Dear Assistant Secretary Kautter,

We thank you for the opportunity to respond to the Request for Information on Data Collection and Tracking for Qualified Opportunity Zones, 84 FR 18648. In consideration of the sizable investment by the federal government and the substantial impact Opportunity Zones will likely have on the the 8,764 designated communities, adequate reporting should be required to understand investment flows that result and prevent waste, fraud, and abuse. We believe that detailed and non-burdensome Opportunity Fund- and transaction-level reporting are necessary for the Department of Treasury to fulfill its responsibility in tracking and understanding the impacts of the Opportunity Zones incentive.

As a Senior Fellow and director of the Community Economic Development Hub at the Urban Institute, I (Brett Theodos) have considerable experience studying federal community economic development programs and policies, along with capital flows and investment into communities. The Urban Institute, where we are both employed, is a nonprofit and nonpartisan research and policy organization based in Washington, DC. We are, however, representing our own views in this submission.

We have been actively engaged in Opportunity Zones from initial proposals through gubernatorial selection of Opportunity Zones (Zones). And we are now working with local communities and governments across the country on implementation.

We now welcome this chance to engage with the Department of Treasury around how to instill sufficient yet nonburdensome reporting requirements in the Opportunity Zones incentive. Below you’ll find our responses in order of the questions posed in the RFI:
1. What data would be useful for tracking the effectiveness of providing tax incentives for investment in qualified opportunity zones to bring economic development and job creation to distressed communities?

A modest set of metrics can both provide the detail needed and prove not overly burdensome to record and report. These metrics should focus on answering readily-held information about the investments themselves and actors involved, but there is no need to require more burdensome speculative economic and job creation metrics. The program’s effects can be sufficiently well observed and understood as long as basic inventory reporting is required, which has the benefit of imposing less burden on investors than extensive original data collection. All that is needed to properly understand and evaluate the effects of Opportunity Zones are answers to five simple topics:

1. **Who**: Who is making an investment? Who is receiving an investment? What are the basic industry and size attributes of the business receiving the investment?
   - **Opportunity Fund**:
     - Fund name
     - Fund EIN or SSN
     - Fund DUNS
     - Fund address
     - Total assets under management
     - Eligible investments deployed in a qualified Opportunity Zone businesses (to calculate a deployment ratio)
     - Total investment income – gross yield on assets
     - Operating expenses
     - Investment losses
     - Single or multiple investor fund
     - Name all investors with more than 10% share, include their % share and their EIN/SSN/DUNS
   - **OZ investee business name**
   - **OZ investee business EIN**
   - **OZ investee business DUNS** (required for operating businesses)

2. **What**: What is the purpose of the project?
   - **OZ investee business revenues** for:
     - Most recent financial year
     - Next most recent financial year
   - **OZ investee employment** at:
     - End of most recent financial year
     - End of next most recent financial year
   - **OZ business NAICS**
   - **Project type** (for the project or part of a project directly supported by OZ-linked capital gains invested – measured as a % of OZ-linked capital gains invested and summing to 100%)
3. **When:** When was the investment made?
   - Investment closing date (day, month, year)

4. **Where:** Where is the project located?
   - OZ investee business address
     - Street address line 1
     - Street address line 2
     - City
     - State
     - Postal code
   - Qualifying OZ census tract ID

5. **How much:** What is the investment amount?
   - $ total project costs (to include non-OZ-linked funds)
   - $ of qualifying OZ-linked capital gains invested
   - $ of qualifying OZ-linked capital gains invested by use (needed to define “substantial improvements”)
     - $ for land acquisition
     - $ for building acquisition
     - $ for new construction (hard costs)
     - $ for rehab (hard costs)
     - $ for soft costs
     - $ for equipment, working capital

These suggested metrics should be provided by Opportunity Funds directly to the Department of Treasury (not through a tax form), processed by Treasury officials, and made publicly available. The metrics listed are readily available and will likely already be collected by Opportunity Funds to track investments internally.

2. *In addition to the anticipated revisions to Form 8996 discussed in the Summary of this Notice and Request for Information, is there other information that could appropriately be collected on a tax form that would be helpful in measuring the effectiveness of the opportunity zone incentives.*
We believe that reporting should be required through a mechanism separate from a tax form. For data collected via tax form reporting, difficulties arise around public reporting of data. This would prevent communities and investors from using this knowledge to inform their own actions to improve upon the outcomes of Opportunity Zones.

Draft IRS Form 8996, last revised December 2018, solely requires reporting at the Opportunity Fund-level and limits reporting to the total valuation of Zone property and total assets. We strongly encourage the inclusion of the basic Fund- and transaction-level information needed to investigate the incentive. Such information will be necessary to collect if the Department of Treasury is to comply with its statutory obligation to regularly report on the adequacy of the law.

Importantly, much of the information about other federal programs and incentives (e.g. NMTC, CDBG, CDFIs, CRA, SBA, EDA) is made available in some form to investors, state and local governments, and researchers. We would encourage Treasury to begin thinking now about how to aggregate and share information about Opportunity Fund investments with the public with as much spatial granularity as possible so that others can also work to understand and assess this important initiative. Along the lines of these other programs, we recommend that Treasury consider tasking an agency or sub-agency that has developed capacity and competencies on transaction-level data collection, aggregation, and public release (for example, the role that the CDFI Fund plays for the New Markets Tax Credit) with these responsibilities.

Without full understanding of the projects supported by this community economic development incentive, little can be done to properly assess and monitor its results for communities. With access to these data, waste, fraud, and abuse can be more actively reduced. A compact series of reporting requirements can satisfy multiple functions and stakeholders in one step.

3. **What data would be useful for measuring how much would have been invested in qualified opportunity zones in the absence of the opportunity zone incentives?**

While other community development programs have sometimes required more intensive impact reporting—for example, going back years later to do original data collection about the number of jobs created for every project—we think Opportunity Zones should be treated differently. The program’s effects can be sufficiently well observed and understood as long as basic inventory reporting is required, which has the benefit of imposing less burden on investors than extensive original data collection.

4. **What data would be useful for ensuring that the investment opportunity remains an attractive option for investors?**

Investors will benefit from public release of the same basic inventory reporting we recommend above.
5. **What are the costs and benefits of various methods of information collection? Who should perform this data collection?**

We estimate the costs of basic inventory reporting to be extremely low. The metrics we are suggesting are already known to all Opportunity Funds and will not require original data collection. All Funds (or their parent organizations, depending on how they are structured) record in their investment/data management systems information on the address, size, and purpose of their investments.

In the interest of complete, accurate, and nonburdensome reporting, all parties would benefit from collection and reporting in an ongoing fashion, rather than retroactively years later in the process. For the ease of all parties involved, information should be recorded and reported under clear guidelines very early in the lifetime of the incentive. It is essential that this information be proactively reported rather than kept on hand in case of audit—there is little rationale for withholding it from the government’s obligation to evaluate the program.

By requiring non-burdensome, easily reportable data on basic transaction details, Treasury will be able to fulfill its responsibility for oversight of the incentive, communities can understand local effects, and fraud, waste, and abuse can be kept to a minimum.

6. **What considerations should government officials take into account when considering data to analyze the effectiveness of the qualified opportunity zone incentives to promote economic development to distressed areas? Over what time period should this analysis occur?**

Assessing the Opportunity Zones incentive is not solely the responsibility of the Department of Treasury. We need public dissemination of granular data to allow the broader field of researchers, cities, and investors the ability to probe findings across various methodologies and timelines. It will be more cost-effective for the federal government, if a broader set of stakeholders are allowed to access and analyze these data. To achieve this, all that is needed from Treasury is the publicly reported transaction-level data. Researchers will be able to leverage this against community data from other sources.

7. **How do you view the role of the Federal Government, and Tribal, State and local governments in the ongoing maintenance and administration of opportunity zones?**

The federal government, in particular the Treasury Department, has a key role to play in monitoring the Opportunity Zones incentive through reporting requirements. They should release these data publicly to allow state and local governments as well as outside researchers to analyze the results of the incentive. Dedicated staff within Treasury could also analyze the data, as long as the forthcoming regulations require proactive reporting rather than requirements for Funds to keep data on hand in case of audit, to prevent waste, fraud, and abuse of the incentive.
8. Is there any additional information regarding data collection and tracking for opportunity zones not already addressed that you would like to provide?

The data collection and tracking components of Opportunity Zones need to be resourced. Dedicated staff will be necessary to ensure data quality and completeness. If true oversight is to be ensured, the Department of Treasury will need to provide the employees necessary within an agency or sub-agency such as the CDFI Fund.

We appreciate your consideration of these comments and welcome any future opportunity to work with the Department of Treasury to ensure that the Opportunity Zones incentive can achieve maximum benefit for communities across the country and grow the community development finance ecosystem.

Respectfully,

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