

Warrensville Heights Opportunity Zones

Opportunity Zones are census tracts generally composed of economically distressed communities that qualify for the Opportunity Zone program, according to criteria outlined in 2017's Tax Cuts and Jobs Act.

The Mayor has selected three (3) census [1881.04, 1881.05 and 1881.07] tracts to recommend to the Cuyahoga County Economic Development Department to be designated as Opportunity Zones (OZ) to make development or redevelopment projects in these census tracts more attractive to private sector investment. Three (3) census tracts designated covers nearly 90% of the city's 4.1 miles and over 60% of the population. In addition, allows for development in residential, retail, commercial, mixed use development and industrial zones.

The federal tax incentive program allows businesses to write off a portion of their capital gains from an earlier investment by reinvesting in an OZ-eligible investments. In turn, any capital gains from the OZ-eligible investment could be completely exempt from the capital gains tax if held for the long term.

Cuyahoga County has nominated 70 distressed census tract, most in the city of Cleveland, though others were in Bedford Heights, Brook Park, Brooklyn, Cleveland Heights, East Cleveland, Euclid, Garfield Heights, Lakewood, Maple Heights, Newburgh Heights, North Randall, Parma, Richmond Heights and Warrensville Heights.

The OZ program provides a deferment or write off of capital gains taxes on earlier investments and there is no cap on the amount of investment. There are many different types of projects that are eligible such as real estate, an investment in a startup, and mix-used development that is located in an OZ.

The tax law provides that the investor can write off against taxes 10% of the capital gain, once the investment is held for five years. Another 5% of the capital gain can be written off if the investment is held for at least seven years.

The greatest tax advantage would come if an investor holds the investment for at least 10 years. Then the investor will not have a taxable gain for any appreciation in value in the OZ investment when the investment is sold.

To register your business for the Warrensville Heights tax incentive program, please contact Jerome A. DuVal by email jduval@cityofwarrensville.com or phone at (216) 587-1136.