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

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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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