



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legislation Details (With Board Report)

File #: 19-0518 **Name:**

Type: General Agenda Item **Status:** Scheduled AM

File created: 6/26/2019 **In control:** Board of Supervisors

On agenda: 7/16/2019 **Final action:**

Title: Receive a presentation from state and local agency representatives on qualified Opportunity Zones.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Board Report, 2. Monterey County Opportunity Zones - Map -062419, 3. Item No. 9 Completed Board Order

Date	Ver.	Action By	Action	Result
7/16/2019	1	Board of Supervisors	received	

Receive a presentation from state and local agency representatives on qualified Opportunity Zones.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive a presentation from state and local agency representatives on qualified Opportunity Zones.

SUMMARY/DISCUSSION:

Supervisor Luis A. Alejo requested a presentation on qualified Opportunity Zones. An Opportunity Zone is a population census tract that is a low-income community located within economically distressed areas that is designed to spur economic development and job creation by providing tax benefits to investors. The qualified Opportunity Zones are good for ten years.

There are 879 census tracts designated as qualified Opportunity Zones in California. There are nine census tracts designated as qualified Opportunity Zones in Monterey County: 1) Five in the City of Salinas, 2) One in the City of King, 3) Two in the City of Seaside, and 4) One in the City of Marina. (Attachment-Map of Monterey County Opportunity Zones).

The Tax Cuts and Jobs Act of 2017 established Opportunity Zones to spur investment in distressed communities. Opportunity Zones are designed to spur growth in low-income communities by encouraging reinvestment of capital gains into certified Opportunity Funds. Investments made by individuals through qualified Opportunity Funds in these zones would be allowed to defer or eliminate Federal taxes on capital gains. Under the Opportunity Zone program, investors may generally defer tax on prior capital gains for a limited period, provided that such gain is reinvested in a qualified Opportunity Fund.

In March 2018, the Governor's Office put a preliminary recommendation of tracts out for public comment, and then received 2,684 comments regarding 1,518 individual census tracts and 221 comments from individuals, cities, counties, legislators, and organizations.

Following this comment period, the Governor's Office designated 879 qualified Opportunity Zone census tracts in California using the following criteria:

1. **Adjusted for High Median Incomes.** Limit selection to only those tracts that have a median income below \$100,000. This eliminates a number of university campuses that were initially captured due to low student incomes but received a number of comments about not being appropriate for the program.
2. **Followed Local Guidance When Possible.** Accept recommendations of local cities and counties to swap preliminary designations for alternative tracts. The comment instructions made it clear these comments would receive top priority and defers to local control and decision making.
3. **Removed Tracts when Critiqued.** Remove the 183 tracts that received negative comments.
4. **Focused on Overlap with Existing Programs.** The selected tracts are heavily consistent with the designation of the Legislature and Governor for disadvantaged communities for Cap and Trade purposes. Of the chosen tracts, 96 percent overlap with AB 1550 designations and 64 percent have SB 535 designations.
5. **Added Tracts When Requested.** Designate those tracts that were specifically requested to the extent feasible within the overall cap.
6. **Geographic Distribution.** Using the above criteria and the ability to designate contiguous tracts, the designations include 57 of the state's 58 counties.

The nine census tracts designated as qualified Opportunity Zones in Monterey County promote the Board's Strategic Initiatives which are to enhance the well-being and prosperity of Monterey County residents, create better paying jobs, reduce poverty and stimulate economic growth in the

OTHER AGENCY INVOLVEMENT:

None

FINANCING:

There is no financial impact to the County General Fund with this recommendation.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The qualified Opportunity Zones provide opportunities for investment in underserved communities that boost economic growth and job creation, which align with the following Board of Supervisors strategic initiatives:

Mark a check to the related Board of Supervisors Strategic Initiatives

X Economic Development
__ Administration
X Health & Human Services
X Infrastructure
X Public Safety

Prepared by: _____
Debby L. Bradshaw, Management Analyst III, Ext. 5338

Approved by: _____
Anastacia Wyatt, Housing Program Manager, Ext. 5387

Attachments:
Board Report

Map of Monterey County Opportunity Zones