel throughout the region, and not just to downtown Chicago, for work. Past CMAP research²¹ shows that many residents, particularly on the South and West sides of Chicago, commute to jobs that are not accessible via public transit. Long commutes limit worker productivity, reduce job retention, and otherwise adversely affect quality of life. These commute trends reflect the fact that while some of the designated Opportunity Zone tracts overlap or are adjacent to employment centers, many are not (map 4). Therefore, in addition to investing in designated Opportunity Zones, regional leaders should consider steps to improve accessibility to employment centers, where and if feasible.

Moving forward

Opportunity Zones have broad regional implications. The ON TO 2050 Plan identifies inclusive growth – providing opportunity for upward economic mobility for all residents – as one of three overarching principles. A growing body of research, highlighted in a recent CMAP strategy paper²² shows that sustainable regional economic prosperity requires providing economic opportunity and mobility, as well as improved quality of life for historically marginalized residents. The Chicago region has particularly stark economic disparities by race, with the highest unemployment rate for black residents among the 10 largest metropolitan areas.²³

Opportunity Zone investment strategies can promote inclusive growth, if carefully targeted to invest in marginalized areas, increase the availability of living wage jobs in historically disinvested areas, and/or increase access to capital for low-income and

minority residents. Reinvesting within disinvested communities is one key element of inclusive growth. However, investments must be consistent with local goals and needs. For example, PolicyLink recently released recommendations on ways to operationalize equity-driven investments and outcomes in Opportunity Zones, including next steps for public, private, and nonprofit actors.²⁴

Opportunity Zones have been designated, but the federal government, states, local economic development entities, and others are still developing rules and strategies for implementation. Of potential concern to the region is the lack of guidance on how Opportunity Funds will be held accountable to recognize and complement local and community plans, goals, and needs.²⁵ In addition, while the Opportunity Fund structure incentivizes long-term investment with substantive and incrementally increasing tax benefits for investors, a matter that is not addressed is metrics for impact and evaluation of investments. Without mechanisms in place, there is some possibility of counterproductive investments, or investments inconsistent with community-desired outcomes.

Both state and local government have roles to play in enabling investment in designated Opportunity Zones. Enterprise Community Partners²⁶ and others have outlined steps communities could follow, including outreach to foster collaboration between local stakeholders and public entities, and the development of complementary state and local policies to entice investors. ON TO 2050 recommends expanding best practices to ensure that existing communities participate in and benefit from growth.²⁷ CMAP also offers recommendations on state-level economic development²⁸ that are relevant for Opportunity Zones. The state's role could include supporting local priorities in implementation, as embodied in local comprehensive, strategic, and other plans; establishing clear criteria about the types of investment that are eligible to meet local needs and generate the strongest benefits; and, wherever possible, packaging the Opportunity Zones strategically with complementary programs and initiatives (e.g., pair with workforce training benefits, or where major infrastructure investment is occurring, etc.). Ultimately, resources should be directed to spur market activity in communities most in need of investment, rather than in those where incomes and job opportunities are already growing.

Nonprofits, such as CDFIs, local action coalitions, or other mission-focused entities, can also play a role in monitoring the impact and outcomes of Opportunity Zones, or supporting ongoing reporting on investments. Local chambers of commerce, economic development authorities, and other community entities within designated census tracts can further represent local interests.

Strategies for promoting reinvestment in disinvested areas are multi-scale and multi-faceted. If carefully structured at the federal and state levels, Opportunity Zones can offer a new option to direct private investment to and reinvigorate market activity in disinvested areas.

For more detail on CMAP's work, visit: <http://www.cmap.illinois.gov>.

For more detail on CDPS' work, visit: <https://www.chicagofed.org/region/community-development/cdps-index>.

Notes

1. See <https://www.irs.gov/newsroom/treasury-irs-issue-proposed-regulations-on-new-opportunity-zone-tax-incentive>.
2. See <https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>.
3. See <https://docs.house.gov/billsthisweek/20171218/CRPT-115HRPT-%20466.pdf>.
4. See <https://www.summitllc.us/blog/how-do-opportunity-zones-differ-from-existing-federal-tax-incentives-for-community-development>.
5. See http://opportunityzones.stanford.edu/docs/Opportunity-Zones-Analysis-of-Policy-Implications-6_29_18.pdf.
6. Low-income communities (LICs) are defined by statute as any census tract where the poverty rate is at least 20 percent (the "poverty test") or where the median family income for such tract does not exceed 80 percent of statewide median family income for census tracts located outside of a metropolitan area, or does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income for census tracts located within a metropolitan area (the "income test"). LICs also include two types of "targeted populations." The first targeted population consists of individuals, or an identifiable group of individuals, who are low-income persons, whose family income is not more than 80 percent of the area median family income (for metropolitan areas) or 80 percent of the greater of area median family income or statewide non-metropolitan area median family income (for non-metropolitan areas). The second targeted population consists of individuals, or an identifiable group of individuals, who otherwise lack adequate access to loans or equity investments and who were displaced from their principal residences and/or lost their principal source of employment as a result of Hurricane Katrina.
7. The statute granted Puerto Rico an exception so that it could designate all eligible low-income communities as Opportunity Zones.
8. See <https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx>.
9. See <https://www.enterprisecommunity.org/download?fid=8856&nid=6212>.
10. See REG-115420-18, available at <https://www.irs.gov/pub/irs-drop/reg-115420-18.pdf>.
11. The 90-Percent Asset Test refers (per IRS guidelines) to the QOF's obligation to invest and maintain at least 90 percent "of its assets in qualified Opportunity Zone property."
12. See <https://www.law.cornell.edu/uscode/text/26/1400Z%E2%80%932>, as codified in U.S. Code 26 § 1400Z-2.
13. According to the draft regulations, this means that "additions to the basis of such tangible property in the hands of the qualified Opportunity Zone business exceed an amount equal to the adjusted basis of such tangible property at the beginning of such 30-month period in the hands of the qualified Opportunity Zone business."
14. The types of businesses excluded from investment are "any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages."
15. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.
16. See <https://www.illinois.gov/dceo/Pages/OppZn.aspx>.
17. Please note that, in order to have a comprehensive mapping of eligible tracts, the maps of eligible tracts use Enterprise Community Partner's list of eligible tracts, which includes eligibility based on additional years of permitted data; the methodology for their process is available at <https://www.enterprisecommunity.org/download?fid=9048&nid=6322>. The subsequent analysis that compares designated tracts, undesignated tracts, other LMI areas, and the entire region uses the CDFI Fund list of eligible tracts.
18. According to Community Reinvestment Act and Home Mortgage Disclosure Act regulations, low-income tracts are defined to be census tracts with median family incomes less than 50 percent of the median family income for the surrounding metropolitan area. Moderate-income tracts have median family incomes of at least 50 percent of the median family income for the surrounding metro, but less than 80 percent of the median family income of the metro area.
19. See CMAP's ON TO 2050 Local Strategy Maps (LSMs). The LSM for economically disconnected and disinvested areas is available at <https://www.cmap.illinois.gov/2050/maps/eda>.
20. See <https://www.cmap.illinois.gov/2050/community/disinvested-areas>.
21. See http://www.cmap.illinois.gov/updates/all/-/asset_publisher/UIMfSLnFfMB6/content/travel-patterns-in-economically-disconnected-area-clusters.
22. See <http://www.cmap.illinois.gov/documents/10180/515753/Inclusive+Growth+strategy+paper/0f01488d-7da2-4f64-9e6a-264bb4abe537>.
23. See <https://www.cmap.illinois.gov/2050/disparate-outcomes>.
24. See <http://www.policylink.org/sites/default/files/PolicyLink%20Recommendations%20for%20Opportunity%20Zones%20.pdf>.
25. The draft regulations do create a 31-month "safe harbor" for working capital, intended to allow sufficient time for investment activity to take place but also ensure that funds are actually being deployed in communities.
26. See <https://www.enterprisecommunity.org/download?fid=9451&nid=6906>.
27. See <https://www.cmap.illinois.gov/2050/community/housing>.
28. See <http://www.cmap.illinois.gov/documents/10180/350519/FY15-0023+REORIENTING+STATE+AND+REGIONAL+ECONOMIC+DEV+REPORT.pdf/5e5a7785-5005-4754-b4fe-f99637elf84a>.

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