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COLLABORATION IS KEY TO SUCCESSFUL OPPORTUNITY ZONE DEVELOPMENT IN FLORIDA

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There is a tremendous amount of buzz around the state of Florida regarding Opportunity Zones. No matter where you stand on the issue of the economic development zones created by President Trump's Tax Cuts and Jobs Act of 2017, Opportunity Zones provide significant tax incentives for those who invest in one of Florida's 1,706 low income designated zones by providing investors an opportunity to defer and ultimately eliminate taxes on capital gains.

Like most federal and state government regulations, Opportunity Zones are not without controversy, disagreement, and confusion. Some believe that Opportunity Zones will pump tremendous amounts of capital into depressed communities, which will result in new jobs, new and improved infrastructure, and overall community revitalization. Others believe that the incentives will displace residents and fuel gentrification. There are also a lot of unanswered questions for investors and developers eager to invest. Despite ongoing policy disagreements and ambiguity in the rules, communities utilizing Opportunity Zone funds to attract investment into blighted and distressed areas must utilize a collaborative approach in order to ensure long-term success.

Keep in mind that the purpose of the Opportunity Zone policy is to fuel long-term investment. So, if you are looking to invest in an Opportunity Zone, you should not only assess the short-term profitability of your capital investment but also determine who the key stakeholders are and the local services that are needed in the area to gain community buy-in and ultimately success. The greatest return on investment occurs after ten years, collaborating with those that live and work in the Opportunity Zone, at the beginning stages will add tremendous value in the long run.

Whether you agree with the underlying policy or how it is implemented, Opportunity Zone funds will infuse capital into communities that desperately need it. If you live, work, or own property in an Opportunity Zone community, it is important to establish a seat at the table early so that the needs of the community are known, and the community's priorities are heard. Local governments should encourage collaboration by developing and implementing a strategic development plan for opportunity zones that involve all stakeholders and includes measurable outcomes.

Collaboration is key. If you are an investor, developer, or local government, looking to understand and implement a collaborative, multi-faceted Opportunity Zone strategy, our Government & Regulatory and transactional Business, Finance, & Tax and Business Re-Organization practice teams are here to assist.

For more information on this topic, please contact authors Brian Rich on the firm's Business Reorganization Team or Sha`Ron James, on the firm's Government and Regulatory team.

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