

# Locally Optimally Place-Based Policies: 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?

## 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?

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.

## Comments on the causal analysis

The author does a lot of things to convince that the effect is there.

- The effect seems to always be there.

Comments are conceptual:

## Comments on the causal analysis

The author does a lot of things to convince that the effect is there.

- The effect seems to always be there.

Comments are conceptual:

- Spillovers to close by tracts
  - Not accounted for explicitly in main estimation, yet later they are estimated
  - Would it be better to device a unified estimation strategy to include them from scratch? (Butts 2021)

## Comments on the causal analysis

The author does a lot of things to convince that the effect is there.

- The effect seems to always be there.

Comments are conceptual:

- Spillovers to close by tracts
  - Not accounted for explicitly in main estimation, yet later they are estimated
  - Would it be better to devise a unified estimation strategy to include them from scratch? (Butts 2021)
- Reallocation effects
  - 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?

## Comments on the causal analysis

The author does a lot of things to convince that the effect is there.

- The effect seems to always be there.

Comments are conceptual:

- Spillovers to close by tracts
  - Not accounted for explicitly in main estimation, yet later they are estimated
  - Would it be better to devise a unified estimation strategy to include them from scratch? (Butts 2021)
- Reallocation effects
  - 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?
- Organization of section
  - I find it more natural to discuss all issues at first, and show results later

## Comments on the structural analysis

A