“Understanding the impact of Opportunity Zone projects: Where is all the data?”

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Introduction

Five years into the Opportunity Zone program, we are still debating whether this tax-based community development incentive is truly benefiting communities. One of the biggest stumbling blocks to answering this question is a severe lack of project-level data which can link projects directly to community outcomes. Getting place-based economic development right has long been a complex and confounding dilemma. As the Brookings Institution rightly asserts: “Disinvested communities in the U.S. have been over-planned and over-studied, often with dismal results to show for it. Despite billions of dollars spent on place-based initiatives, the number of high-poverty neighborhoods in the U.S. has continued to grow at alarming rates over the past four decades.”

Established by the 2017 Tax Cuts and Jobs Act, the Opportunity Zone program provides a tax break to investors who invest unrealized capital gains into a Qualified Opportunity Fund (QOF). Qualified Opportunity Funds (QOF) are funds set up to invest capital into projects in an Opportunity Zone, with the intention of “[improving] access to capital for new and growing local businesses and help revitalize the built environment of designated communities'' (Fikri and Letteieri, 2018, p. 3). Despite being passed as a bipartisan policy, the Opportunity Zone program has sparked much debate in the economic development community. For example, in a study conducted by The Brookings Institution, it was found that the majority of states had selected census tracts with rapidly appreciating housing values and were considered to be gentrifying, whereas in a different study, the Economic Innovation Group argued that Opportunity Zones do not show signs of gentrification, and criticized Brookings’ methods of analysis.

The federal government has a long history of using tax incentives to spur the participation of the private sector in development initiatives aimed at lower-income households. While some of these are project based, such as the Low-Income Housing Tax Credit (LIHTC), others are place based incentives, such as the New Market Tax Credit, Empowerment Zones, and more recently, Opportunity Zones. Place-based incentives have been under scrutiny for decades, especially in relation to linking the proposed benefits to the needs of local residents. Despite this scrutiny, they have continued to be commonly used mechanisms for facilitating local development.

The purpose of this study was two-fold. Firstly, the aim was to explore what projects are being developed using Opportunity Zone financing in the Baltimore and Washington, D.C. region, how those financing packages are being structured, and who the main beneficiaries are of these projects. The second objective was to understand what, if any, reporting or data collection was taking place which could shed light on the neighborhood outcomes and impacts of Opportunity Zone projects, and possibly offer a path forward to policy and program evaluation. To do this, the study focused on two main questions: (1) To what extent are Opportunity Zone investments having positive impacts on the community?; and (2) What data is available and useful to measure impacts of Opportunity Zone investments?

The first set of questions relates to the products and services that are being delivered through the Opportunity Zone program in Baltimore and Washington, D.C., and to understanding the role of Opportunity Zone financing in these projects. These questions were aimed at understanding the extent to which Opportunity Zone funds are being used to develop affordable housing, commercial development in distressed neighborhoods, and support businesses. They were, as well. aimed at understanding where Opportunity Zone financing was the most useful in the development pipeline and how the financing fit into capital stacks. The second set of questions relates to data collection and reporting by the funds or other entities involved. These questions were aimed at understanding what data funds or developers are collecting on their projects, the extent to which this information is publicly available, and based on the publicly available data, to what extent is it possible to evaluate the impact that Opportunity Zone projects are having in communities?

The study was conducted as a qualitative research study using snowball sampling to conduct 11 in-depth interviews with a mix of Opportunity Zone fund leadership, CDFI leadership, city officials, developers, and impact investors, between May 2022 - August 2022. In addition to the interviews, the study also draws from several webinars featuring Opportunity Zone fund leadership as well as investors, as well as extensive desktop research, including academic literature, media articles, data analysis, and informal advising from affordable housing experts. The geographical focus of this study was Baltimore and Washington, D.C. and targeted projects located in these two metropolitan areas. It must be stated that this study is in no way comprehensive but focused in-depth on Opportunity Zone projects within their local context, along with specific funds active in the two focus areas to shed light on the ways in which projects are playing out in space, and what this means for local development practitioners going forward.

This research report summarizes the findings of this research and provides areas for future inquiry, as well as policy and practice considerations. Firstly, I provide a very brief discussion on the policy context for Opportunity Zones, which includes an understanding of place-based development and neighborhood outcomes, as well as an understanding of the historical ties of place-based development to devolution and private sector engagement in redevelopment practice. I briefly describe my methodology, as well as describe the various limitations I experienced in this study. Next, I provide a section on findings and discussion, and then end this report with recommendations.

Policy Context

There have been countless studies in the planning field that highlight the importance of place in determining life outcomes and chances. While studies promoting the importance of place come from many different intersections of planning (such as education policy, or health policy), there is a consensus that growing up in high-poverty neighborhoods is linked with poor health outcomes, poor educational outcomes, limited access to opportunities, higher-levels of unemployment, and more likelihood to experience crime (Goetz and Chapple, 2010). Many of these outcomes, often broadly talked about under the term “neighborhood effects,” are linked to issues around access to resources and amenities (Goetz and Chapple, 2010). Many high-poverty neighborhoods don’t have the necessary amenities (such as good healthcare systems, good quality schools, high-paying jobs) to support their residents in such a way that facilitates improved life chances, and which ultimately would lift them out of poverty (Goetz and Chapple, 2010). For decades, government at all levels has created a variety of programs and mechanisms that target distressed neighborhoods and channel funding to spark economic growth and urban development as a way to alleviate concentrated poverty (Griffith and Michel, 2019). However, chronic and generational poverty in cities remains a troubling reality, which begs the question: What are we doing wrong with place-based poverty alleviation efforts and what do we need to do differently?

In the wake of devolution and federal retreat from urban development financing, programs emerged that placed development outcomes at the hands of market dynamics and were underpinned by the idea that “absence of government was the key to community revitalization” (O’Conner, 2012, p. 26). Federal support was largely in the form of tax-based subsidies that either provided a package of tax credits or tax abatements that cities could borrow funds against (O’Conner, 2012). The requisite implications of this development finance structure was that it placed significant pressure on cities and developers to ensure profitability in projects, a pressure that is inherent in development with private sector involvement. The decentralization and rolling back of federal government financing for urban development in the face of urban decline fundamentally changed the general practice of urban development. Large scale redevelopment of entire blocks and neighborhoods became synonymous with economic development and growth, as cities were able to rake in increased property tax revenue, and strike lucrative development deals (Ladd, 1994; Lester, 2014).

Established by the 2017 Tax Cuts and Jobs Act, the Opportunity Zone program provides a tax break to investors who invest unrealized capital gains into a Qualified Opportunity Fund (QOF). Qualified Opportunity Funds (QOF) are funds set up in an Opportunity Zone that are meant to invest capital into projects in this Opportunity Zone, with the intention of "[improving] access to capital for new and growing local businesses and help revitalize the built environment of designated communities'' (Fikri and Letteieri, 2018, p. 3). Qualifying investments include: "physical assets, such as real estate or equipment, that are located in opportunity zones; and/or ownership interests, such as stock, of businesses that operate at least partially in opportunity zones (referred to as opportunity zone businesses), including subsidiaries of larger businesses that largely operate elsewhere" (Jacoby, 2019, p. 3).

Opportunity Zones were selected by a set of qualifying criteria, with room for local discretion based on more qualitative and local knowledge. The qualifying criteria, as set out by federal policy, requires that Opportunity Zones demonstrate either: a poverty rate of at least 20%, or a median income that is no greater than 80% of the median income in their metropolitan area (Jacoby, 2019). Local governments were also given flexibility to designate a smaller number of tracts that are adjacent to a low-income community, with a median income of no more than 125% of median income of the adjacent community, referred to as non-LIC contiguous (Jacoby, 2019). In their most basic form, Opportunity Zone qualifying criteria were intended to target distressed communities, although states were limited in the number of tracts they could select. This means that there were tracts that met the criteria, but for some reason or another, weren't selected. For example, one study found that 24% of selected census tracts had poverty rates below 20%, some even had poverty rates below the national average (Looney and Gelfond, 2018, p. 5). However, on average, "states selected relatively disadvantaged areas for their Opportunity Zones" (Looney and Gelfond, 2018, p. 5).

In terms of the early impacts this program is having, there is a dearth of empirical evidence considering the program is fairly new. Much of the literature is either cautioning against the potential negative outcomes, drawing on lessons learned from previous programs and pointing out some of the existing shortcomings. One empirical study done by Sage et al. (2021) found that increases in property values are most significant for older buildings receiving redevelopment through the Opportunity Zone program, and in vacant land. With few regulations in place to determine the kind of development that should take place beyond the locational requirement, and with the relationship between Opportunity Zone designation and measurable increases in property and land values highlights a key question frequently discussed in much of the literature, this questions may be asked: will Opportunity Zones benefit the residents of distressed communities or spur gentrification and possibly displacement?

Methods

This study was designed as an exploration of Opportunity Zone projects and their potential impacts. The objectives of this research were to (1) to test the feasibility of Beeck Center's reporting framework and measure Opportunity Zone outcomes given the available data; and (2) to contribute to the debate on gentrification in Opportunity Zones using the available data. The proposed method included using both qualitative and quantitative approaches to examine whether the Beeck Center's proposed reporting framework was a feasible tool for assessing impact, and to understand the impact of selected projects in Baltimore and Washington, D.C.. Ultimately, the findings of this study are based on (1) 12 key informant interviews with Opportunity Zone fund leadership, CDFI staff who have utilized the tool in a development project, developers that have used the tool, government officials in Washington, D.C., a well-known private company that collects and reports data on Opportunity Zones, and experts in affordable housing development; (2) desktop research to determine the feasibility of the Beeck Center's proposed reporting framework; (3) spatial analysis of selected projects; (4) attending webinars with Opportunity Zone fund leadership; and (5) desktop research including academic literature, media articles, and grey literature. The table below provides a summary of the interviews conducted.

Number of Participants	Role
3	CDFI Leadership
2	Impact Investor
3	Opportunity Zone fund manager
2	Developer
1	Opportunity Zone accounting data manager
1	Government Official (DC)

Limitations

The original intention of this study was to select 5-10 project sites and conduct interviews with fund staff, developers, and other key stakeholders involved in each project, while also assessing publicly available project level information, however as I began conducting interviews, it became clear that this approach was not feasible. Firstly, project level data is extremely limited, as there are no requirements for funds or developers to report project level information, unless they are using other subsidies with those requirements (such as for New Market Tax Credits), and even this data is limited in its ability to identify specific projects. Secondly, as many of the participants I was hoping to speak to are in leadership positions at multi-million dollar equity and venture capital investment firms, there were several instances in which I did not receive responses to multiple emails requesting interviews. Relatedly, I relied on snowball sampling as a method of recruitment, which has its benefits and tradeoffs. Employing snowball sampling allowed me to leverage relationships of key leaders and actors operating in the Baltimore and D.C. region. However, in hindsight, relying on these relationships and connecting over email was a slow process, which wasn't factored into the timeline proposed for this project. Towards the end of the research, there were several unanswered emails that I had sent out to additional funds and government officials in

Baltimore. Ultimately, this project should have been stretched out over a longer period of time. Secondly, related to conducting a field assessment, it became clear early on that project level data was held by various stakeholders, such as government officials, developers, and fund managers, much of which is not shared publicly. Early on in this process, I was able to determine that the Beeck Center's reporting framework was not a feasible reporting framework, and therefire shifted gears to determine what a more simplified data reporting framework would be, and how this could be reflected in potential requirements for impact reporting.

Findings & Discussion

There are several key actors that may interact with or utilize opportunity zone financing. Firstly, Qualified Opportunity Zone Funds (QOFs) are a main deployer of opportunity zone financing. These are already existing equity investment funds or newly established funds that have gone through the self-certification process by "annually filing Form 8996 with its federal income tax return" in addition to demonstrating that its investments comply with the tax code requirements. Similar to equity investment companies that invest in businesses, QOFs will source and attract investors with capital gains to invest in their QOF. The QOF will make investments in Opportunity Zones, automatically ensuring that the original investor receives the tax benefit on their original investment.

Another important actor is Community Development Finance Institutions (CDFIs), which are "are private-sector, financial intermediaries with community development as their primary mission." CDFIs are key investors in community development projects, which includes providing funding for affordable housing development, as well as running programs such as the New Markets Tax Credit program. CDFIs are also able to establish QOFs and manage Opportunity Zone investments through the same self-certification process discussed above. However, of the CDFIs interviews, the views of the program were very mixed. On the one hand, some CDFI leadership vehemently rejected the effectiveness of the program as a vehicle for redevelopment, arguing that the benefit of the program is geared towards investors, not communities. On the other hand, another CDFI had crafted innovative deals to develop middle-income housing and recognized the limitations of the program to develop lower-income affordable housing.

Developers are another important actor in the Opportunity Zone landscape, as real estate development is one of the main investments that Opportunity Zone financing is geared towards. Developers may look to QOFs as a key, flexible source of financing in the overall capital stack for a project. One developer described the program as "another tool in the toolbox." Conversely, QOFs with an existing real estate development portfolio and experience may have their own proposed projects and may seek out a specific developer to partner with. Overall, any real estate development project in an Opportunity Zone is almost guaranteed to have a developer as a key player in the transaction.

Lastly, government officials play a role in Opportunity Zone development projects at varying levels. For example, at a minimum, local government agencies need to approve various plans and permits in a real estate development transaction, but their involvement in an operating business transaction may be less active. In other instances, local governments have established designated Opportunity Zone offices and key leadership positions, as is the case in Baltimore and Washington, D.C..

Flexibility is the biggest benefit of Opportunity Zone financing, and also one of its biggest downfalls. There are very few guardrails placed on Opportunity Zone financing, which is partly what makes it such a flexible source of financing. Guardrails are expensive and slow the process of financing down. For example, Low-Income Housing Tax Credit (LIHTC) financing is known for having strict affordability constraints, as well as a detailed assessment of a proposed projects potential impact. The process for accessing LIHTC financing is not only lengthy and burdensome, but also can be fairly expensive, with fees related to syndicating the tax credits. Comparatively, Opportunity Zone financing and QOFs aren't limited by similar affordability requirements, they don't have to apply for approval to deploy funds, and they can move funds in a variety of ways. QOFs can move small or large amounts of money more quickly than, for example, LIHTC financing, and all at once (as opposed to tranches at, for example, closing, 50% of the way through, and lease up). One of the most commonly mentioned achievements, especially by developers and fund managers, is the ability to bring financing to neighborhoods and projects which otherwise wouldn't have received it. In most cases, Opportunity Zone financing is brought in up front in the form of equity, which lowers the amount of debt financing needed and lowers the overall cost of the project.

However, this flexibility comes at the expense of guardrails, meaning that there is no requirement for Opportunity Zone projects to include affordable housing, and there are no protections in place to prevent QOFs from displacing existing businesses or residences. While it may be likely that local governments are either requiring (or encouraging) more equitable elements of projects, such as the inclusion of affordable housing units, Opportunity Zone projects are most attractive when they are speculated to make generous returns. Funds interviewed for this study, which tended to have an impact focused lean, are guaranteeing investors upwards of 13% returns, which indicates that while many opportunity zone projects may include a small percentage of affordable housing, the incentive is not designed toward producing redevelopment projects for low-wealth communities. Where impact is happening, it is intentional, localized, and innovative. The CDFI community, impact investors, philanthropic organizations, and some funds, have demonstrated what it takes to make an impactful Opportunity Zone deal. This usually requires a mix of careful use of subsidies, philanthropic investments, an impact narrative to fulfil, and investors willing to take lower returns. My interviews revealed that critical decisions and actions were taken to make these impact-oriented projects feasible, such as local investors making philanthropic credit guarantees on leases for small businesses to occupy newly developed spaces. In other instances, risk mitigation strategies have been put in place at the fund level, such as providing certain guarantees to investors on losses, which encourages funds to be more open and willing to engage in impact-oriented projects with potentially lower returns. These innovations demonstrate that the lack of federal guardrails on the Opportunity Zone programs leaves space for local governments or funds to determine their own guardrails and development agendas as well as leaving space for funds to employ strategies and set out other parameters to protect their investments and provide investors more secure guarantees.

The tool is incompatible with other project-based subsidy programs for affordable housing development, making affordable housing virtually impossible to develop with Opportunity Zone funds. The Opportunity Zone tax incentive functions on the ability of a project to turn over a profit so that investors in Opportunity Zone funds are able to make a return on their investment. Affordable housing projects are generally not profit-turning endeavors, at least not with the returns being offered by most Opportunity Zone funds interviewed (~10%-15%). Several CDFIs and developers had successfully put together deals that used a mix of project-based subsidies with Opportunity Zone financing, but these projects were completed with important caveats. In one instance, a CDFI had managed to leverage LIHTC financing to develop several workforce housing or middle-income housing projects, which targeted income brackets between 80% - 120% AMI. Several factors made the use of LIHTC and Opportunity Zone financing possible. First, in order to get LIHTC financing to work with Opportunity Zone funding, there is a lot of structuring that goes into the package to ensure the LIHTC credits become available at the right time, because the Opportunity Zone financing often comes faster than the LIHTC financing. Second, this particular CDFI identified that banks as good investment partners because they were willing to take somewhat smaller returns. She noted:

"There is a small ground of investors willing to take lower returns, especially the banks, but it is rare for banks to have capital gains. So, the tool isn't really built for or being used for significant affordable housing, it's mainly additive, we're not really seeing the momentum to actively put this tool to use for affordable housing"

Another developer commented that the cost of using LIHTC (such as to arrange the syndication deal) makes it challenging to pair with Opportunity Zone financing because ultimately it raises the cost of the overall project. In other instances, Opportunity Zone financing has been used with New Market Tax Credits (NMTC), which is used for commercial development rather than residential development. Several projects and funds studied in this project combined Opportunity Zone financing with NMTC financing. However, even in these instances, taking a lower return on investment is usually a key element. As one impact investor noted:

"[We focused] on people and place and were open to a lower return on investment (8% preferred return) as an equity investor in [project name concealed] because of the potential impact".

Compatibility with city funding was especially a challenge in Washington, D.C., where any use of city funds from the Housing Production Trust Fund kicks in the David-Bacon Act, which requires the payment of prevailing wages on any project which has even the slightest commercial component. This automatically increases the cost of development substantially. Further, the city requires that 75% of a project's cash flow be given to the city as part of the stipulation of accessing city funds. This requirement is directly in conflict with the interests of Opportunity Zone investors, and D.C.'s Department of Housing and Community Development has seen few, if any, applications for projects using Opportunity Zone financing come across their desk.

Wide-scale project-level impact reporting is non-existent, and there is no plan for it in the future. There are no requirements within the Opportunity Zone legislation on funds to report on impact metrics at the project level. In fact, project level data is virtually non-existent, except for a few "featured" project profiles and media articles that discuss new developments. Developers are only required to report project-level data when they use other subsidies, such as NMTCs, but this does not cover all Opportunity Zone projects, and may not include other impact metrics such as metrics that indicate community wealth building. Despite being applauded for having reporting requirements in the newly proposed legislation, this legislation only requires annual financial reports from funds, whereas "impact" reporting is handled by the Department of Treasury, and is only collected and aggregated at the census tract level every five years. As it stands right now, there is no plan to require project level impact reporting in any way from Opportunity Zone funds. In an interview with a leading Opportunity Zone accounting data firm, a few key issues were raised, of which the first was: there is no requirement or incentive for funds to report on project level impact. Compared to NMTC reporting requirements in which the Community Development Enterprise is required to report on impact.

Conclusion and Recommendations

There is still much to be desired from the Opportunity Zone program, and while changes to the legislation have been proposed, it is unclear whether they will have substantial impact on some of the major issues with the program. A recent study (Kennedy and Wheeler, 2021) distills some of the major issues of the program down to three main findings. First, Opportunity Zone investment is flowing to specific census tracts, with 63% of Opportunity Zone census tracts receiving zero Opportunity Zone investment. Second, where capital is flowing, these tracts generally are higher income, have higher home values, and more professional services and amenities. Further, the study found that "these patterns are strongest for neighborhoods with pre-existing upward trends in population, income, and home values, and declining shares of elderly and non-white residents" (Kennedy and Wheeler, 2012, p. 4). Lastly, the study noted that the population that directly benefits the most from the tax subsidy are households in the 99th percentile of US income distribution, with household income upwards of $4.9 million.

In other words, Opportunity Zone investments are concentrated in potentially gentrifying census tracts, with high concentrations of amenities and services, while ignoring census tracts that arguably need the investment the most. The findings described in this research report support and add nuance to the findings in the reference study. Patterns of concentrated investment in higher income Opportunity Zones may be related to the lack of guardrails in the program to direct investment to less wealthy census tracts. Further, to ensure that investors can receive their expected returns, investing in markets that are demonstrating upward growth may be a less risky investment decision than investing in stagnant markets. Lastly, incompatibility with other subsidy programs makes investing in lower-income communities more challenging, which may be another reason behind the concentration of Opportunity Zone investments in higher income census tracts. These findings raise several policy and practice recommendations, as well as areas for future inquiry to test and evaluate the feasibility of these recommendations.

Establish guardrails within local development processes that require Opportunity Zone projects to demonstrate positive impact and community benefit. A common criticism of the Opportunity Zone incentive is that it doesn't have guardrails in place that require projects to demonstrate positive impact and social benefit. Guardrails are often key elements of affordable housing financing to ensure that development is reaching households with challenging housing needs, such as stipulating that a percentage of units must be aimed at households earning 30% - 50% of the Area Median Income (AMI). However, many of the respondents indicated that guardrails can increase the cost of a project significantly and often add complexity to the overall financing process, whereas the flexible nature of the Opportunity Zone financing means that capital can move more quickly to projects, investors can invest as little or as much as they want, and there isn't a burdensome application process, such as with LIHTC financing. In many cases and especially in neighborhoods with stagnant markets, Opportunity Zone financing has brought critical capital to projects that were stalled or not able to get off the ground because of a lack of financing. For example, both Yard 56 and the redevelopment of Penn Station in Baltimore were projects with proposed social impacts that had been struggling to raise finance, but were eventually made possible through impact-oriented investors using Opportunity Zone financing. Other critical decisions and actions were taken to make these impact-oriented projects feasible, such as local investors making philanthropic credit guarantees on leases for small businesses to occupy newly developed spaces. In other instances, guardrails have been put in place at the fund level, such as providing certain guarantees on losses, which encourages funds to be more open and willing to engage in impact-oriented projects with potentially lower returns.

Explore tenant-based subsidies as a more compatible subsidy match for using Opportunity Zone financing to develop affordable and deeply affordable housing. In nearly all the interviews conducted, Opportunity Zone fund leadership, CDFI leadership, impact investors, and real estate developers discussed the difficulty with linking Opportunity Zone financing with project-based subsidies to develop affordable housing, such as LIHTC financing. This is largely due to the Opportunity Zone incentive functioning on the ability of a project to turn over a profit, whereas affordable housing projects are generally not profit turning endeavors, at least not with the returns being offered by most Opportunity Zone funds interviewed (~10%-15%). There are examples of this type of financing structure taking place. These projects tend to focus on workforce housing development, targeting households that earn too much to qualify for affordable housing and therefore experience severe rent burdens. While this is a critical addition to the housing market, the inability of Opportunity Zone financing to play a role in developing affordable housing is a major flaw in the program, especially in the context of increasing inequality, racial reckoning, and growing housing challenges for the most needy and vulnerable populations. This finding is echoed in other studies on Opportunity Zones. For example, Brett Theodos senior fellow at the Urban Institute and longstanding community development expert, testified in front of Congress arguing that "although the incentive can be used to finance projects that yield community benefit, the fundamental design of the incentive makes doing so challenging at best and often impossible." His testimony goes on to note that in those instances in which Opportunity Zone projects have been impactful, it has been alongside significant subsidy assistance, arranged through complex financing package, and in cooperation with impact-driven investors willing to take lower returns. *Given that Opportunity Zone financing is incompatible with project-based subsidies, local governments and development communities should explore leveraging tenant-based subsidies to develop affordable housing with Opportunity Zone financing. Local housing authorities could be brought in as critical stakeholders and partners on residential development projects, and work closely with property management companies as well as local development officials to link housing voucher recipients to Opportunity Zone projects during the development and leasing process. Projects that partner with Public Housing Agencies (PHAs) could be given priority in development rights, permits, and tax abatements (such as TIF zones, which are established at the local level).*

Require simple impact data points in new federal legislation at the project level, and penalize for non-compliance. According to the interviews, early in process whereby the Opportunity Zone legislation was passed, the Beeck Center for Social Innovation convened a series of roundtable discussions with a range of Opportunity Zone stakeholders to discuss various topics, such as how to achieve impact with the financing tool, and what the data and reporting needs might be. As a result of these convenings, the Center proposed a data framework aimed at capturing project level and fund level data that would provide important equity and impact related information, such as "Employment of targeted disadvantaged groups," "Percentage of woman or minority owned enterprises," and "percentage of affordable units developed," as well as requiring certain community engagement information. Now five years into the program, reporting and oversight on the funds as well as the projects has been piecemeal at best, which has been a point of contention as well as criticism for the program. In response, new legislation is set to be debated in Congress in November which would mandate new reporting requirements and establish new penalties for reporting non-compliance by funds.

However, respondents in the interviews expressed that while this new legislation is proposing some level of required reporting to fill this data-gap, it still has significant data missing with regard to what funds would be required to report on. For example, the only data points required at the project or investment level focuses solely on the financials, such as "the amount of the investment in such stock or partnership interest as of the reporting period, the value of property held by such corporation or partnership as well as leased property, the approximate number of residential units (if any) for real property held." Project-based equity and impact related metrics are a glaring omission. The only impact related data mentioned is a set of basic socioeconomic datapoints, such as unemployment rates, household income, and poverty rates, which are all collected and aggregated at the census level, not the project level. Further, these data are collected and reported by the Department of Treasury every five years, and are not included in the annual reporting requirements for the funds. This means that the penalties listed in the new legislation don't apply to impact related reporting. Thus, while respondents applauded the incentivized reporting requirements, these penalties do not incentivize impact reporting in any way. *Considering the Opportunity Zone program is founded on positively impacting distressed and disadvantaged communities, impact reporting is a fundamental means of monitoring the extent to which the program is having this impact in Opportunity Zone census tracts, and should be included in the fund-level reporting requirements. Project-level annual reporting alongside census level aggregate reporting would present a more complete picture of whether Opportunity Zone projects present local public benefit. Without this level of reporting, it will be impossible to isolate and attribute Opportunity Zone projects to changes in census tracts, and it will remain unknown what impact the Opportunity Zone program and projects is actually having on communities.*

Use new State and Community Dynamism fund to leverage local community organizations to lead or assist with impact reporting. While the Beeck Center identified potential metrics for measuring impact of projects, their proposed framework places a heavy burden on the funds to collect these data, which may be too unrealistic to get passed by Congress into legislation. For example, it required detailed community engagement narrative reporting and documentation of partnerships, as well as detailed responsible exit plans. The employment and housing related metrics are easier to capture, but still require a certain level of knowledge and understanding about the complexities of, for example, counting the number of full-time jobs, part-time jobs, and temporary jobs, to determine the number of jobs created. Interestingly, the new legislation proposes the establishment of a $1 billion State and Community Dynamism fund which provides "states, territories, and District of Columbia with technical assistance, capacity building, and financing support to drive capital to projects and businesses in underserved communities." The purpose of the fund is to support projects that build capacity in high-need communities, and for which State governments are able to suballocate funds to local governments and non-profits to assist with providing a wide range of services. *In lieu of federal requirements for project level impact reporting, states could allocate funding to organizations to conduct project-level impact assessments, publish impact reports, and make project-level data publicly available for further research and analysis by researchers and other advocacy groups. Non-profit organizations could be well-positioned to do impact reporting because of their own impact reporting responsibilities, which would also allow this type of evaluative analysis to be conducted by an independent source, rather than from within the project. Further, support from the non-profit community might allow for more expanded impact reporting than what was initially proposed by the Beeck Center. For example, evaluators could collect community testimonials as evidence of adequate community involvement, instead of funds reporting back on activities such as engagement sessions and community meetings. Localized impact reporting might also help in identifying best practices for capturing data and impacts on Opportunity Zone projects, which could inform subsequent legislation at the national level.*

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