Organization
HUD, Office of Field Policy and Management, Region X

Project Title
Opportunity Zones: Interim Program Evaluation

Organizational Background
The U.S. Department of Housing and Urban Development (HUD) is a cabinet-level federal agency devoted to ensuring strong, inclusive communities and quality, affordable homes for all. Most of HUD’s programs are targeted to benefit low-income individuals and communities. HUD Secretary Ben Carson chairs the White Housing Opportunity and Revitalization Council, which was established to encourage public and private investment in economically distressed areas, including qualified “Opportunity Zones.” The HUD Office of Field Policy and Management is collaborating with other federal partners as well as state agencies, philanthropic organizations, and regional stakeholder organizations to help local stakeholders utilize the Opportunity Zone tax incentive to benefit their communities. Our office is based in Seattle and serves the four state region of Washington, Oregon, Idaho and Alaska.

Project Description
The Opportunity Zone (OZ) tax incentive is relatively new (created in December 2017) and intended to increase investment in economically distressed communities across the country. This incentive has generated a significant amount of “buzz,” in both the community and economic development world, which is interested in using the incentive to benefit low-income communities, and among real estate and business investors, who can use the incentive to get relief from capital gains taxes. Due to the lack of national reporting requirements and disparate implementation across states, we don’t have reliable data on how the OZ incentive is being used; that being said, we are aware of only a few OZ-funded projects in our region. HUD and our partners are working to promote the OZ tax incentive in the Pacific Northwest; we would significantly benefit from an interim program evaluation to tell us what has worked for those projects that have been funded, what barriers exist for projects that have not found OZ funding, and what the public sector (particularly at the federal and state-level) can do to ensure that OZ projects benefit low-income residents and communities. The outcome of the project will be a report that offers recommendations for federal and state policy makers on using the Opportunity Zone incentive for community development, affordable/workforce housing, and other projects that benefit existing community residents within OZs.
Travel Required?
No

Deliverables
We seek an interim program evaluation that will provide policy recommendations that federal and state government agencies, as well as our partners at regional economic development organizations and philanthropic organizations, can use to direct OZ capital to projects that maximize benefit to local communities while mitigating unintended consequences. We need the program evaluation identify 1) what barriers exist in funding OZ projects in disinvested communities, and 2) whether anyone is addressing these barriers, how they are doing it, and whether these efforts are effective. We hope that as part of this evaluation, the consulting team can create case studies to show how Opportunity Zone capital can be efficiently integrated into existing community development programs and structures, analyzing successful models for directing OZ capital to “non-market rate” investments (e.g., workforce housing, which generates less-than-market-rate returns), and exploring whether OZ funds and groups of investors could be used to capitalize projects in non-OZ areas. The evaluation could also include recommendations regarding measurement frameworks for Opportunity Zones, both in terms of measuring the impact of projects and metrics for capacity building and technical assistance efforts (a current project is underway to develop a measurement framework for Opportunity Zones in Washington State, and there could be an opportunity for students to build on this project as part of their work).

Key Tasks for Consultants
A central component of this project will be the design, execution, analysis, and presentation of a program evaluation of OZ implementation/impact in the Pacific Northwest region. The program evaluation should reflect familiarity with the emerging critical thinking and scholarship related to Opportunity Zones and community development finance more broadly. Tasks will include in-person and phone interviews, financial analysis of current and potential OZ projects, an interim presentation of research findings to HUD and our collaborating partners in the Northwest Opportunity Zones interagency working group, and policy recommendations for federal and state policy makers to maximize future implementation of the OZ program.