

Locally Optimal Place-Based Policy: Early Evidence from Opportunity Zones

Comments for the 11th European Meeting of the UEA

Santiago Hermo

Brown University

April 29, 2022

Overview of the paper

Opportunity Zones (OZs): Place-based policy that aims to bolster development in disadvantaged neighborhoods.

- Did it cause new development in the city? Where?
- How should policy-makers select OZs to maximize their impact?

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Steps to answer these questions:

- Collect data on new developments at granular level.
- Causal analysis to estimate the new development response to OZs.
- Structural analysis to assess efficiency of policy relative to *locally optimal* benchmark.

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The author implements many strategies to convince that there is an effect.

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 - The paper finds no reallocation effects, so total development increases.
 - Who are funding the new development? Is the tax break enough? Are new developments cheaper?

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- Organization of section:
 - I find it more natural to discuss all issues at first, and show results later.

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Structural model of probability of new development that depends on

- Full-information rational-expectations solution concept.
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 - Hard to talk about welfare of people the program tries to help.
- Reallocation effects again:
 - Model implies that total development in the city went up. What are the mechanisms?
 - Important to understand mechanisms to evaluate plausibility of estimates.