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Opportunity Zones can build strong neighborhoods

The federal tax overhaul passed last month included an important new tool, created to drive investment back into low-income communities--Opportunity Zones.

Opportunity Zones will use tax incentives to draw long-term investment to low-income rural and urban areas across the U.S. The Opportunity Zones provision in the Tax Cuts and Jobs Act of 2017 has the potential to unleash tremendous amounts of patient private capital into under-served communities that are the core of LISC's markets.

But cities and local governments need to act now in order to capitalize on the Opportunity Zones, according to Candice Streett, executive director of Virginia LISC.

Virginia LISC has been working with

City of Richmond officials to identify Opportunity Zones in Richmond that will maximize economic gains for neighborhood residents.

"We looked at census tracts where we could leverage local, state and federal economic development investments and that also have higher levels of economic distress, high poverty and under-utilized commercial properties," said Streett.



This is how the process works.

Local governments can submit applications, identifying their low-income, high-poverty census tracts that they want designated to Gov. Ralph Northam's office for review by **March 2, 2018**. The Virginia Department of Housing and Community Development will review the applications and submit recommendations to Gov. Northam. Gov. Northam is limited to nominating only 25 percent of all eligible tracts in Virginia and must send those submissions to the U.S. Treasury **by March 21, 2018**. From there, decisions will be made at the federal level as to which census tracts will become Opportunity Zones. LISC sent a letter to Gov. Northam, supporting certain zones that

could best advance community development initiatives in Richmond neighborhoods.

How do Opportunity Zones work?

The Opportunity Zones program offers private investors incentives for investing capital in low-income communities, such as a temporary tax deferral, a step-up in basis and a permanent exclusion from taxable income of capital gains.

Click [HERE](#) for more information on Opportunity Zones. And click [HERE](#) for more information on the Opportunity Zone process in Virginia.

