How cities can help and other takeaways from a gathering of New York City Opportunity Zone investors

New York City is keen to attract private capital to 306 designated opportunity zones across the five boroughs, says Eric Clement of city’s Economic Development Corp. Clement’s ideas: Loans at 3% (vs. commercial rates of about 8%) for opportunity fund managers; pipeline support to guide investors toward attractive projects; and additional advisory and consulting services.

The proposals emerged from a gathering last month of New York real estate investors, fund managers, impact investors, attorneys and consultants. Among the other takeaways:

- **Regulatory interpretation.** Recently released rules around the new investment tax incentive “should give you courage to go out and act,” said Ernst & Young’s Lauren Lovelace. “Just be sure to be consistent with your interpretation.”

- **City support.** High on the list: Help for local residents in gaining the skills necessary to meet labor demand; and support for female- and minority-owned businesses to gain access to capital, technical assistance, mentoring and legal services.

- **Cash for taxes.** Some investors are concerned about how they’ll pay the tax bills that will come due in 2026. Quinn Moss, a partner at Orrick, suggests that some investors could get a cash distribution to meet their tax obligations, while other limited partners could forego the distribution in return for a break on fees.

The gathering demonstrated the strong interest in opportunity zones among major financial institutions, with representatives from Goldman Sachs, Morgan Stanley, CT Greenbank, Ernst & Young, AllianceBernstein, BNP Paribas, Deutsche Bank and others.

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