

President Signs Executive Order Creating White House Opportunity Zone and Revitalization Council

December 13, 2018

On Wednesday, December 12, the President signed an Executive Order creating the “White House Opportunity Zone and Revitalization Council.”

The Order intends to encourage development in Opportunity Zones and reassure investors that such zones are viable places for investment.

The Council will reportedly cover 13 federal agencies and will be chaired by Housing and Urban Development Secretary, Ben Carson. Secretary of the Treasury Steven Mnuchin and Secretary of Commerce Wilbur Ross will also serve on the Council. Secretary Carson stated that the Council is ready to consider more than 150 actions to better target, streamline, and coordinate federal programs and Opportunity Zones.

Examples of potential programs to be considered include water infrastructure, rural broadband spending, and certain SBA loan programs focused in certain Opportunity Zones. Reportedly, the Justice Department may direct spending into Opportunity Zones on anti-crime efforts, such as mentoring and gang-prevention initiatives. Which Opportunity Zones will be targeted remains to be seen.

Two of the main criticisms of the Opportunity Zone program have been that an investment incentive program, alone, will not bring money to large sections of the country that are still in distress, and that the program lacks significant reporting obligations. As to reporting, it is anticipated that the next tranche of regulations (hopefully, to be released shortly) will include reporting rules which will provide criteria for the government to determine the program’s impact.

We continue to track activity on the Opportunity Zone program and will provide updates as events continue to unfold.

Please contact a member of McGlinchey Stafford’s Real Estate team if you have any questions about Opportunity Zones, Opportunity Fund formation, or any related topics.

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