

**REVISED MOTION BY SUPERVISORS HOLLY J. MITCHELL
AND HILDA SOLIS**

JULY 13, 2021

**ESTABLISHING A COUNTYWIDE STRATEGY TO IMPLEMENT AN OPPORTUNITY
ZONE POLICY**

In 2017, the Federal government established an Opportunity Zones program (OZ Program) to spur economic growth and job creation in low-income communities while providing tax benefits to investors. Qualified Opportunity Zones were added to the tax code by the Tax Cuts and Jobs Act on December 22, 2017. The current OZ Program allows Qualified Opportunity Fund investors to defer or eliminate capital gains taxes by investing in real estate or businesses located in eligible census tracts, subject to very strict deadlines. Eligibility for each tract was based on its designation as a low-income community which has an individual poverty rate of at least 20 percent and a median family income up to 80 percent of the area median. After the federal government established the criteria, state governors were asked to send a list of recommended parcels to be considered for inclusion in the OZ Program. The former Governor of California, Jerry Brown, selected 879 tracts of which over 200 are in the County of Los Angeles (County), and over 150 in the City of Los Angeles. There are seventeen tracts in the unincorporated County, all of which are located in the First and Second Supervisorial Districts.

In June 2019, the Board of Supervisors (Board) adopted a motion on “Opportunity Zones: Development of County Strategies for Social Impact” (Solis, June 11, 2019)

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MOTION

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directing the Chief Executive Officer (CEO) to enter into a contract with a consultant to provide recommendations on implementing a Countywide opportunity zone policy. Due to a considerable amount of these tracts being in the First and Second Supervisorial Districts, outreach to community-based organizations (CBOs) were concentrated in these districts. To date, the consultant has provided recommendations on how the County could move forward with crafting a Countywide Opportunity Zone policy. The County should expedite the process to develop a policy to ensure communities that will be impacted are heard and protected from potential displacement given the Federal deadlines.

The OZ Program has the potential to revitalize communities and spur the creation of housing, jobs, and local business development. However, it is important for the Board to lead on creating a Countywide policy to ensure protections against displacement, gentrification, and ensure businesses that receive these investments serve their local communities.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Direct the Chief Executive Officer (CEO), in consultation with the Economic Development Policy Committee, ~~to convene an Opportunity Zone (OZ) Taskforce (Taskforce), comprised of the following partners:~~ the Department of Consumer and Business Affairs, the Department of Regional Planning (DRP), the City of Los Angeles Economic and Workforce Development Department, Health Innovation Community Partnership OZ Subcommittee, Inclusive Action for the City, Project Equity, South Los Angeles Transit Empowerment Zone, Vermont Slauson Economic Development Corporation, Coalition for Responsible Community Development, West Angeles Community Development Corporation , and other relevant partners ~~recommended by the CEO,~~ to draft a comprehensive Opportunity Zone (OZ) policy (Policy) to be presented to the Board of Supervisors no later than November 16, 2021. The draft Policy should incorporate recommendations from the “Los Angeles County Opportunity Zone Framework” (June 2021). In addition, the ~~Taskforce~~ CEO, in consultation with the above stakeholders, should provide recommendations on federal advocacy to ensure anti-displacement efforts,

transparency in reporting, enforcement, and tenant protections are in place for the implementation of the federal OZ Program.

2. Instruct the Director of the Department of Regional Planning, in consultation with, the Director of the Department of Public Works (DPW), and any other relevant departments, within 60 days, to develop an OZ project identification process for any permit application in a designated OZ parcel.
3. Direct the CEO's Legislative and Intergovernmental Relations division to advocate for:
 - a. Legislative proposals that seek to: 1) provide time extensions of the fFederal OZ Program; 2) increase reporting requirements to track and deliver local community benefits; 3) enact transparency provisions that make information publicly available on OZ projects; 4) add or amend qualifying census tracts; and 5) integrate the OZ Program with other fFederal funding programs.
 - b. Legislative proposals that incentivize or facilitate OZ investments in government-owned property, including California state tax conformity for OZ investments in developments on government owned land.
 - c. Changes to the fFederal OZ Program, consistent with recommendations put forth by the CEO Taskforce to incentivize investment in OZ communities while also ensuring anti-displacement protections, requirements for local jobs and business opportunities, and transparency in reporting.

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