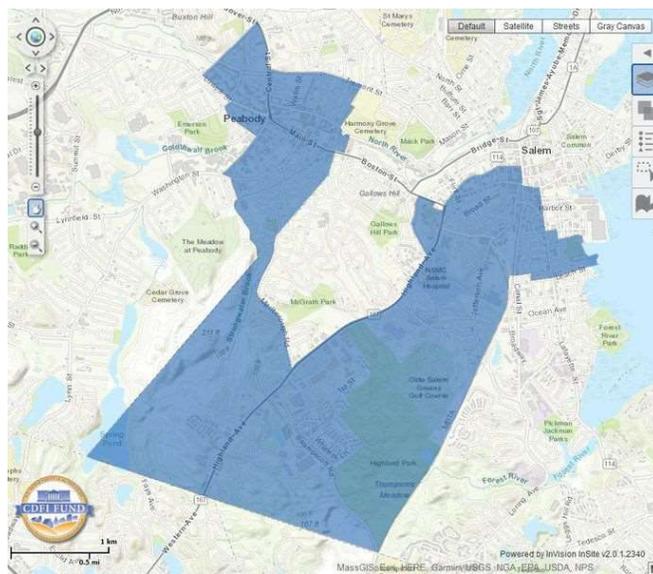


# New 'opportunity zones' aimed at spurring development

- By Dustin Luca Staff Writer
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City planners have another tool to spur local development, one that relies on wealthy private investors seeking to lower their taxes. Exactly how it will work, however, is still to be determined.

Parts of Beverly, Peabody and Salem have been tagged as "opportunity zones" under the federal Community Development Financial Institutions fund. A wave of 138 opportunity zones in Massachusetts — including five on the North Shore — were approved recently by the U.S. Treasury.

"The goal behind it from the federal level is to incentivize investment in these low- and moderate-income neighborhoods, where it seems there is some opportunity for private investment to occur," said Tom Daniel, Salem's planning director.

The program would allow investors to lower their taxes by investing in projects in opportunity zones, Daniel explained.

"You can imagine wealthy individuals or entities that have capital gains. If they sold an asset, they'd realize the capital gains and be hit with a tax," Daniel said. "In this, say they're able to shift that to this 'opportunity zone' fund. Then the money is still growing but not going to be taxed."

Aaron Clausen, Beverly's planning director, said it's a way for investors to invest in neighborhoods.

"If Harborlight Community Partners (a nonprofit that creates affordable housing) were looking for institutional investors or a private equity investor, this is something the investor could take advantage of," Clausen said.

The five zones include two each in Salem and Peabody, and one in Beverly.

The zones are based on census tracts, and for that reason the designations get a little confusing. In Salem, for example, one opportunity zone includes both the low-income Point neighborhood and the high-end McIntire Historic District.

"The census tracts aren't set by us," Daniel said. "So the second one crosses multiple neighborhoods — the Greater Endicott Street neighborhood, McIntire and the Point, some of South Salem."

The other zone spreads south along Highland Avenue and the MBTA commuter rail line, and includes all of Ward 4 south of Marlborough Road.

"There may be some opportunities there," Daniel said. "It has a lot of open space there, and Swampscott Road goes along there. In thinking of potential commercial or industrial investment, on Swampscott Road there's properties, or Highland Avenue, up along Jefferson Avenue."

### **Peabody, Beverly areas**

In Peabody, two densely populated sections of the city along Main Street have been declared opportunity zones.

"It encompasses the downtown area and goes up Washington Street, and a little off on each side," said Stacey Bernson, the city's assistant community development director. "We've made a lot of investments in the downtown, between infrastructure, the roadways. ..."

"If you drive down Main Street, there are a lot of good things going on. Anytime you get something else that's going to provide a benefit to someone investing in the area, it's only going to help more."

Beverly's opportunity zone includes about two-thirds of Rantoul Street and the lower stretch of Cabot Street, as well as side streets between the two. Rantoul Street, in particular, has seen lots of new development in recent years.

"The argument we made is that there are these projects happening, and it demonstrates there is opportunity in this area," Clausen said. "That being said, we know there are projects that are having a challenge getting their financing. This designation might put that over the edge."

So far, however, no one is clear about exactly how the new designations will be used. A briefing on the program will be held next week for local officials to learn more, something Clausen said he plans to attend.

"We're all trying to figure out what's going on," said Bernson, who described the program so far as "vague." "We're told there will be some tax incentives, but I don't think they've figured out the mechanics."

But that's the just the "how." At the end of the day, the "why" is that developers will have another tool available to help them create projects in areas where it might otherwise be difficult.

"We pursued it because it's better to have more tools in your tool kit than fewer," Daniel said. "We don't know exactly what'll come of it and when, but it's great to have the designation because it could be a positive tool."

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