June 17, 2019

Todd M. Richardson
General Deputy Assistant Secretary for Policy
Development and Research
Department of Housing and Urban Development
451 7th Street SW
Room 8216
Washington, DC 20410

Re: Review of HUD Policy in Opportunity Zones, Docket Number FR-6155-N-01

Dear General Deputy Assistant Secretary Richardson:

Thank you for the opportunity to comment on the Department of Housing and Urban Development's policies for Opportunity Zones. We appreciate the efforts of HUD and the White House Opportunity and Revitalization Council to examine the best ways to serve low-income communities and increase economic opportunity. I am writing on behalf of Opportunity Finance Network, a national association of nearly 270 Community Development Financial Institutions (CDFIs) investing in opportunities that create affordable housing, vital community services, and entrepreneurial capital in rural, urban, and Native communities. OFN members have cumulatively provided more than $65 billion in responsible lending to help low-income, low-wealth, and otherwise disinvested individuals and communities nationwide.

Secretary Mnuchin has estimated that the Opportunity Zone provision could result in $100 billion in new capital investment flowing into the 8,700 disinvested census tracts across the country that were designated as Opportunity Zones. However, it is essential to remember that only a quarter of the eligible census tracts were selected as Opportunity Zones. This means that for every community that could see the benefits of private investment through this new tool, there are three more with equal or greater needs that do not have this new resource available to them. It is essential that the Federal government not neglect the communities that were not designated, their businesses, and their residents. As governors were making their selections, they may have chosen those tracts that they thought would be the most attractive for private investment. This means that the remaining tracts may need additional work from state, local, Federal, and nonprofit resources in order to be ready to compete for private capital. Without continued attention, those areas may not have the infrastructure in place to grow in the future.

In addition to those census tracts that met the eligibility requirements but were not selected there are additional pockets of poverty throughout the country. The use of census tracts to designate Opportunity Zones rather than county boundaries has a distinct impact on rural areas. Of the 353 counties that are currently defined as persistently poor by the Census Bureau, over 85 percent are rural¹. In comparison, only 39.6 percent of the designated Opportunity Zones are in rural areas².

---

HUD must continue to make resources available to these rural areas and to other pockets of poverty that did not meet the census tract threshold.

Among the census tracts that were selected as Opportunity Zones, we do not currently have the data to indicate which areas will need additional government support to draw private capital and which may be able to draw private investment by using the existing state, Federal and local resources. Modifying the existing landscape of Federal resources in the absence of that data would be premature and potentially detrimental to investors and community stakeholders. It is also unclear what public sector support will be needed in each of the Zones to support the private investment and the community. OFN strongly supports the collection of comprehensive transaction level data regarding Opportunity Fund investment. With a full data set showing which Opportunity Zones are receiving investment, what types of investment they are seeing, and the impacts on the community of those investments, other Federal agencies can then make an informed decision about how to best tailor programs to support disinvested communities including those designated for Opportunity Zone investments. Treasury recently closed the comment period on their own Request for Information regarding the data reporting requirements for Opportunity Fund investments. OFN strongly suggests that HUD work with Treasury to ensure adequate and timely data collection standards are enacted. This will allow both HUD and the other members of the White House Opportunity and Revitalization Council, to make data-driven decisions on programs to be targeted to Opportunity Zones and other low-wealth communities.

OFN is supportive of collecting comprehensive data that will show where the investment is being made, the results of the investment, and the impact on the targeted community. The data collection by Treasury should be significantly expanded to get the full picture of the impact of investments on communities. This data collection should include the:

- Size of the investment
- Location of the investment
- Type of investment
- Community impacts of the investment
  - Housing units created (affordable and market rate)
  - Permanent, seasonal and construction jobs created
    - Whether those jobs went to residents of the Opportunity Zone
  - Square footage of commercial real estate
  - Number of new small businesses created
  - Other appropriate measures based on asset class (childcare spots created, patients served via a medical facility etc.)

We also recommend that Opportunity Funds provide a brief narrative description of each project investment, which would include: the nature of the project; the benefits to the community; the degree to which the project was developed in consultation with the community residents and/or mitigated against displacement; and the extent to which the project connects with local workforce development efforts for low and moderate income residents. OFN supports the use of an online portal managed by the CDFI Fund for the collection of this data.

For those Opportunity Zones that are seeing a significant influx of new capital, there may be needs, such as for affordable housing, that are not being met by the market. For the Opportunity Zones provision to be a success, it needs to support the economic stability of the residents of the target
community. HUD and other Federal agencies can assist with this by ensuring residents are not displaced by the tax provision and the new development that it may spur. Access to affordable, quality housing will be a prime concern for residents as new development begins to take shape and additional market rate units are brought into the market.

Finally, we encourage HUD to robustly fund the programs that will directly help all communities with high levels of poverty and their residents. Specifically, OFN supports the Community Development Block Grant (CDBG) program, the HOME Investment Partnership (HOME) program, the Public Housing Capital Fund, the Choice Neighborhoods Initiative and the Self-Help & Assisted Homeownership (SHOP) programs, all of which HUD has proposed eliminating in recent budget proposals. We also support funding for programs that have been slated for funding cuts such as Housing Choice vouchers, the Homeless Assistance Grants, Section 202 Housing for the Elderly, Section 811 Housing for Person with Disabilities, Housing Counseling Assistance, the Family Self-Sufficiency Program and the Public Housing Operating Fund. By supporting the funding for these existing and effective programs, HUD can create an environment in Opportunity Zones and all distressed communities that is ripe for private investment and economic growth.

Thank you again for the opportunity to comment on HUD’s Opportunity Zone policies. OFN looks forward to working with you to support affordable housing and economic opportunity for all. Please feel free to contact us with any questions.

Sincerely,

Mary Scott Hardwick
Senior Associate, Public Policy