Center for Industrial Services
INSTITUTE for PUBLIC SERVICE

OPPORTUNITY ZONES:

ESTABLISHING ACCOUNTABILITY THROUGH TOOLS AND PARTNERSHIPS TO MEET COMMUNITY NEEDS

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I. Background

Profit from capital gains are a great thing, but the way that capital gains are taxed can be a bit overwhelming. Now there is a way to defer, reduce or pay zero on the capital gains tax. Created as a result of a bi-partisan legislation, in 2017 President Trump signed the biggest overhaul in the Tax Code in 30 years[1]. Within the 186 pages of the new Tax Cuts and Jobs Act, a program was designed to stimulate and revitalize disadvantaged and low-income communities. With over $6 trillion in potentially investable private capital, this new tax law has created more than 8,700 "Opportunity Zones" around the country where investors can receive tax breaks in exchange for investing in designated, low-income areas.

In June 2019, the US Treasury Department certified more than 8,761 census tracts as Opportunity Zones. To qualify, the poverty rate must be above 20% or the median family income must be below 80% of the state's median income. Many of the zones are in downtown areas and in struggling areas near urban cores.

Being declared as the most powerful economic development incentive program since earlier programs like Empowerment Zones, the American Recovery and Reinvestment Act (ARRA), and New Market Tax Credits Programs[2], President Trump stated, "With Opportunity Zones, we are drawing investment into neglected and underserved communities of America so that all Americans regardless of zip code have access to the American Dream"[3].

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[1] Opportunity Zones (https://www.congress.gov/bill/115th-congress/senate-bill/293).
[2] Empowerment Zones, www.hud.gov, ARRA of 2009 was a fiscal stimulus signed by President Barack Obama which ended the Great Recession in July 2009; New Market Tax Credit Program (NTMC) incentivizes community development and economic growth through the use of tax credits that attract private investment to distressed communities (www.cdifund.gov)
[3] For a review of the evidence on the impacts of such programs, see David Newmark and Helen Simpson, "Do Place Based Policies Matter?" Federal Reserve Bank of San Francisco Economic Letter 2015-07, March 2015.

How Opportunity Zones Work for the Investor

The Tax Cuts and Jobs Act of 2017 allows a taxpayer to defer paying federal capital gains tax on the sale of property if that gain is invested in a Qualified Opportunity Fund (QOF). An investment fund created by a corporation or partnership can become designated as a qualified opportunity fund by filing IRS form 8996 with the investors federal income tax return. The QOF must invest at least 90% of its assets in a business or property located in a low-income area designated as an Opportunity Zone to receive preferential tax treatment. [4]

By investing in an Opportunity Zone, an investor can defer capital gains tax to Year 2026. If an investor holds investments in those funds for at least five years, they will receive a 10 % reduction in their original capital gains tax obligation; holding the investment for seven years adds a 5 % reduction for a total of 15% and if an investor holds the investment in an Opportunity Fund for a full 10 years, the investor does not have to pay any capital gains tax on any profits received from the fund[5].

Can Opportunity Zones Benefit the Community?

These specific federal tax incentives are designed to promote long term investment in designated Opportunity Zones. Basically it is a new tool to inject private capital into communities with untapped potential with the goal for both the investor and the community to benefit. These low-income areas have always desired attention for reinvestment; however, developers are unlikely to invest in areas where a great rate of return cannot be accomplished. The Opportunity Zone

[4] IRS Form 8996 (Qualified Opportunity Fund) www.irs.gov/pub/irs-pdf/f8996.pdf
[5] Opportunity Zones (https://www.congress.gov/bill/115th-congress/senate-bill/293).

designation offers a prospective developer who invests dollars in these areas with an incentive to maximize its capital gains once the investments are established in a QOF.

It's an approach that, according to its supporters, "will spur economic development". However, local governments hoping to spur revitalization and economic growth in its low-income communities continue to speculate that the program will not benefit the underserved communities it was designed to help; but rather developers, who can save millions of dollars in redeveloping areas that are currently undergoing improvements anyway. Unlike most federal, state, or local tax incentives that may have some oversight, Opportunity Zones have very few limitations on their use, other than standard IRS compliance, so it will be challenging to monitor the type of investments that would bring economic vitality and revitalization for Knoxville's underserved neighborhoods[6]. However, now that regulations are final, Knoxville, like other US cities, will be tasked with leveraging the right type of private investment for distressed communities and yet brace for the impacts (positive or negative) these investments may place on residents.

Knoxville's Census Tract 67 is a designated Opportunity Zone located in the Magnolia Avenue Warehouse District. The area is presently undergoing revitalization efforts in hopes to spur private investment. Knoxville's revitalization efforts are aimed to involve changes that lead to an improved quality of life for its citizens with economic growth being the major catalyst to revive this disinvested community. Through Public-Private Partnership comes the opportunity for joint ventures to pay attention to the needed improvements in neighborhood conditions from utility upgrades, sidewalk improvements, and new bus shelters to more jobs and affordable housing creating lasting impacts on how residents live, work and stay in their neighborhoods.

[6] General Tax guidance is available from the IRS at https://www.irs.gov/pub/irs-drop/reg-115420-18.pdf. However, more details of the Opportunity Zone program are still in development.

Once designated zones were established, this paved the way to attract investors into areas desperate for capital investment. However, Census Tract 67 has been untouched by private investment for decades. While the city continues its efforts to spur private investment in the area, attracting large capital investments into a disadvantage neighborhood triggers increase development activities and incite fears of displacement and gentrification among residents.

Besides addressing the federal governments “call to action” to submit census tracts areas for the selection process, local governments have no legal action or role in the Opportunity Zone program. So, does Knoxville have the right to push-back on a new private investment when it offers new jobs, removes blight and increase the city’s tax base? How can the social impacts of a low-income community be measured when there is no legislation in place to make a developer commit to the community needs?

The requirement for investors to keep their investment in place in the community’s opportunity zone for at least 10 years should ensure the investors’ interest are aligned with those of the neighborhood. New private developments may offer more potential for immediate positive impact for both investors and residents than others when based in or near growing neighborhoods.

However, existing neighborhood residents are the ones most directly affected by Opportunity Zone investments and therefore should be encouraged to be engaged with any new property development that may impact their community. With the intent to increase the tax base in these targeted neighborhoods, monitoring and assessment of major indicators like the fluctuation in property values, local earnings, and rent increases or displacement are important indicators for tracking positive transformation in these neighborhoods.

Peer Cities Marketing Community Priorities

Let's investigate the progress so far in Knoxville and the influence of Qualified Opportunity Fund (QOF) investments in comparison to other cities: Nashville, Tennessee, Birmingham, Alabama and Louisville, Kentucky. The Opportunity funds must make substantial improvements to the newly invested properties.

When these designated Opportunity Zones were selected, municipalities began scrambling and collaborating to put together a "prospectus" as a marketing brochure to give prospective investors an economic overview of each zone coupled with city amenities to spur economic investment in these underserved neighborhoods. Here is a brief overview of these peer city's prospectuses.

Nashville, Tennessee

Nashville, with a population of nearly 670,000 residents, is continuing to experience growth as a destination for new and expanding companies. The 13-county metropolitan area is home to approximately 1.75 million people. Most of Nashville's 18 Opportunity Zone designations are along both sides of the Cumberland River closest to Downtown Nashville encompassing emerging, trendy parts of town, such as East Bank, Edgefield, 12 South and Edgehill, in areas throughout the city where development is primed to occur. Additionally, these zones are adjacent to high growth areas like Hillsboro Village, The Gulch, Germantown and Five Points that have experienced new popularity and growth within the last 10 to 15 years. The city grew in population by nearly 2 percent last year, averaging over 82 new residents per day. While Nashville's economy continues to boom, wages are not keeping up with the rent. With current and impending growth, new development and redevelopment in Nashville's Opportunity Zones should focus on accommodating new residents in search of affordable housing.

Nashville's housing need may be defined by a constant shortage of housing for the least advantaged, which includes the city's working and middle classes. If Nashville focuses its housing with an equitable housing stock, the city's designated Opportunity Zones could supply housing for residents of mixed incomes. By reducing the oversupply of its market-rate and luxury housing, Nashville could build more affordable housing options for Nashville's service and working class residents.

Louisville, Kentucky

Louisville Forward is the economic development agency for the City of Louisville. The city contains an inclusive, growing Metro-government of 770,000 people (in a region of 1.3 million)[7] with 19 Opportunity Zones.

The City has a booming economy in the healthcare, logistics, manufacturing and tourism industries. Downtown revitalization and waterfront development were the catalysts for great place making strategies for more downtown residents, increased retail space, new boutique hotels and a new 940,000 square foot state-of-the-art convention center.

Louisville's 19 designated Opportunity Zones are concentrated in the core of the city and each with a high socio-economic need and its own unique neighborhood characteristics. The city's prospectus emphasizes its own public investment in each of the zones as an incentive to attract private investments and additionally highlights key neighborhood assets in efforts to formulate public- private partnerships, if needed.

[7] Louisville Opportunity Zone Prospectus, Prepared By New Localism Advisors in collaboration with the City of Louisville, https://louisvilleky.gov/sites/default/files/louisville_forward/louisville_prospectus_version_13_11.5.2018.pdf

Bordering Louisville's downtown are some disadvantaged areas that could have been deemed opportunity zones despite already benefitted and having been transformed as a result of earlier private capital investments. This is a good indication that the success from its thriving downtown enticed private development to be located near an area that is flourishing.

Atlanta, Georgia

Invest Atlanta is Atlanta's marketing tool to attractive private investors to the City's 26 most underserved and disinvested Opportunity Zone areas. The City's partnership with other key economic development agencies for the attraction of technology and startup talent, strong and qualified university enrollment and workforce readiness through Work Source Atlanta to provide potential developers the necessary tools for a good labor force and recruitment opportunities[8].

In the heart of one of Atlanta's 26 Opportunity Zones, is The Russell Center for Innovation and Entrepreneurship (RCIE) that houses affordable coworking, convening, meeting and makerspace. RCIE is the largest center in the country devoted to providing robust educational, mentoring, networking, and capital resources to help inspire ideas and empower African American business owners and increase wealth in the community. This new facility provides space for over 100 emerging entrepreneurial companies in a former distressed area in Atlanta's downtown that can help diversify and grow the city's economy.[9]

[8] City of Atlanta, Opportunity Zone Prospectus,
[9] EDS, US Economic Development Administration, Success Story: The Russell Center for Innovation and Entrepreneurship Brings Diverse Economic Growth to Atlanta Opportunity Zone (www.eda.gov)

Knoxville and Knox County Opportunity Zones

There are 176 qualified Opportunity Zone census tracts in Tennessee. These low-income tracts were nominated by Tennessee and certified by the Secretary of the Treasury[10]. Under the selection guidelines, Knoxville and Knox County representatives provided 17 area census tracts to submit to the state. As a result, the State of Tennessee nominated eight Knox County census tracts for Opportunity Zone designation that were certified by the Secretary of the US Treasury via his delegation of authority to the IRS. These eight designated low-income community census tracts are in place (with no modifications) through 2028.[11]

Seven designated census tracts are within the City limits, each area with its own neighborhood name and character. Census Tract 1 includes the downtown area, Census Tracts 8, 24 and 35 are located across the Tennessee River in South Knoxville and Tracts 19, 67 and 68 lies within the East Knoxville Area, a predominately African American community that fringes the downtown core. Disinvestment has been a lingering element specifically on the city's east side since an earlier federal action, Urban Renewal, impacted and displaced residents and institutions of Knoxville's inner-city neighborhoods in the 1950s[12].

Knoxville's Prospectus

The City of Knoxville collaborated with the Knoxville Chamber, The Development Corporation of Knox County, Knoxville's Community Development Corporation, Knoxville Area Urban League, and other partnering agencies to produce a marketing prospectus containing quick facts

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[10] www.tn.gov/ecd/opportunity-zones.html

[11] Proposed Treasury Regulations (https://www.irs.gov/pub/irs-drop/reg115420-18.pdf) for more details on timelines.

[12] Urban Renewal, a phase popularized with the passage of the Housing Act of 1954; scholarship.law.duke.edu

on each designated opportunity zone with population data, median household income, and job status. The prospectus highlighted City development activity in the last five years, neighborhood assets, and nearby public amenities (transit routes, parks, public parking, government centers, schools, etc.) to acknowledge public investments within the environs of each zone. Additionally, available city-owned properties are showcased to offer information on more investment opportunities.[13]

As part of the national trend of neighborhood revitalization, Knoxville has taken the first step providing local dollars to fund public infrastructure improvements with streetscape enhancements and utility upgrades. Most of these improvements have occurred in areas adjacent to the City's re-energized downtown leaving some skeptics to believe that the added designation of "Opportunity Zone", so close to the downtown core, isn't necessary to attract private investment that would have occurred (organically) anyway. So, it may take years to realize if the intended goal of this program is met.

Knoxville also provides two other popular development assistance tools: Payment In Lieu of Taxes (PILOT) and Tax Increment Financing (TIF). These two programs have resulted in an influx of new downtown residences, offices, retail space and hotels. Developers must address the "but for" test and define a "public benefit" to satisfy the need for tax abatement to obtain approval[14]. These added tax incentives are offered to enticed investors and could provide opportunities to create partnerships between the City and the investor with established policies to incorporate community needs as part of these developments. In this sense, public-private

[13] Map of Knoxville/Knox County Opportunity Zones and Prospectus, http://knoxgis.maps.arcgis.com/apps/MapSeries/index.html?appid=62707ae4f129477bab660f6b79b47226.

[14] Deep Dive in TIFs and PILOTs: University of Tennessee Center for Industrial Services Economic Developer Program

partnerships would become a major mechanism for local jurisdictions to monitor, encourage and provide insight about where capital investment could occur in distressed communities.

Observation of a designated Opportunity Zone- Census Tract 67

Census Tracts 67 is situated within the City's Magnolia Avenue Warehouse District Redevelopment District and by state statute, being in a redevelopment area offers economic incentive tools. Historically, this census tract which is situated in a Qualified Opportunity Zone has set underdeveloped in East Knoxville for many decades lacking new public infrastructure.

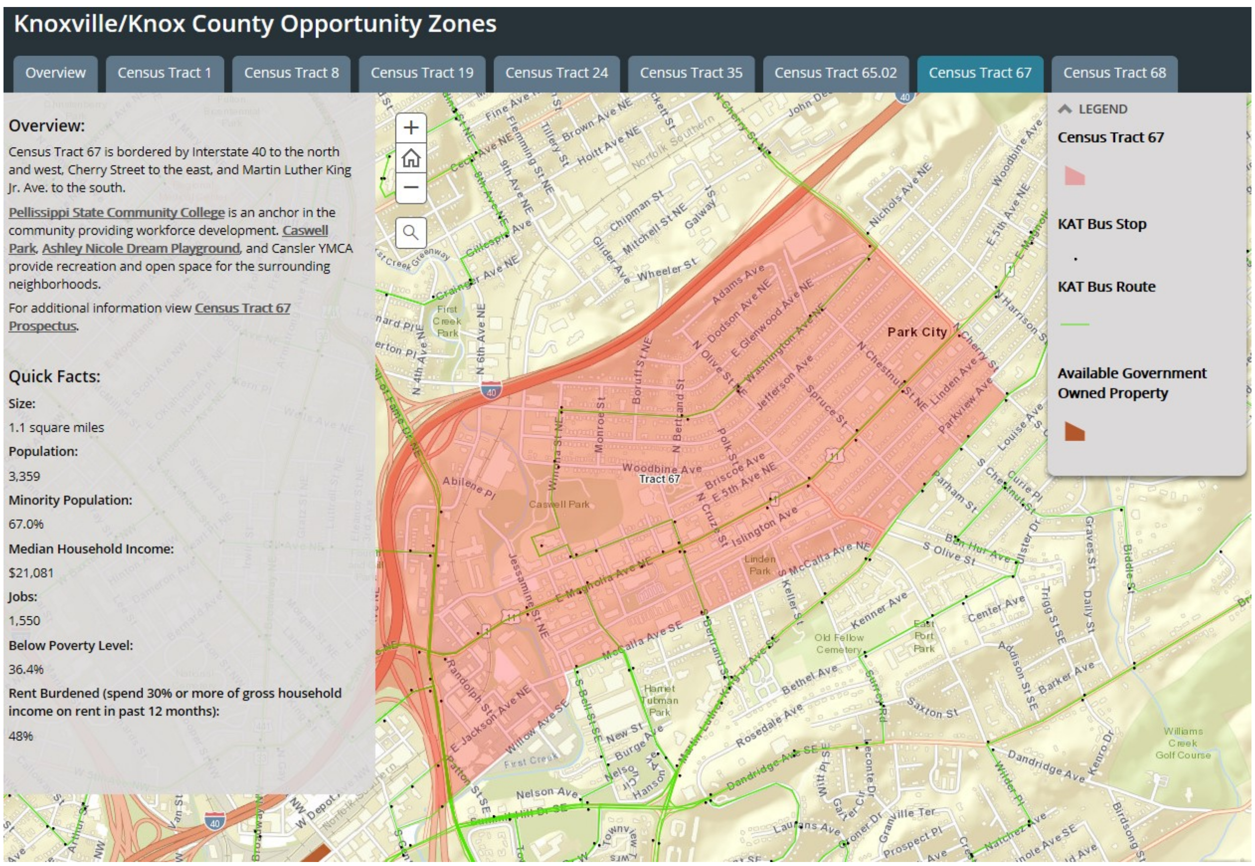

Figure 1. Map of Knoxville/Knox County Opportunity Zones, City of Knoxville, http://knoxgis.maps.arcgis.com/apps/MapSeries/index.html?appid=62707ae4f129477bab660f6b79b47226.

Census Tract 67 has 2,975 residents, 1,735 total housing units and 1,354 total households[15]. Additionally, the area has a median household income of $21,081 with 1,550 jobs. Census data also indicates that approximately 36.4 percent of residents live below the poverty level and another 48 percent spend at least 30 percent or more of their gross household income on rent[16].

Prior to the Opportunity Zone designations, in efforts to stimulate revitalization in this East Knoxville community, the City allocated $10 million of local funds to construct new streetscape enhancements along a two-mile stretch of the Magnolia Avenue corridor, a State Route and major commercial and business corridor linking these East Knoxville neighborhoods to downtown.

In Knoxville's Opportunity Zones prospectus, a brief description of Census Tract 67 highlights key neighborhood assets, recent public investments and a listing of recent residential and commercial development activity that has occurred within a five-year period (2014-2019) to emphasize both private and public investment already occurring in the zone. Key assets are also featured in the zone including: Pellissippi State Community College, a public community college with its East Knoxville Campus on Magnolia Avenue; Knoxville Area Urban League, a city partner focusing on the empowerment of social and economic justice for the community that provides programs geared in workforce development, employee readiness and job training; and, Caswell Park, a community park adjacent to the Park Ridge Neighborhood and the Cansler Family YMCA that provides services, programs and activities for the community. Public amenities including connections to the nearby bus routes and interstates are also mapped to help to provide access to jobs.

[15] USBoundary.com/areas/492259 (Data sources from Census 2010)
[16] Knoxville-Knox County Planning Data (www.knoxmpc.org/data/population/census/2000)

The Magnolia Avenue Streetscapes Project had been programmed since 2009 and just happened to be located inside an Opportunity Zone when the law creating Opportunity Zones took effect. However, as the City improves Magnolia Avenue with new streetscape amenities, the area will become a more desirable place to live, work, and play. The goal to attract new residents may result, however, in neglecting to address long-time residents' needs which can result in conflict among neighbors. As new development occurs, the city and partners like the Knoxville Area Urban League and the Knoxville's Community Development Department could endorse informal, yet powerful expectations, to monitor revitalization goals with tools to help mitigate harm to lower income households and families.

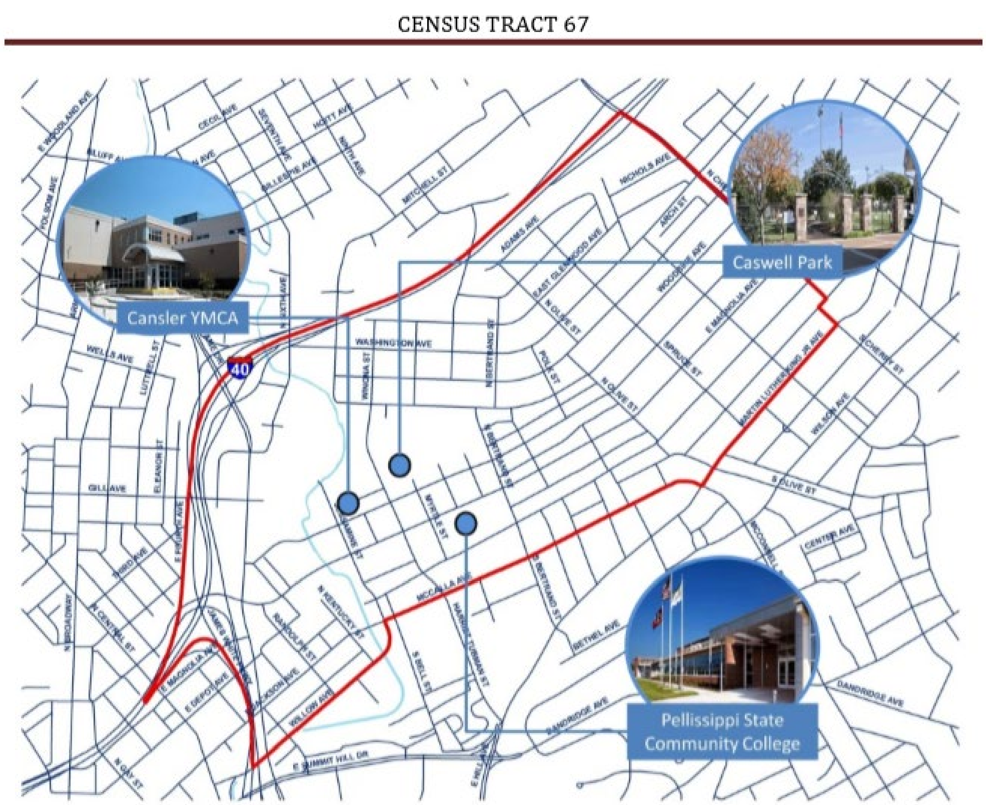

Figure 2. Map of Knoxville/Knox County Opportunity Zones and Prospectus, http://knoxgis.maps.arcgis.com/apps/MapSeries/index.html?appid=62707ae4f129477bab660f6b79b47226.

Establishing Local Accountability Through Tools and Partnerships

When the Opportunity Zone Program was first established, procedural rules stripped the reporting requirements when it was added to the 2017 tax reform package. With understanding that monitoring the right type of private capital is crucial for distressed communities, legislation was introduced in December 2019 to establish reporting requirements for Opportunity Zones. The IMPACT Act, or *Improving and Reinstating the Monitoring, Prevention, Accountability, Certification and Transparency Provisions of Opportunity Zones Act* includes a variety of reporting requirements that codifies requirements for investors, tracks location and value of Opportunity Zone property, and requires annual reporting of economic and demographic data to track new businesses that can create jobs and monitor home equity impacts for residents.[17]

Most local and rural communities have acknowledged that the Opportunity Zones Program is a federal action that lacks locally placed- based policies similar to its predecessors (New Market Tax Credit and Low Income Tax Housing Credit) with the same motivation to enhance the economic performance of underperforming areas. If local jurisdictions had a stronger governmental role with guidelines and requirements (other than just selecting prospective opportunity zone census tracts) it could ensure that investments met both public and community priorities with transparency and accountability. Without parameters on how new investment will impact neighborhoods, it's fair to say that most developers will focus on projects with the most fruitful internal rates of returns rather than job creation and affordable housing that's most needed in a disadvantage neighborhood.

Within each designated Opportunity Zone comes the potential of revitalization and new investment. However, the Opportunity Zone program doesn't ensure that investments go where

[17] https://www.housingonline.com/2019/12/10/legislation-introduced-to-establish-reporting-requirements-for-opportunity-zone-incentive/

they are most needed or if they meet the needs of the community. Therefore, it is most likely that the private investment in an Opportunity Zone would change the neighborhood housing stock. Investors in residential real estate may select market rate apartment housing or luxury residential condominiums based on favorable market conditions to receive a good return on investment. An investor building affordable housing for low -income residents utilizing the Low-Income Housing Tax Credit (LITHC) Program to facilitate their ability to develop affordable housing units would receive tax incentives to create housing with lower than market rents. [18] However, building market-rate residences would attract residents within a higher income bracket than those who have historically been living in the area.

In order for the City to understand future change and dynamics that may occur with new private investments in Opportunity Zones, strategic policies and practices, along with a public-private partnership should be established to monitor that the needs of the existing residents and business don't get overlooked. Additionally, as the City develops appropriate strategies and practices for monitoring new private investments, it must be cognizant of the role of its neighborhood residents as participants in order for decision-making to be inclusive and equitable. The City must build in accountability and transparency to allow residents to know what type of development will be serving their community and will it benefit them. Below are some ideas to set City policies for accountability and transparency when overseeing new investments being built in distressed neighborhoods.

[18] Low-Income Housing Tax Credit (LIHTC) provides a tax incentive to construct or rehabilitate affordable rental housing for low-income households, US Department of Housing, Office of Policy Department and Research (PD&R), www.huduser.gov/portal/datasets/lihtc.html.

Setting Policy for Development Assistance Tools

In Census Tract 67, developers are eligible for TIFs and PILOTs. Therefore, private investment can be coupled with these development assistance tools. Other than using the development assistance to make the project feasible for the developer, the developer must justify a public benefit in order for the City to agree to abate both city and county property taxes.

With the ongoing construction of streetscape enhancements along Magnolia Avenue, the area is now more susceptible to displacement of affordable housing and small local businesses. Because the tax breaks reduce revenue to the City and County that could be used to provide services, the City should assess and prioritize the types of public benefits for the community as part of the terms and agreements for offering incentives. For example, investors and developers could reinvest a portion of their unrealized capital gains tax into special funds that finance projects for more affordable housing. If the developer selects to construct market-rate apartments, the City could negotiate tax abatement (and a reduction of permit fees) if the developer designates a percentage of the housing development as workforce units for people who earn 80 percent or less of the area median income.

Monitoring and Tracking

Monitoring development activity can provide a good visual to identify neighborhood change in each zone. A useful tool is to track market and demographic changes. Demographic projections can tell what population changes are likely to occur given current trends. Data should be collected to focus on commercial activity. Decreased vacancies and increased commercial rents can signal reinvestment. Along with housing vulnerability, racial demographics can affect public processes, specifically neighborhood participation. To track progress of affordable housing stock, the City should implement an anti-displacement management strategy that would track stages of gentrification occurring in the neighborhood. This would require frequent data tracking to observe the change and the frequency of the change in the market.

Sales data and building permits are good indicators to reveal housing and business market activity of changing demographics. The City should also track higher-priced sales, conversions from rental to owner-occupied housing and new commercial activities which are signals of a change in demand for the neighborhood. For home sales, reviewing the Knox County assessor's data while building permits can provide information on new construction of residential and commercial properties which are indicators of private market investments.

A detailed listing of metrics for monitoring vulnerability, demographic change, and the housing market of the neighborhood typology is presented below. There should be ongoing assessment of each indicator to track market and demographic changes to understand neighborhood change. Whether an operating business, residential housing and/or commercial development, these tools are available to monitor the social impact of an eligible investment in an Opportunity Zone.

Table 1
Magnolia Avenue Streetscapes Project - Proposed Metrics

METRIC	SOURCE
Land	
Appraised Values	Knox County Property Assessor Data
Property Tax Revenue	Knox County Property Assessor Data
Residential Sales	Knoxville Area Association of Realtors
Building Permits*	Metropolitan Planning Commission
Inventory of Establishments	Metropolitan Planning Commission
Retail Local Sales Tax**	Tennessee Department of Revenue
Transportation	
Transit Ridership	Knoxville Area Transit
Vehicle Crashes	Knoxville Police Department
Bicycle & Pedestrian Counts	Knoxville Transportation Planning Organization
Avg. Daily Traffic	Knoxville Transportation Planning Organization
Demographic/Socio-Economic	
Population	American Community Survey 5-Year Estimates
Age	American Community Survey 5-Year Estimates
Race	American Community Survey 5-Year Estimates
Household Income	American Community Survey 5-Year Estimates
Home Value & Gross Rent	American Community Survey 5-Year Estimates
Number of Businesses, Employees, & Sales***	Arc GIS Online

* Would include dollar value for residential, commercial, new and rennovations.
** Will require signature of a disclosure form through TN Department of Revenue.
*** By North American Industrial Classfication System (NAICS) code.

A report of job creation and revenues generated by businesses is also critical for evaluating the Opportunity Zone program. The City should require the investor to provide annual data of job and revenue performance. The data should be compared to nearby locations to determine if growth is occurring in the zone. Additional job performances indicators including salary, hours worked, number of employees and education level should also be provided to measure whether these businesses receiving Opportunity Zone investments are meeting both local and national expectations. The tool is available for any stakeholder interested in the social impact of an eligible investment in an Opportunity Zone, whether an operating business, residential, commercial, or industrial development.

Community Engagement and Empowerment

Knoxville plays a very important role in ensuring that underserve communities are engaged and empowered to address concerns and offer suggestions during review of specific development proposals. The City's Office of Neighborhoods serves as a liaison between community organizations, neighborhoods and the City, and works to address the concerns of these groups. The office offers a variety of services and programs to support resident-led neighborhood organizations. Under the Office of Neighborhoods is the establishment of the Neighborhood Advisory Council. The Council provides advice and input as a liaison to City staff on topics important to its residents.

An additional community oversight group could be formed to work closely with the developer and the city to increase public awareness and understanding of the Opportunity Zone program. The introduction of an anti-displacement policy could contribute to monitoring shifts in the market.

Community Development Review

To achieve city and neighborhood goals and expectations, investors should present their development proposals to the surrounding community with support from several stakeholders. This would offer the opportunity for developers to build relationships and engage with community groups early in the process to listen to concerns and to receive suggestions. A project's success depends on years of time invested to understand community needs and to build partnerships with established local businesses. Enough feedback from the community could result in establishing a financial package that makes the development possible and acceptable to everyone. Public input results in better projects that can benefit the whole community.

Community Benefits Agreement

The City's goal is for the private investment occurring in the Opportunity Zone to be inclusive and accountable when addressing community benefits. Negotiating a Community Benefits Agreement (CBA) includes the neighborhood's ability to enforce a developer to commit to community benefits, even without the City's involvement. The CBA is a contract signed by community groups and a developer that requires the developer to provide specific amenities and/or mitigations to the local community and/or neighborhood. In exchange, the community groups agree to publicly support the project, or at least not oppose it.[19] With this agreement, developers are held accountable for their promises to the City and its residents.

For tracking purposes, the agreement should include both a reporting and monitoring plan of specific public infrastructure improvements to ensure a "public benefit" is included (sidewalks, utility upgrades, bus shelters, etc.) as a component of the private development to assist long-term residents and businesses.

Conclusion

Although, the idea is appealing, the trigger to get investments in blighted and underserved neighborhoods seems to require input and oversight from the local jurisdictions that assisted in the designation of each Opportunity Zone. Establishing criteria between the public and private sector is key in building partnerships to make sure the benefits serve a community where it is most needed. Existing residents within selected Opportunity Zones are instrumental in playing a role in targeting good and sound development that address their needs. Discussions for private

[19] Community Benefits Agreement, www.forworkingfamilies.org/resources/policy-tools-community-benefits-toolkit

investments in underserved communities should include these four guiding principles to accomplish successful projects.

- **Establishing Accountability Through Tools and Partnerships - Build Trust with the Community** -Designated Opportunity Zones have a legacy of segregation and inequality that has resulted in mistrust of its local government. Inclusive planning practices provides an opportunity to build trust and accountability through open dialogue with community members.
- **Setting Policy for Development Assistance Tools**- The City should identify stakeholders in the community to help establish priorities, assess community assets and services, and to connect residents.
- **Monitoring and Tracking-** Utilize qualitative and quantitative data to identify potentially positive and negative outcomes to the neighborhood before, during and after property development in order to examine underlying conditions and community dynamics in the places where private investment occurs.
- **Community Engagement and Empowerment** - Use tools for resident feedback and participation to address needs to improve the built environment. A site-specific Community Benefits Agreement (CBA) can create community benefits and public support for economic development projects.

Public-Private Partnerships and Community Input could influence private investments within Knoxville's Opportunity Zones with more insight to support the cultural significance of the existing neighborhood. The new streetscapes improvements being constructed along Magnolia

Avenue are anticipated to bring new private development opportunity in hopes to awaken a desolate community. With new private investments comes dramatic changes in uses resulting in new commercial and mixed use opportunities presenting new cultural experiences. To alleviate the fears of residential and business displacements and economic inequities within these designated Opportunity Zone census tracts, the four tools mentioned above could offer steps to build public-private partnerships that demonstrate accountability and provide oversight in order for private investments to become a welcome change to an existing neighborhood without upsetting its character and identity.