



Charleston, WV Opportunity Zones

connecting private capital and public good

What are Opportunity Zones?

Opportunity Zones are a new community development program that was established by Congress in the Tax Cuts and Jobs Act of 2017. The program encourages long-term investment in low-income urban and rural communities across the country by providing tax incentives for investors willing to put their unrealized capital gains to work in places that haven't had much access to community development capital before.

In order to be created, Opportunity Zones had to be nominated by the Governor and certified by the U.S. Treasury. Governor Jim Justice and U.S. Senator Shelley Moore Capito announced in 2018 that four census tracts in Charleston have been designated Opportunity Zones:



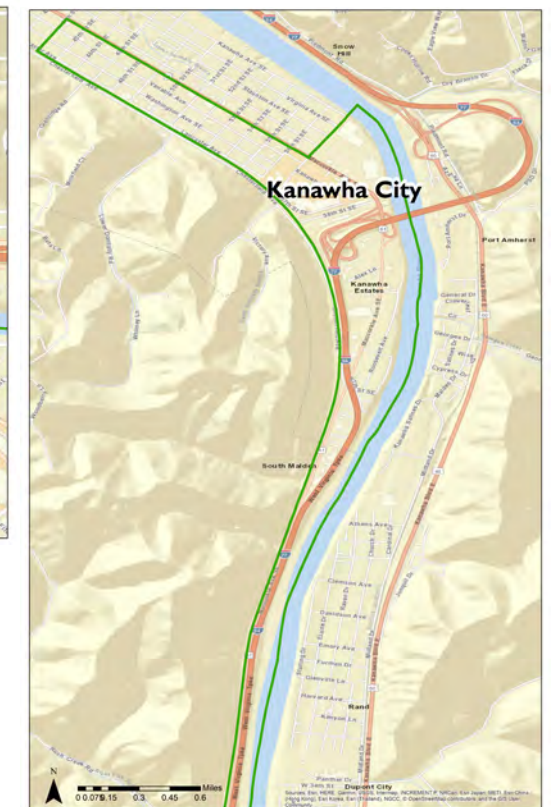
Downtown Central Business District
Elk River to Brooks Street and the Kanawha River to the railroad tracks

Warehouse District & East End
North of Washington Street to Piedmont, Brooks Street to Greenbrier Street



Near West Side & Elk City Area
South of Washington Street to the Kanawha River, and the Elk River to Park Avenue

Kanawha City
44th Street, south of MacCorkle Avenue and east to the City limit



How do Opportunity Zones work?

The Opportunity Zones program provides tax incentives for those willing to invest unrealized capital gains in rebuilding underserved communities. Investments are made through a qualified Opportunity Fund, which is a private sector investment vehicle organized as a corporation or partnership specifically for the purpose of investing at least 90% of its capital in qualified Opportunity Zones.

Opportunity Funds can invest in operating businesses, equipment, and real property. Funds can purchase stock or take interest in business partnerships if substantially all of the company's tangible property remains located in an Opportunity Zone. Opportunity Funds can also invest directly in real estate and infrastructure located in an Opportunity Zone.

What are the benefits to investors?

The Opportunity Zones program offers 3 tax incentives for investing in these low-income communities:

- **Temporary Deferral**—Capital gains are eligible for temporary tax deferral.
- **Step-Up In Basis**—An investment is granted a step-up in the basis for capital gains reinvested into an Opportunity Fund. The original investment basis is increased by 10% of the amount of the unrecognized capital gain if the Opportunity Fund investment is held for a minimum of 5 years, and 15% if the investment is held for a minimum of 7 years.
- **Permanent Exclusion**—Investment in Opportunity Fund held for 10 years are granted permanent exclusion of any future capital gains tax.

What are the benefits to the community?

Some communities continue to struggle with recovery from the recession, unable to attract the economic opportunities necessary to sustain their residents. The Opportunity Zones program is designed to target and empower these distressed communities. It offers the kind of incentives needed to spur the investment that will catalyze community renewal efforts and restore vibrant mixed use neighborhoods.



For additional information please contact Lawrence Malone, Director of the Mayor's Office of Economic & Community Development at Lawrence.malone@cityofcharleston.org or call 304.348.8035.