

Opportunity Zones

Opportunity zones, created by the Tax Cuts and Job Act, are economically distressed communities, which provide powerful tax benefits to investors and were designed to contribute to economic development.

Real estate developers, fund sponsors, and property owners have been eagerly awaiting guidance on how to take advantage of opportunity zones. On Friday, October 19, 2018, the IRS issued proposed regulations. While the proposed rules would generally be effective only after they are issued as final regulations, taxpayers are permitted to rely on the proposed regulations, so long as they rely on them in their entirety and in a consistent manner.

The new qualified opportunity zone incentive provisions allow taxpayers who recognize a gain from the sale of an asset (including non-real estate assets such as stocks or securities) to defer the tax on the gain by reinvesting the proceeds from the sale within 180 days into a Qualified Opportunity Fund formed and operated for the purpose of investing in certain Qualified Opportunity Zones which have been designated in parts all 50 states, the District of Columbia, and all five U.S. territories. The incentive program also exempts from tax the gain on any Qualified Opportunity Zone investment held for at least 10 years.

To view the IRS's interactive map of all Opportunity Zones, click [HERE](#).

To learn more, contact any member of our [Tax Group](#).

Services

Members of the Goulston & Storrs [Tax Group](#) are skilled in assisting clients with the following issues related to Opportunity Zones:

- Affordable housing and tax credit matters
- Asset, property management, & operational issues
- Financing components (senior, mezzanine, and preferred equity)
- Fund formation & structuring
- Opportunity business investments
- Real estate acquisitions & dispositions
- Securities offerings & compliance
- Tax compliance, structuring, and other related matters

Representative Matters

State Street Bank and Trust Company Upper-Tier Investments

Representation of State Street Bank and Trust Company in upper-tier investments in a low-income housing tax credit funds and related affordable housing opportunity funds. We negotiated the fund level documents and conduct tax and real estate due diligence on the fund's tax credit investments in low-income housing tax credit projects around the country.

Opportunity Fund \$250M Line of Credit

Representation of an opportunity fund in a \$250M line of credit secured by partnership interests.

US Opportunity Fund Joint Venture with Israeli Private Equity Fund

Representation of US opportunity fund in joint venture with Israeli private equity fund to acquire and restructure multifamily portfolio out of bankruptcy.

Major Lender in a Condominium Construction Loan

Representation of a major lender in a condominium construction loan workout and restructuring of lines of credit to an opportunity fund secured by pledges of interests in real estate investment entities.

Real Estate Developers Acquiring Properties in Opportunity Zones

Representation of real estate developers acquiring properties in opportunity zones in connection with the formation of entities structured as a qualified opportunity zone funds.

Publications

March 8, 2021

Office of Planning Introduces Phase 2 of IZ XI to Apply to Non-Residential Conversions

May 31, 2019

DC Transfer and Recordation Taxes Increased to 5%

May 1, 2019

Qualified Opportunity Zones: New Proposed Regulations Provide Further Guidance

December 2018

Podcast - Listen to Opportunity Zones: The Biggest Community Development Opportunity

CUNY TV's The Stoler Report

October 2018

New IRS Regulations Issued: What's Next for Opportunity Zones?

March 16, 2018

Qualified Opportunity Funds

News and Insights, Marks Paneth

February 2018

Tax Reform and the Impact on the Real Estate Industry

January 2018

What the New Tax Reform Means for You and Your Firm: Four Experts Weigh In

January 2018

Tax Reform Advisory: Provisions Impacting Debt Financing

December 2017

Tax Reform Advisory: Corporate and General Business Provisions

December 2017

Tax Reform Advisory: Exempt Organizations

December 2017

Tax Reform Advisory: Real Estate Industry

December 2017

Tax Reform Advisory: International Provisions