

**Implementation Plan
for
The White House Opportunity and Revitalization
Council**

April 2019

White House Opportunity and Revitalization Council: Implementation Plan

Purpose

Implementation Report to the President in accordance with Executive Order 13853 “Establishing the White House Opportunity and Revitalization Council.” This report outlines the plan of the White House Opportunity and Revitalization Council (Council) to implement administrative reforms and initiatives that will target, streamline, coordinate, and optimize Federal resources in economically distressed communities to stimulate economic development, encourage entrepreneurship, expand educational and workforce development opportunities, and promote safe neighborhoods.

White House Opportunity and Revitalization Council: Implementation Plan

Table of Contents

Implementation Purpose 2

Opportunity Zones Introduction..... 4

White House Opportunity and Revitalization Council..... 5

Council Work Streams 7

Economic Development..... 8

Entrepreneurship..... 10

Safe Neighborhoods 11

Education and Workforce Development 12

Measurement and Analysis..... 13

Implementation Activities..... 14

Conclusion 15

White House Opportunity and Revitalization Council: Implementation Plan

Opportunity Zones Introduction

Fifty-two million Americans live in economically distressed communities. These urban, rural, and suburban communities are located in every corner of the United States and its territories. Despite the growing national economy, these communities are plagued by high levels of poverty, failing schools, job scarcity, unsafe neighborhoods, and a lack of investment capital. In response, our historic Tax Cuts and Jobs Act included a powerful new tax incentive—Opportunity Zones—to spur economic development and job creation by encouraging long-term investment in low-income communities nationwide.

Opportunity Zones provide incentives for long-term private sector investment in economically distressed communities. State executives nominated census tracts to become qualified Opportunity Zones to the U.S. Department of the Treasury, which then certified the tracts as Opportunity Zones. The Opportunity Zone designation encourages investment in these census tracts by granting investors extensive Federal tax advantages for using their capital gains to finance new projects and enterprises (or substantially improve existing projects and enterprises) located within Qualified Opportunity Zones. There are more than 8,700 designated Qualified Opportunity Zones located in all 50 States, the District of Columbia, and five United States territories. Of these, approximately 40 percent are located in rural census tracts, 38 percent in urban census tracts, and 22 percent in suburban census tracts.

Opportunity Zones represent significant investment opportunities. This is emphasized by the following facts:

- Nearly 35 million Americans live in communities designated as Qualified Opportunity Zones;
- Unemployment rates are 1.6 times higher in Opportunity Zone census tracts than the average United States census tract;
- Median family incomes in Opportunity Zones are 37 percent lower than their respective area's or State's median;
- The average poverty rate across Opportunity Zones is more than 32 percent, almost double the rate of approximately 17 percent for the average United States census tract;
- One in four Opportunity Zones have a poverty rate over 40 percent, compared to one in 15 census tracts nationwide;
- The homeownership rate in Opportunity Zones is approximately 15 percentage points lower than the national average;
- Life expectancy is on average three years shorter for Opportunity Zone residents than it is nationally; and
- Approximately 22 percent of Opportunity Zone adult residents have not attained a high school diploma, compared to 13 percent nationally.

White House Opportunity and Revitalization Council: Implementation Plan

White House Opportunity and Revitalization Council

The Opportunity Zone tax incentive is a powerful new tool meant to help bring private capital into underserved communities. However, economically distressed communities require more than private capital tax incentives alone. Many of these communities are in need of public sector investment and guidance to ensure they develop the foundations and investment connections necessary to support a thriving private sector. Public investment in economic development, entrepreneurship, education and workforce training, and safe neighborhoods — along with guidance for engaging with investors and entrepreneurs — will help communities unlock private capital to create sustainable growth. This public sector commitment serves as a means by which to attract and continue the flow of private capital investment into Opportunity Zones.

Acknowledging this need, President Donald J. Trump signed Executive Order 13853 on December 12, 2018, which established the White House Opportunity and Revitalization Council to carry out the Administration’s plan to target, streamline, and coordinate Federal resources to be used in Opportunity Zones and other economically distressed communities. Likewise, to identify and disseminate best practices for using the Opportunity Zone tax incentive and other programs to stimulate economic growth and revitalization. This public sector commitment overlays the Opportunity Zone tax incentive in the Tax Cuts and Jobs Act that encourages long-term private capital investment in economically distressed communities. Together, private capital and public investment will stimulate economic opportunity, encourage entrepreneurship, expand educational opportunities, develop and rehabilitate quality housing stock, promote workforce development, and promote safety and prevent crime in economically distressed communities.

The Council — chaired by Department of Housing and Urban Development Secretary Ben Carson — maintains the core mission and function of leading joint efforts across executive departments and agencies to engage with State, local, territorial, and tribal governments to attract private capital and better use public funds to revitalize urban and economically distressed communities. Currently, Federal agencies independently target public investment programs according to many different priorities and requirements. This lack of coordination and targeting leads to cumbersome applications, gaps in knowledge, and often ineffective use of resources. To solve this, the Council is responsible for targeting, streamlining, and coordinating existing Federal programs to Opportunity Zones and other economically distressed communities.

Members of the Council include: Secretary of Housing and Urban Development (Chair); Assistant to the President for Domestic Policy (Vice-Chair); Secretary of the Treasury; Attorney General; Secretary of the Interior; Secretary of Agriculture; Secretary of Commerce; Secretary of Labor; Secretary of Health and Human Services; Secretary of Transportation; Secretary of Energy; Secretary of Education; Administrator of the Environmental Protection Agency; Director of the Office of Management and Budget; Administrator of the Small Business Administration; Assistant to the President for

White House Opportunity and Revitalization Council: Implementation Plan

Economic Policy; Chairman of the Council of Economic Advisers; Chairman of the Council on Environmental Quality; Federal Co-Chairman of the Delta Regional Authority; Federal Co-Chairman of the Appalachian Regional Commission; Federal Co-Chairman of the Northern Border Regional Commission; and the heads of such other agencies, offices, or independent regulatory agencies as the Chair may designate or invite.

The mission and function of the Council, according to Executive Order 13853, are as follows:

The Council shall, to the extent permitted by law, work across agencies, giving consideration to existing agency initiatives, to:

- (a) assess the actions each agency can take under existing authorities to prioritize or focus Federal investments and programs on urban and economically distressed communities, including qualified opportunity zones;
- (b) assess the actions each agency can take under existing authorities to minimize all regulatory and administrative costs and burdens that discourage public and private investment in urban and economically distressed communities, including qualified opportunity zones;
- (c) regularly consult with officials from State, local, and tribal governments, and individuals from the private sector to solicit feedback on how best to stimulate the economic development of urban and economically distressed areas, including qualified opportunity zones;
- (d) coordinate Federal interagency efforts to help ensure that private and public stakeholders — such as investors; business owners; institutions of higher education (including Historically Black Colleges and Universities, as defined by 50 U.S.C. 3224(g)(2), and tribally controlled colleges and universities, as defined by 25 U.S.C. 1801(a)(4)); K-12 education providers; early care and education providers; human services agencies; State, local, and tribal leaders; public housing agencies; non-profit organizations; and economic development organizations — can successfully develop strategies for economic growth and revitalization;
- (e) recommend policies that would:
 - (i) reduce and streamline regulatory and administrative burdens, including burdens on applicants applying for multiple Federal assistance awards;
 - (ii) help community-based applicants, including recipients of investments from qualified opportunity funds, identify and apply for relevant Federal resources; and

White House Opportunity and Revitalization Council: Implementation Plan

(iii) make it easier for recipients to receive and manage multiple types of public and private investments, including by aligning certain program requirements;

(f) evaluate the following:

(i) whether and how agencies can prioritize support for urban and economically distressed areas, including qualified opportunity zones, in their grants, financing, and other assistance;

(ii) appropriate methods for Federal cooperation with and support for States, localities, and tribes that are innovatively and strategically facilitating economic growth and inclusion in urban and economically distressed communities, including qualified opportunity zones, consistent with preserving State, local, and tribal control;

(iii) whether and how to develop an integrated web-based tool through which entrepreneurs, investors, and other stakeholders can see the full range of applicable Federal financing programs and incentives available to projects located in urban and economically distressed areas, including qualified opportunity zones;

(iv) whether and how to consider urban and economically distressed areas, including qualified opportunity zones, as possible locations for Federal buildings, through consultation with the General Services Administration;

(v) whether and how Federal technical assistance, planning, financing tools, and implementation strategies can be coordinated across agencies to assist communities in addressing economic problems, engaging in comprehensive planning, and advancing regional collaboration; and

(vi) what data, metrics, and methodologies can be used to measure the effectiveness of public and private investments in urban and economically distressed communities, including qualified opportunity zones.

Council Work Streams

The following establishes a framework for the implementation of these goals and delineates a plan to coordinate across agencies and engage with community leaders, entrepreneurs, and investors. As Chair, the Secretary of Housing and Urban Development will be responsible for leading this initiative. The Chair will be advised by five subcommittees, each with a unique and necessary work stream as detailed below.

White House Opportunity and Revitalization Council: Implementation Plan

Four subcommittees will focus on administrative reforms and initiatives to target, streamline, and coordinate Federal resources and leverage private capital to stimulate economic development, encourage entrepreneurship, expand educational and workforce development opportunities, and promote safe neighborhoods. The fifth subcommittee will focus on developing and implementing robust measurement and analysis tools to gauge the effectiveness of the Opportunity Zone tax incentive and White House Opportunity and Revitalization Council actions.

White House Opportunity and Revitalization Council Work Streams			
Work Streams	Lead Agency	Supporting Agencies	Action Items
Economic Development	Department of Commerce	Small Business Administration; Department of Housing and Urban Development; Department of Agriculture; Treasury Department; Department of Transportation; Department of Health and Human Services; Council on Environmental Quality; Environmental Protection Agency	Leverage federal grants and loans in a more integrated way to develop dilapidated properties and provide basic infrastructure and financial tools to attract private investment.
Entrepreneurship	Small Business Administration	Department of Commerce; Department of Energy; Department of Agriculture; Department of the Interior	Leverage government lending and grants to stimulate access to private capital, and promote programs that assist entrepreneurs.
Safe Neighborhoods	Department of Justice	Department of Health and Human Services; Environmental Protection Agency; Department of the Interior	Combat drug addiction and the opioid crisis, reduce crime/enhance public safety, and address environmental contamination obstacles to development.
Education and Workforce Development	Departments of Education and Labor (co-leads)	Department of Health and Human Services; Department of Agriculture; Department of Commerce; Department of Energy	Improve the efficacy of K-12 and community college career and technical education and workforce development programs to better prepare workers in distressed communities for jobs.
Measurement	Council of Economic Advisers	Treasury Department; Department of Housing and Urban Development; Department of Commerce	Develop robust reporting and analytics to measure impact of Opportunity Zones.

1. Economic Development

Economic development programs inspire local communities to build upon two economic drivers—innovation and regional collaboration. Innovation is essential to global competitiveness, a resilient economy, and new and better jobs—including advancing industries for the future. Regional collaboration is also vital to economic recovery, as

White House Opportunity and Revitalization Council: Implementation Plan

regions and communities are centers of competition. Successful regions must work together to leverage strengths and resources in order to overcome obstacles. Federal resources also serve an important role in fostering this innovation and regional collaboration. Diversification is paramount for experienced investors. Thus, investments in real estate, small businesses, or agriculture in underserved communities provide the advantage of industry diversification while also supporting local business retention and expansion. Through stronger businesses, communities are better equipped to withstand economic downturn and, in turn, protect those same investments. Targeted public investment in infrastructure, transportation, public spaces, and housing will help Opportunity Zones attract private capital to withstand periods of economic distress.

The economic benefits that new and innovative developments bring to communities are tremendous. The Bureau of Labor Statistics estimates that in 2012, 14 million people have jobs in fields directly related to infrastructure, and infrastructure accounts for almost 11 percent of the nation's workforce. Infrastructure-related occupations provide meaningful salaries, having a median wage over \$37,000.

Over the past decade, America's growing population has been concentrated in the 50 largest metropolitan areas, placing new demand on existing, overstrained infrastructure. As a majority of the world's economic growth in the coming years takes place outside of the United States—and concentrated in cities—concrete, steel, and fiber-optic cable will continue to serve as key building blocks to American business success, offering better opportunities for exporting goods, services, and access to complex supply chains.

As United States GDP grows at more than three percent and unemployment drops below four percent, modernizing infrastructure and development will be necessary to support the changing workforce. Large metropolitan areas, in addition to low-income and rural communities, will depend on public investment in seaports, freight railroads, broadband networks, energy projects, and transportation.

The Federal Government presently manages numerous grant-based and other revitalization programs aiming to support State, tribal, local, and territorial government, nonprofit providers, and private investment. State, tribal, and local governments—being the primary stewards of United States infrastructure—own more than 90% of America's public capital. Though State and tribal investment in economic development varies by State and locality, as a result of differing and unique community needs, a majority of the capital dollars are spent on schools, transportation, water infrastructure, and distribution.

As the Federal Government focuses, prioritizes, and redirects Federal aid, it can encourage and leverage State, tribal, and local government capital to stimulate greater investment in Opportunity Zones. This will be important for inclusive growth that does not leave low-income communities behind. For example, though more than 80 percent of Americans are now connected to broadband—connecting them to new jobs, customers, and supply chains—less than 60 percent of low-income households have access. Similarly, only nine percent of Opportunity Zones have at least one public transit station. Thus, Federal programs focusing on economic development, innovation, and regional collaboration in

White House Opportunity and Revitalization Council: Implementation Plan

Opportunity Zones can magnify and supplement increased investment and benefit diverse segments of the United States population.

The strategies and goals for the Economic Development work stream include:

- Target and streamline infrastructure programs to Opportunity Zones and other economically distressed communities;
- Leverage Federal grants and loans in a more integrated way;
- Improve and increase coordination between Federal, State, local, and tribal capital investment;
- Provide increased flexibility in existing Federal programs that operate within Opportunity Zones; and
- Spur private investment through public-private partnerships.

2. Entrepreneurship

Entrepreneurs form the fabric of any vibrant community. By promoting American entrepreneurship and engaging with small businesses, we can accelerate the revitalization of our economically distressed communities. As American small business optimism continues to sustain record highs and consumer confidence remains around its highest level in 18 years, the Council is committed to leveraging government resources to help reinvigorate entrepreneurship in our nation's Opportunity Zones.

The 30 million small businesses across the United States create two out of three net new jobs each year. These businesses serve as the engines that drive our economy, and their expansion into Opportunity Zones will uplift economically distressed areas by providing new investments, new jobs, and dynamic economic systems. The data confirm entrepreneurship's importance: America's engine of job creation is new businesses. High-growth businesses—which on average are disproportionately young compared to all businesses—comprise nearly 50% of job creation; entrepreneur-led companies less than five years old account for essentially all net new job creation.

According to the 2018 Global Entrepreneurship and Development Index, the United States provides the best environment for cultivating entrepreneurship in the entire world. We can continue to build upon this success by encouraging the formation of businesses in the areas that need them most. When businesses are formed and grow in an economically distressed area, the benefits are exponential. Once more, investment and entrepreneurship can take root in these Opportunity Zones, and the resulting economic activity will lead to better school systems, improved public resources, and other businesses that create a sustainable ecosystem for a safe and prosperous community.

The White House Opportunity and Revitalization Council aims to accelerate the formation of businesses in Opportunity Zones and other economically distressed communities. This will be achieved by coordinating efforts among Federal agencies and programs to spur meaningful economic activity in these areas. Economic growth and entrepreneurship are

White House Opportunity and Revitalization Council: Implementation Plan

crucial for driving down unemployment and promoting greater economic stability. This initiative aims to improve access to capital and government contracts in Opportunity Zones by integrating Opportunity Zones into existing programs that target business formation and economic development. As part of their outreach, Federal agencies will also use their field networks across the country to increase awareness of the benefits of Opportunity Zones.

The strategies and goals for the Entrepreneurship work stream include:

- Assist Opportunity Zones and other economically distressed communities and investors with entrepreneurial engagement;
- Provide targeted assistance and toolkits to Opportunity Zone entrepreneurs;
- Integrate Opportunity Zones into existing Federal programs;
- Leverage government lending and grants to address the unique challenges of minority, female, rural entrepreneurs; and
- Promote available Federal resources and programs to entrepreneurs in Opportunity Zones.

3. Safe Neighborhoods

Crime and the perception of an unsafe neighborhood are detriments to any revitalization effort. Without safe neighborhoods, communities struggle to keep and attract new residents and businesses. Crime reduction and community engagement strategies have the potential to restore confidence in neighborhoods and business development.

Tax incentives offered to businesses in the 1980s were sufficient to attract investment in high crime and poverty areas, but proved to be unsustainable. Enterprise Zones, a tax incentive-based business investment strategy championed by the late Secretary of Housing and Urban Development Jack Kemp, experienced success in bringing new business to distressed communities, but high crime and a lack of corresponding investment in public safety drove many businesses to leave.

Today's Opportunity Zones continue to experience many of the same problems that existed in the 1980s. According to the Economic Innovation Group, poverty in Opportunity Zones remains nearly twice the national average. Along with it, crime continues to be a big problem in these cities. Most of these communities are similar to Los Angeles, where overall crime is 20% higher than the national average, and violent crime is 99% higher.

What has changed in Opportunity Zones is the amount of money available for law enforcement, crime prevention, and victim services. The Department of Justice (DOJ) currently spends in excess of \$6 billion annually on State, tribal, and local law enforcement programs. In order to maximize this benefit to distressed communities, DOJ is prioritizing grant applications in Fiscal Year 19 that provide resources within Opportunity Zones.

White House Opportunity and Revitalization Council: Implementation Plan

Likewise, it is vital that Opportunity Zone and other distressed communities receive the resources necessary to address drug addiction and remediate environmental contamination sites that hinder safe development. Similarly, we must understand that areas struggling with environmental contamination may face barriers to economic development, and by working with communities to remedy these environmental conditions, economic growth will follow. These actions help ensure a healthy workforce and environmentally safe areas for development – both key to attracting private investment.

The strategies and goals for the Safe Neighborhoods work stream include:

- Target Federal crime reduction and public safety programs in Opportunity Zones and other distressed communities;
- Assist communities in combatting drug addiction and the opioid crisis;
- Assist communities in addressing environmental contamination to development; and
- Help communities expand rehabilitation programs to improve reentry to society.

4. Education and Workforce Development

Central to improving the economic circumstances of urban and distressed communities including Opportunity Zones is the tenet of enhancing resident access to—and success in—education, including further learning beyond high school. Wage premiums and job security continue to be associated with postsecondary education or skills development. Improved skills development, labor market alignment, and use of industry-recognized credentials will improve regional economic competitiveness and the earnings of students and job seekers alike. Recent research also has demonstrated that community college certificates in high-demand fields significantly improve employment and earnings.

Workforce skill-building is also essential to maximizing the impact of the new investment that will be flowing into these communities and ensuring that Opportunity Zone residents are trained and ready to assume the newly created jobs. Without complementary actions to boost the education and skills of Opportunity Zone residents, many of the new jobs will be filled by individuals who reside elsewhere—or they will go unfilled altogether, inhibiting economic growth. Moreover, improved educational outcomes are likely to have a positive compounding effect with companies choosing to locate and expand operations in communities with high educational attainment.

The residents of Opportunity Zone communities have significant educational needs. According to the Economic Innovation Group, more than one-fifth of the adults living in economically distressed communities (including Opportunity Zones) lack a high school diploma or equivalent. Many of these adults possess neither the necessary literacy nor numeracy skills required to capitalize on training opportunities for skilled and semi-skilled jobs—jobs that pay wages adequate to support a family.

White House Opportunity and Revitalization Council: Implementation Plan

While the Federal Government invests significant resources in expanding access workforce development and training opportunities, too often these programs fail to effectively provide Americans the skills needed to succeed in the modern economy. Recognizing the need to reform this broken system, the Trump Administration has convened the National Council for the American worker and charged this body with developing a national strategy to ensure that America's students and workers are equipped with the skills needed to compete and win in the global economy. The strategies and goals for the Education and Workforce Development work stream will contribute to this effort and include:

- Target education and workforce development resources to Opportunity Zones and other economically distressed communities;
- Focus existing and new public and private investment on high-return, value-added workforce development activities through improved programmatic flexibility;
- Better connect communities with existing economic and employer networks;
- Modernize existing talent development pipelines;
- Incentivize expansion of and investment in high-quality educational opportunities, especially charter schools, to serve students in Opportunity Zones; and
- Help communities “rethink” the complete pipeline of education and workforce development including an improved emphasis on program outcomes.

5. Measurement and Analysis

Evidence is essential for maximizing the positive impact of policy. Carefully benchmarked and monitored outcomes can provide policy makers with the evidence base needed to make informed decisions and demonstrate policies that work and those that do not. The Trump Administration is committed to the importance of evidence for improving policy decisions. For example, President Trump signed into law the Foundations for Evidence-Based Policymaking Act of 2018, which emphasizes the importance of data collection and program evaluation.

Measuring the outcomes of Opportunity Zones is especially important. Academic researchers and policymakers have increasingly recognized that geographic inequality is a pervasive and growing problem, that communities have important ramifications for individual outcomes, and that place-based policies could play an important role in improving the well-being of Americans in distressed areas. Unfortunately, there is a general lack of evidence regarding the types of tools that can lift up these communities and the people who live in them. Opportunity Zones represent an unprecedented commitment to restoring distressed areas by providing flexible investment incentives to spur development in the communities that most need it. Thus, this Administration finds it imperative to pair these powerful efforts with a full-scale commitment to measuring their outcomes.

Evaluating the outcomes of Opportunity Zones transcends simply an academic pursuit. Due to the wide scope of Opportunity Zones in terms of geographic coverage and the types of

White House Opportunity and Revitalization Council: Implementation Plan

investment encouraged, the Council will gather available evidence on what types of areas and which demographics of the population benefit from varying forms of efforts. These lessons can inform the implementation of policies that complement Opportunity Zones, as well as future place-based policies. Committing to evidence-based policies to empower Americans left behind in distressed communities is not only the most responsible approach, but also the most compassionate response to one of the biggest challenges facing our country today.

Implementation Activities

To effectuate the above work streams and achieve the goals of the Council, the following actions are currently underway or planned:

- The first priority for the Council is to conduct a listening tour of rural, urban, and suburban Opportunity Zones and other distressed communities in all geographic regions during the spring and summer of 2019. This listening tour will help inform the Council's actions, goals, and deliverables.
 - Listening tour sessions will incorporate all three audiences (community leaders, entrepreneurs, and investors) and be tailored to all five work streams (economic development, entrepreneurship, education and workforce development, safe neighborhoods, and measurement and analysis).
- The Council member agencies are currently reviewing their programs across all work streams to identify opportunities to target, streamline, and coordinate these programs within Opportunity Zones.
- The Council has already identified 160 programs that could increase targeting to Opportunity Zones through grant preference points, loan qualifications, reduced fees, and eligibility criteria modifications.
- The Council is developing a uniform Opportunity Zone training manual for all Federal agency field staff. This manual will help create a national network of surrogates to train communities, entrepreneurs, and investors in Opportunity Zones.
- From ongoing engagement, the Council will develop and publish promising practices for each work stream at the State, local, and tribal levels.
- The Council is developing and will publish a comprehensive list of all Federal programs available to assist Opportunity Zone communities, entrepreneurs, and investors.

White House Opportunity and Revitalization Council: Implementation Plan

- The Council is developing “OpportunityZones.gov”—a website that will provide community leaders, entrepreneurs, and investors with a common point of reference for all available Opportunity Zone information, tools, promising practices, Council actions, and resources.
- From ongoing engagement, the Council will develop and publish a list of policy recommendations to improve Federal revitalization programs.
- The Council will convene regular monthly meetings at the staff level to ensure coordination, communication, and accountability.
- Federal departments and agencies will regularly report to the Council’s Chair and Vice-Chair on implementation actions and progress made within their respective work streams.

Conclusion

By effectuating these five work streams, the White House Opportunity and Revitalization Council will deliver on the Federal Government’s commitment to revitalize distressed communities. This public sector commitment overlays the Opportunity Zone tax incentive in the Tax Cuts and Jobs Act. Together, private capital and this public sector commitment will stimulate economic opportunity and revitalize many of our Nation’s most economically distressed communities. As with any implementation plan, the Council and this implementation plan will remain responsive and adjust to changing dynamics, needs, and priorities discovered on the ground.