

Opportunity Zones (OZ) are a place-based tax incentive that was introduced in the Tax Cuts and Jobs Act of 2017 as a means of targeting investment into low-income\* communities. This initiative allowed states to nominate 25% of low-income census tracts as an OZ.

The purpose of this analysis is to identify trends between census tracts that were eligible to be nominated as an OZ but not selected and census tracts that were eligible as an OZ and were selected. Opportunity Zone data was linked to data from the 2013-2017 5-Year Estimate American Community Survey (ACS) which includes socioeconomic, demographic, and housing variables.

To detect trends between nominated and non-nominated census tracts, a Gradient Boosted Classifier is trained at the state-level to predict if an eligible census tract would be nominated as an OZ. Once a model is fit to the state's data, the most important variables are extracted. These variables are interpreted as having the most impact on whether a census tract was designated as an OZ. Models were generated for each state. The most important variables were extracted to analyze trends between states or regions.