



Date: June 20, 2001
To: IRP Legislative Committee Members
From: Staff
RE: Legislative Initiatives for Opportunity Zone Incentives

Background

The Inter-Regional Partnership is developing an incentives program for application to selected jobs/housing opportunity zones in IRP counties. The incentives program is meant to entice developers to build housing and/or commercial development within the selected zones. Economic incentives can also act as attractors to business owners making a location, expansion, or relocation decision; while housing incentives can be targeted to potential homeowners and developers.

Economic Incentives

The economic development agencies in the five county IRP area have expressed an interest in having the state legislature establish incentives that could be utilized in the 5-10 opportunity zones created as part of the AB 2864 Pilot Program.

With the upcoming release of the Jobs/Housing Opportunity Zone Request for Proposal to solicit prospective zone locations, and the designation of zones occurring by the end of the year, our economic development partners are concerned that certain incentives that could be utilized within the zones will not be in place by 2002, reducing the attractiveness of the zones to prospective applicants and employers that might choose to locate within the zones.

They have identified two incentives that would have significant benefit to the zones and would create a unique incentive for private sector investment. They are:

- Tax Increment Financing
- Use of California Enterprise Zone incentives

For each, specific legislative amendments would be required to allow these incentives to be targeted to a specific geographic or political jurisdictional area. Such unique and limited applications have been legislatively accomplished for other areas of the state.

In order for the incentives to be available for use within the zones in 2002, the IRP would need to introduce legislation in the first quarter of 2002

Requested Action

Staff requests that the IRP draft legislation that would allow Tax Increment Financing and Enterprise Zone incentives to be applied within the opportunity zones.