



HOUSE KEYS | Season 1: Episode 5: The Work of the White House Opportunity and Revitalization Council

Executive Director Scott Turner talks with us about how the Opportunity Zone initiative is bringing revitalization to communities across the country.



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TRANSCRIPT:

HOST: Welcome back to House Keys, a podcast devoted to all issues related to our housing markets, and even your own home.

Today, we take a look at desperately poor neighborhoods where most of the neighbors are poor, the homes are in poor conditions, there are very few job opportunities and very little investment for many, many years. The President proposed, and Congress approved, the 2017 Tax Cuts and Jobs Act. Now, this law created a new approach to stimulating capital investment these neighborhoods - something called, Opportunity Zones.

The White House created The Opportunity and Revitalization Council. U.S. Housing and Urban Development Secretary Ben Carson chairs this multi-agency council and

joining us today is Scott Turner, the Council's Executive Director. Scott, thanks so much for being with us.

TURNER: Thank you Brian, I'm happy to be here.

HOST: So, let's get this straight - what are these Opportunity Zones and how can they make a difference in these neighborhoods?

TURNER: So, as you alluded to, the Tax Cuts and Jobs Act created what we know today as Opportunity Zones, which the governors of every state, the leaders of territories, as well as the leaders of Tribal Nations, designated certain communities, if you will, that have had a lack of investment going into those communities for the last decades.

In these communities, just to give you an overview, there is an average poverty rate, it's 32% compared to the national poverty rate of only 17%. Unemployment is higher in these communities. Those with a high school diploma is less in these communities. The median income of those who live in Opportunity Zones is far less than the average median income in these respective states. So that gives you a statistical overview of what an Opportunity Zone is in these states, but the reason why this is an exciting time as it pertains to Opportunity Zones is because there are incentives now, for private investors to partner with public investment to create investment by way of qualified Opportunity funds in these communities - thereabout bringing long-term sustainability and revitalization as a whole.

HOST: So, the idea behind Opportunity Zones is that if you create these incentives - if you incentivize investors to invest - they will invest.

TURNER: Yes.

HOST: So, lots of different ways to do that. Tell me about how you can incentivize them to do that.

TURNER: You know, historically investors have shied away quite frankly, from distressed neighborhoods, for various reasons. Not knowing whether there would be sufficient rate of return, crime in the areas, a lack of education in the areas, and they have been incentivized by way of credits, or tax credits, to invest in these communities.

But now, with the legislation, private investors are motivated, and I'd say excited, about investing in Opportunity Zones by way of qualified Opportunity funds because they can receive deferment on taxes on capital gains. Not to get so far in the weeds, but when a private investor, by way of Opportunity funds, invests capital gains into a project, they can receive percentages off or tax deferment, depending how long they leave it in the fund - 5 years, 7 years, and ultimately 10 years, is the goal. If you leave it in for 10 years, then you pay no tax on the capital gains that are made inside of that fund. That

also creates long-term sustainability, which is what our heart and our mission is, and Secretary Carson, his heart - and the spirit behind this is for there to be long-term sustainability in these neighborhoods and for people in the neighborhood have great buy-in and they also know that investors and entrepreneurs aren't just coming in and building a business for awhile and then leaving. So, there's great motivation on both sides - it's a win-win. There's the economic development, but there's also the social impact investment that is made.

HOST: You have a personal connection in this work, don't you?

TURNER: Yes, you know people from our family have lived in what we now call Opportunity Zones, back then we called underserved neighborhoods, distressed neighborhoods. My wife grew up in a place, LaCleda Town, which is in Missouri, I don't even believe LaCleda Town is there anymore, but it was a government subsidized, Section 8 type housing neighborhood. She comes from a family of seven birthed children, two more later to be added by adoption. Her mother never married, alcoholism. So, my wife experienced extreme poverty and lived in an underserved community. She was very motivated, put herself through college and grad school.

My mother grew up in the southern section of Dallas, and my grandmother lived there almost until the day she passed away just a few years removed. And my wife and I adopted by nephew, his name is Solomon, who's my son, I'm the only father he knows. My wife and I adopted him from a very poverty stricken, underserved, situation.

So, we've seen it, we've been apart of it, but God has blessed us tremendously to be where we are now. And so, to me, the platform that I have, the experiences that I have being a former NFL player and serving in the House of Representatives, being in the ministry, this is a great opportunity for me to use those things to help those in America, the people whom I love so much, in the rural, urban, and Tribal areas of America, and so we hope to bring this opportunity to those communities for transformation and revitalization.

HOST: So back in the past, dating back to when Jack Kemp, another NFL player, and Secretary at the Department of Housing and Urban Development, he talked about enterprise zones, and that germinated into empowerment zones and then there were renewal communities, so how do these Opportunity Zones differ from those previous attempts to revitalize these distressed neighborhoods?

TURNER: That's a good question. Secretary Kemp, Jack Kemp, fellow NFL alum, his concept and his idea was obviously very novel, it was before it's time. So this is not a reinvention, a new idea, but it's an extension of what he started. The difference is that now, you have 16 federal agency partners that are involved. You have a Council that these agencies and Secretary Carson, and others sit on. There are subgroups and

workstreams for entrepreneurship, for safe neighborhoods, for data and analysis, and so on. So, this is not just an idea, but a strategy and a plan that is in motion - that is incentivizing and motivating real investors, real entrepreneurs, and city, community, faith based leaders, education leaders, to collaborate within these Opportunity Zones to bring these things through to fruition.

HOST: Why is HUD leading the charge here, among all those other agencies?

TURNER: Well, number one, HUD has a fine gentleman by the name of Dr. Benjamin Carson, and he is the Chairman of this council. We all know Dr. Carson's background, what his heart is for this issue, we know what his vision is to get people out of poverty, so there could be no other place or person to lead this charge other than him and HUD. A lot of the properties that HUD is involved with are in Opportunity Zones.

HOST: Right, HUD assisted housing is there.

TURNER: There is great overlap. And it is our hope, through the work of HUD, through the mission of HUD, coupled with and partnered with the mission of the Council, and Opportunity Zones, that we can literally help people to get out of poverty, help people to start businesses and entrepreneurs - new businesses and new entrepreneurs, because, one of my friends, Ja'Ron Smith, who works at the White House said, there is a lot of skillset in these communities, but there's not many ports of entry. And Dr. Carson will also say, this is something he has told me, he'll say, 'Scott, this could revolutionize America.' Because we're not just talking about handouts, we're helping people to see and realize their potential by way of bringing public-private investments into these Opportunity Zones.

Think about when you have a person who gets a new job, or a person who gets a better job, and now they can provide better for their family. Well, that has a generational impact. And I know Dr. Carson's heart - my heart in particular, my personal heart, is that long after we are gone, that this will have a transformative impact and a generational impact, and that one day we will all look back as history tells it, that this was something that truly changed the shape and scope of America.

HOST: If you build it, they will come, as the expression goes. So, you have your work cut out for you. What is the measure of success here? Is it jobs created, is it jobs retained, what will define success in these neighborhoods?

TURNER: All of the above, plus. Jobs created - yes. Jobs retained - yes. New businesses created, you know small businesses drive the economy in America. I would say seeing people lift themselves out of poverty by way of earning a living. Workforce housing - seeing people be able to live in the place where they work. People have an opportunity to not only live in the neighborhood, but also work in the neighborhood is a measure of

success. Seeing families that now have a new cycle. See, the cycle of poverty right now is just a vicious cycle that we all want to be broken. So this, along with others, incentivizes people to get out - this is a tool.

The federal government is not the leader on this, the local communities are the leaders. And that's another measure of success to see local people, local community leaders, education leaders, faith leaders, leading the charge, bringing in and attracting new investment, building projects, sustaining those projects, and blessing the families of that community and beyond. That's a measure of success.

HOST: There are 8,700 or so of these Opportunity Zones across the county. That's a big job.

TURNER: Yes, sir. That's a big job. But we have a great team. Like I said, the Council consists of 16 agencies. It consists of passionate, very hardworking, compassionate people. Starting from the President, and his vision in the Administration, to Dr. Carson, to Joe Grogan, who's a Vice Chair, and every Secretary and staff member that's a part of this team.

I'm just a part of the team - a coach of this team. There's great members of this team, we all play different positions with one goal in mind - and that's total transformative and revitalization. So it's not a one man show, we have a big team of people that are doing this. And I tell you what - this is the greatest team I've been apart of, and I've been a part of a lot of great teams. But this is one that will, that I have said before, can literally leave an impact for our children and our children's children.

HOST: Well, Coach, Scott Turner, thank you so much for joining us.

TURNER: Thank you.
