

**CALIFORNIA**  
BUSINESS AND ECONOMIC DEVELOPMENT

# Opportunity Zones 2.0 Overview & Information Webinar Series

May 19, 2026

# Agenda

## **1. Welcome & Introductions**

## **2. Opportunity Zones Overview**

– Kevin Wilson, Novogradac

## **3. Best Practices for Local Jurisdictions**

– Kenan Fikri, Economic Innovation Group (EIG)

## **4. Overview of California's Opportunity Zone 2.0 Selection Framework**

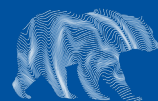
– Brian Coleman, GO-Biz



# Opportunity Zones Overview

Kevin Wilson, Novogradac Partner

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# Opportunity Zones 2.0 Information and Overview

Kevin Wilson, CPA

Partner

Novogradac

kevin.wilson@novoco.com

Taxpayers can get  
capital gains  
tax deferral  
(& more)



for making  
timely  
investments in

Qualified  
Opportunity Funds  
(QOFs)



which  
invest in

Qualified  
Opportunity Zone  
Property



located in

Qualified  
Opportunity Zones

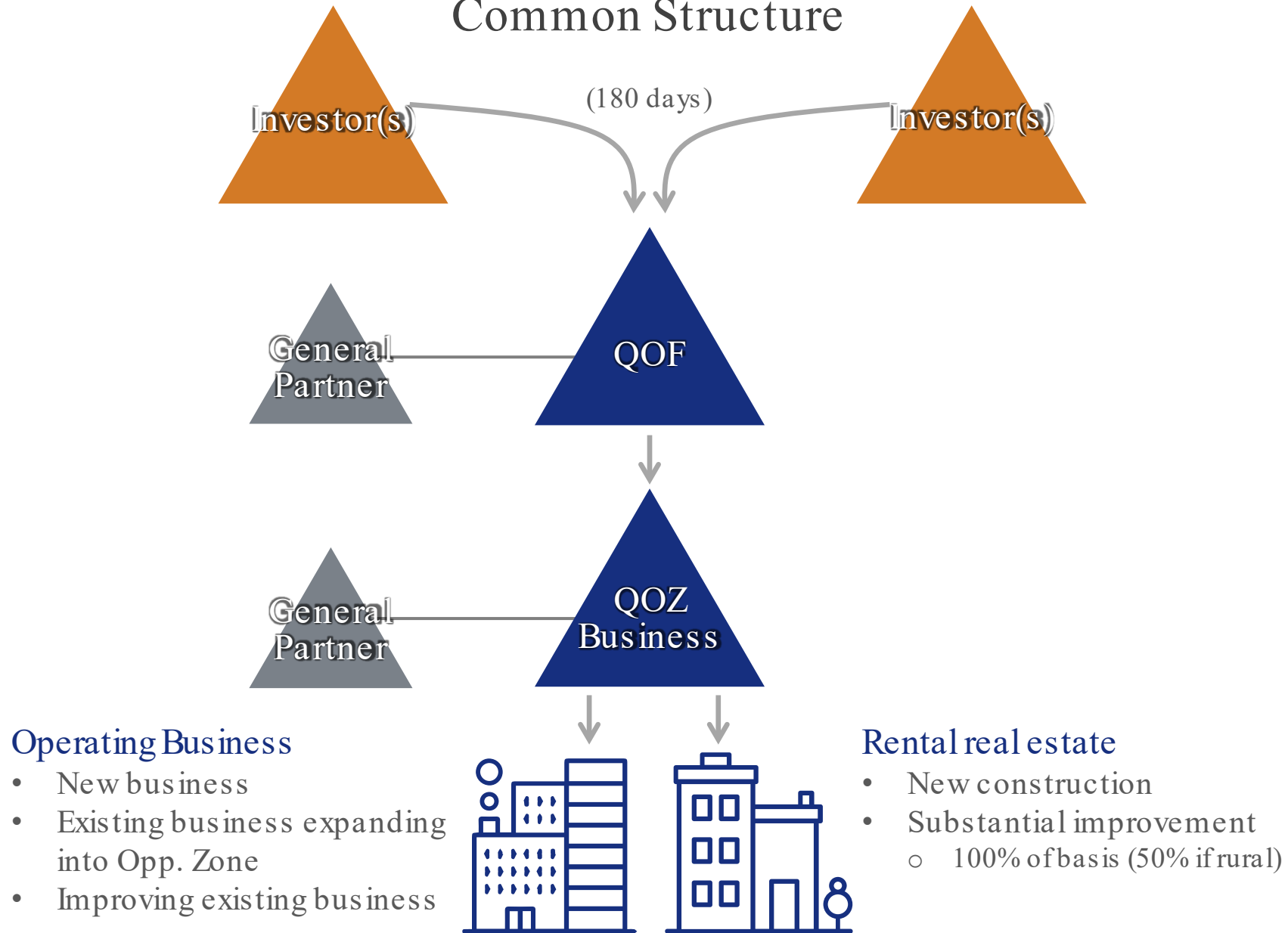
# REMINDER: 3 Tax Incentive Benefits

1. Gain  
Deferral

2. Partial  
forgiveness

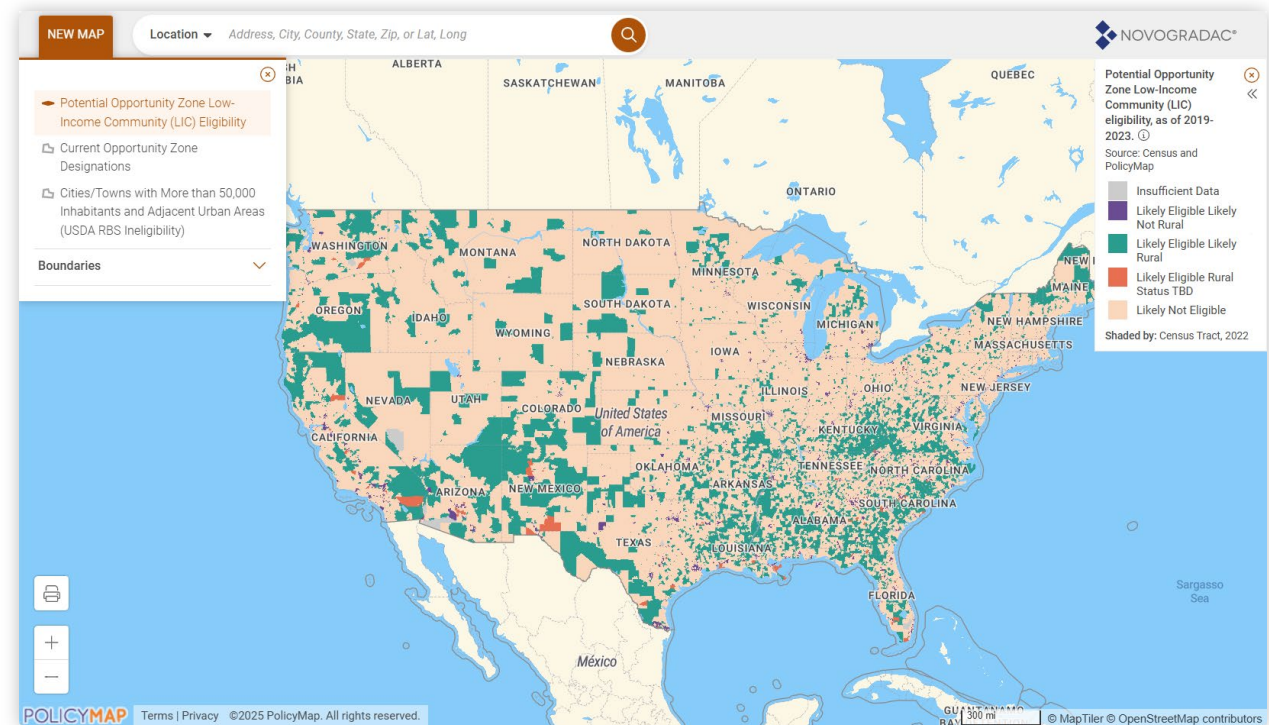
3. Forgiveness of  
additional gains

# Common Structure



# Qualified Opportunity Zones

- Population census tract that is a low-income community (LIC)
  - Median family income of census tract is below 70% of state or metro median family income; or
  - Poverty rate of at least 20% combined with an income below 125% of state or metro median family income
- Timely nominated by each Governor
- 25% of eligible census tracts are nominated by each Governor
- Treasury ultimately certifies the Governor nominations

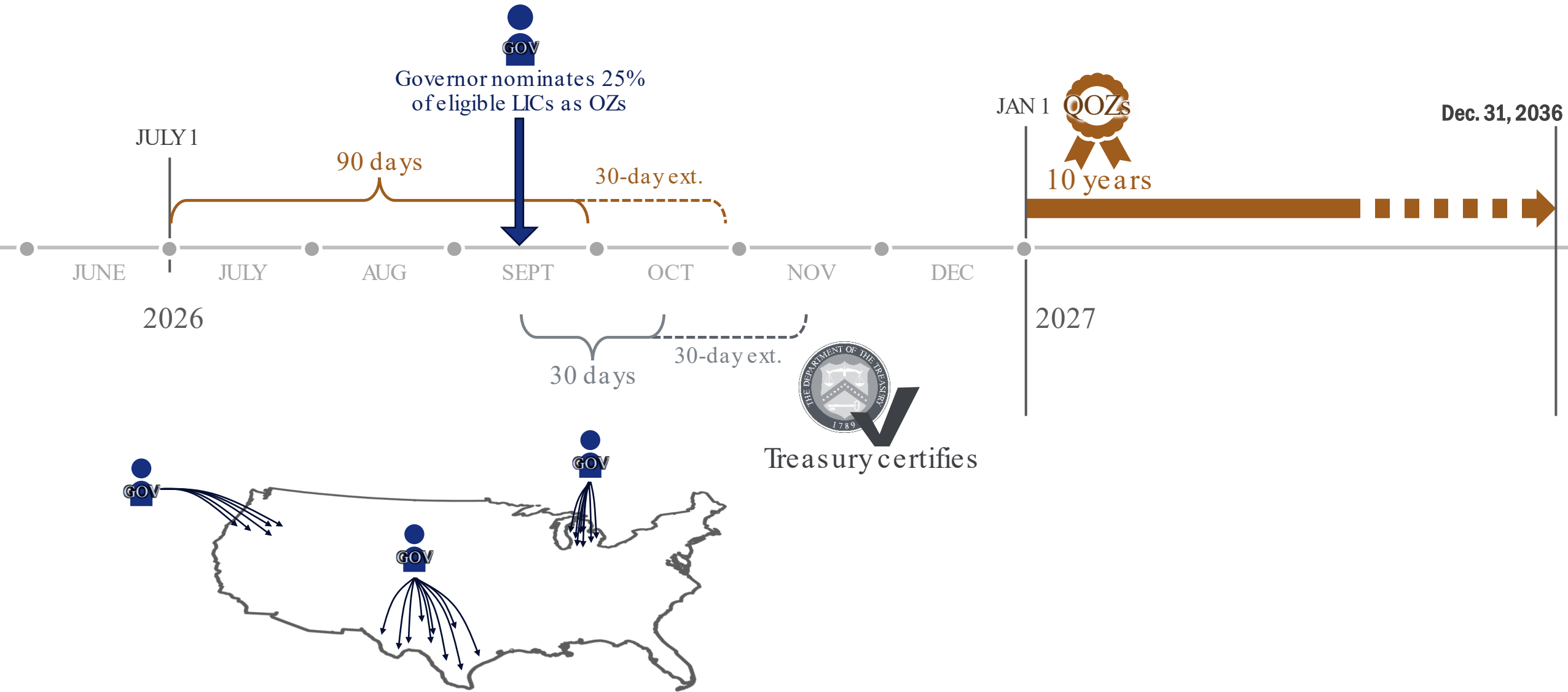


<https://www.novoco.com/resource-centers/opportunity-zones-resource-center>

# 1400Z-1 (ZONE SELECTION CRITERIA)

- Permanency
- Decennial determination date
  - July 1, 2026, and every 10 years thereafter
- Zone changes
  - Narrower selection criteria
    - Median family income criteria reduced to 70%
    - Poverty criteria expanded to exclude tracts with AMI greater than 125%
    - No more contiguous tracts
    - Estimated 20%-25% reduction in OZ designations
      - from 8,764 tracts under OZ 1.0 to 6,555 under new rules - (source: EIG)
  - Rural definition (1400Z-2)

# 1400Z-1 (ZONE SELECTION CRITERIA)



# 1400Z-2 Special Rules for Capital Gains Invested in Opportunity Zones

- Basis step-up - 3x for rural investments
- Rolling deferral
- Qualified rural opportunity fund
- Rural OZ
- Substantial improvement – lower threshold in Rural OZs
- Gain elimination

# 1400Z-2

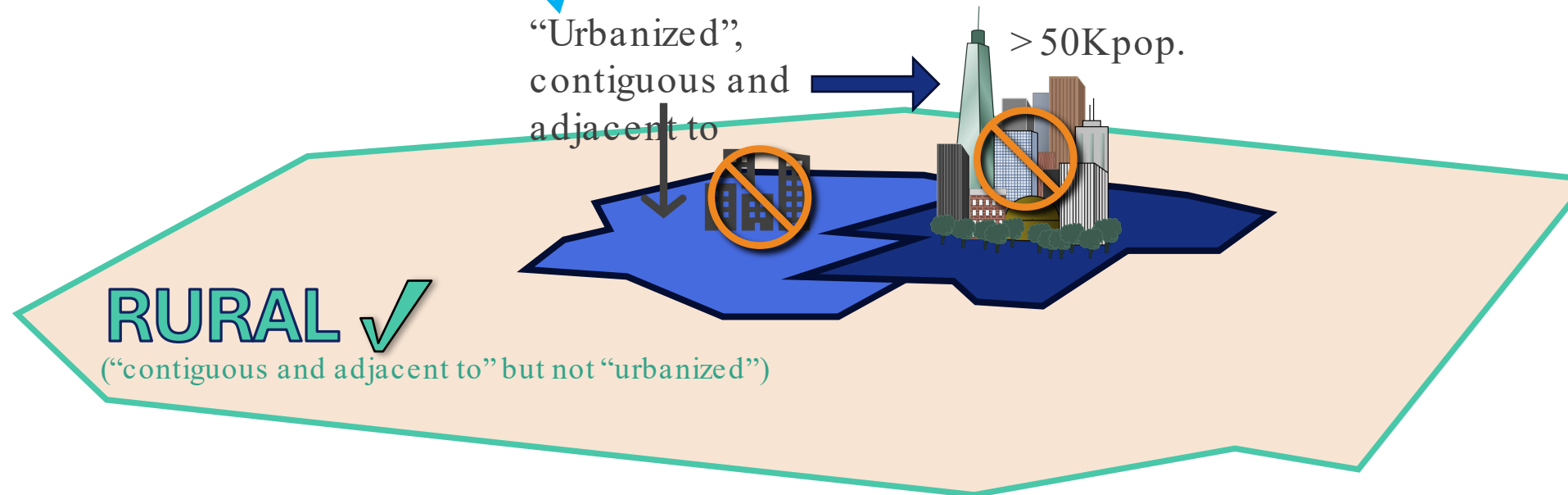
- Basis step-up
- Qualified rural opportunity fund
- **Rural OZ**
- Gain elimination

IRC 1400Z-2(b)(2)(C)(ii) RURAL AREA.—The term “rural area” means any area other than—

(I) a city or town that has a population of greater than 50,000 inhabitants, and

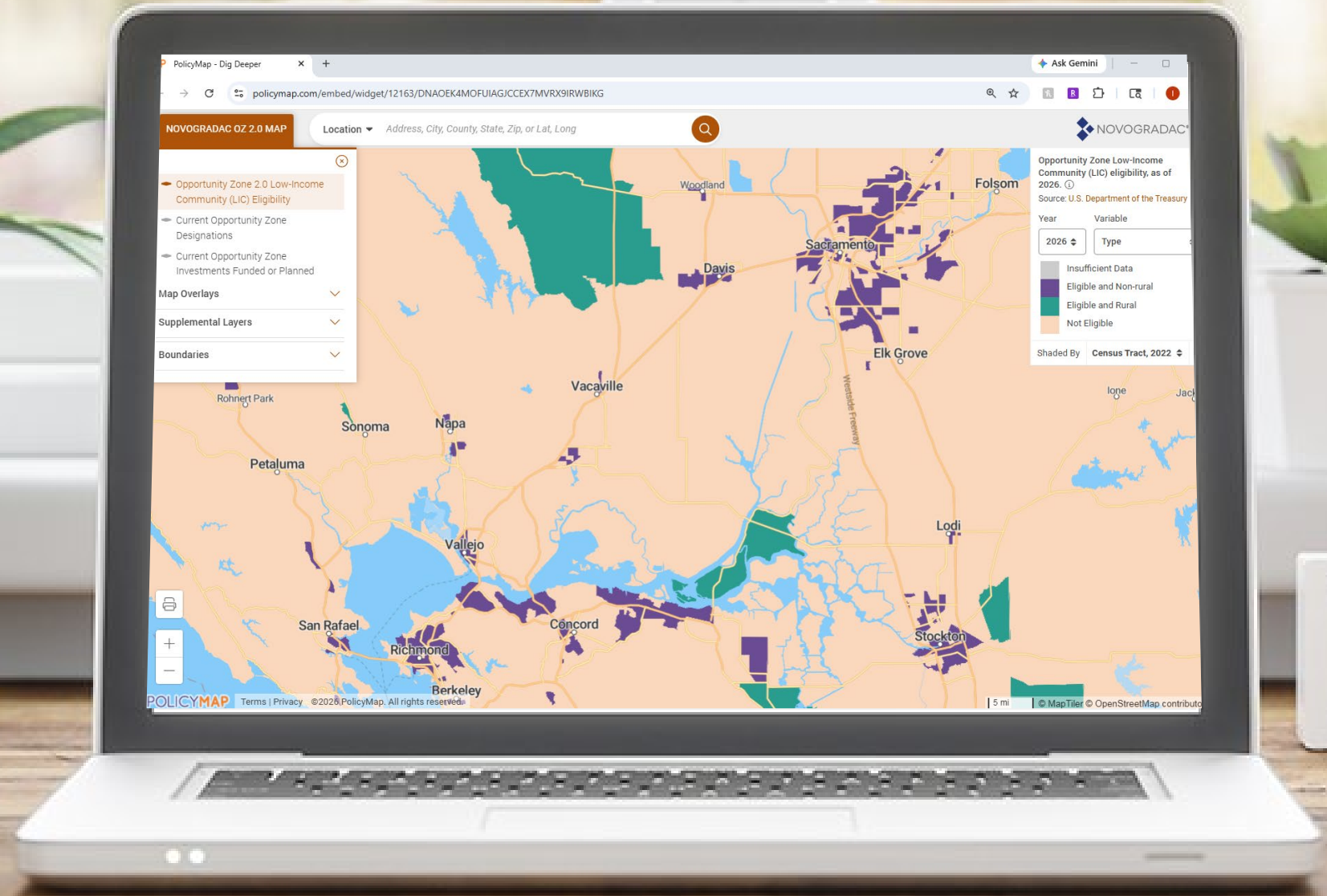
(II) any urbanized area contiguous and adjacent to a city or town described in subclause (I).

Currently, “urbanized” is not well defined.



# Novogradac OZ 2.0 Mapping Tool

<https://www.novoco.com/resource-centers/opportunity-zones-resource-center/novogradac-opportunity-zones-20-mapping-tool>



# Reporting Requirements

- Secretary reporting of data on OZ and Rural OZ tax incentives
- Commences as soon as practical after enactment, and annually thereafter
- Public reporting
- Number of QOFs
- Aggregate dollar amount of assets held by QOFs
- Aggregate investments by NAICS code
- Percentage of OZs that have received QOF investments

And more

# Reporting Requirements

- Beginning with the report submitted of the 6th year after enactment,
- Impacts and outcomes of a designation measured by economic indicators
- Job creation
- Poverty reduction
- New business starts
- Other metrics as determined by the Secretary

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# Best Practices for Local Jurisdictions

Kenan Fikri, Economic Innovation Group (EIG) Senior Fellow





ECONOMIC  
INNOVATION  
GROUP

# Opportunity Zones 2.0

## What you need to know

Kenan Fikri,  
Senior Fellow

*May 2026*



# Why do OZs matter?

*Because they're bringing capital to communities*

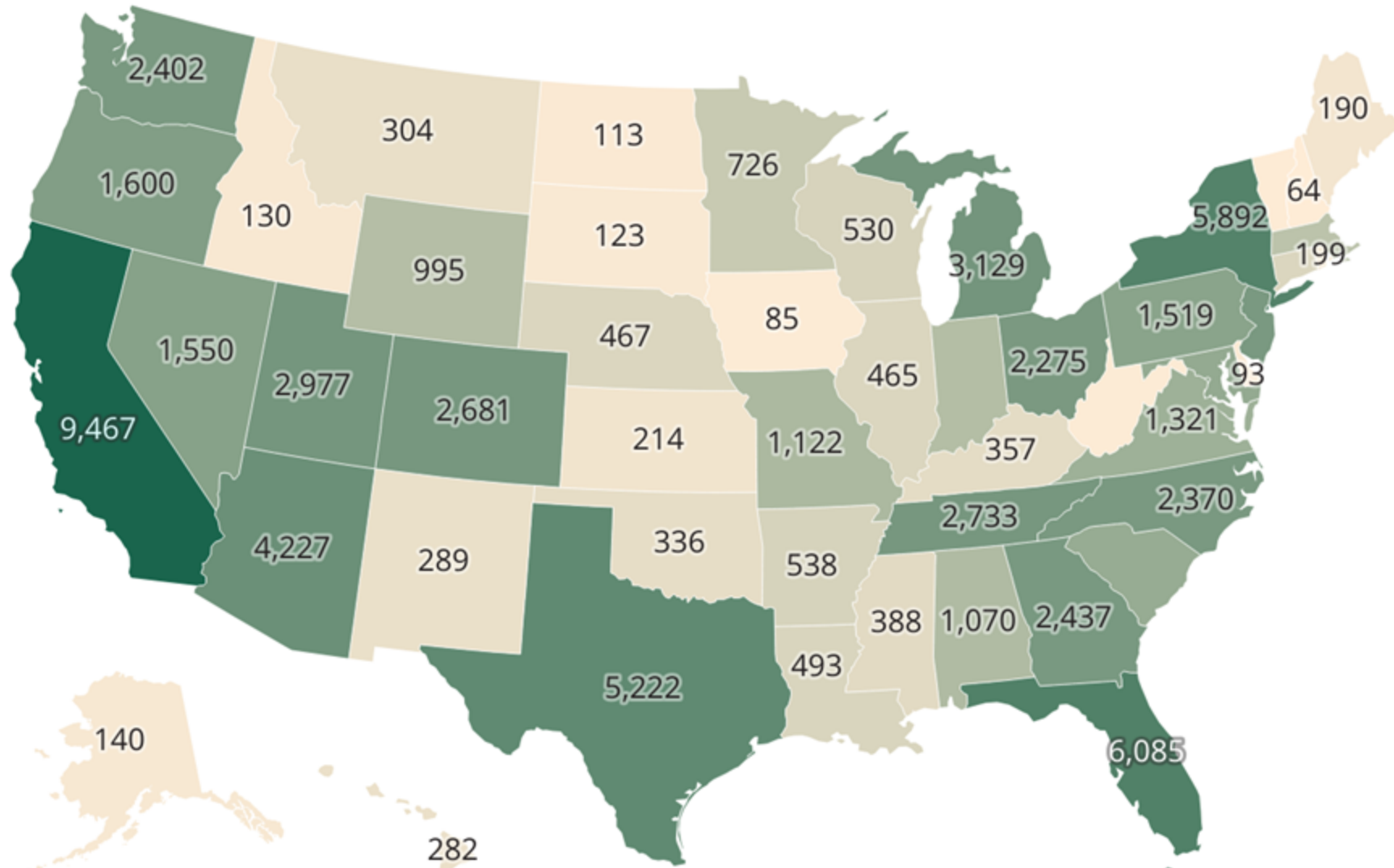
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- ✓ More than **\$100 billion** in direct equity capital has been invested in OZs.
- ✓ Approximately **three-fourths** of all designated tracts have seen investment.
- ✓ The rate of **housing unit growth** in OZs has more than **doubled** since designation.



# Total Qualified Opportunity Fund Investment by State

Millions of USD



Nationwide, **more than \$100 billion** has been invested in OZs to date.

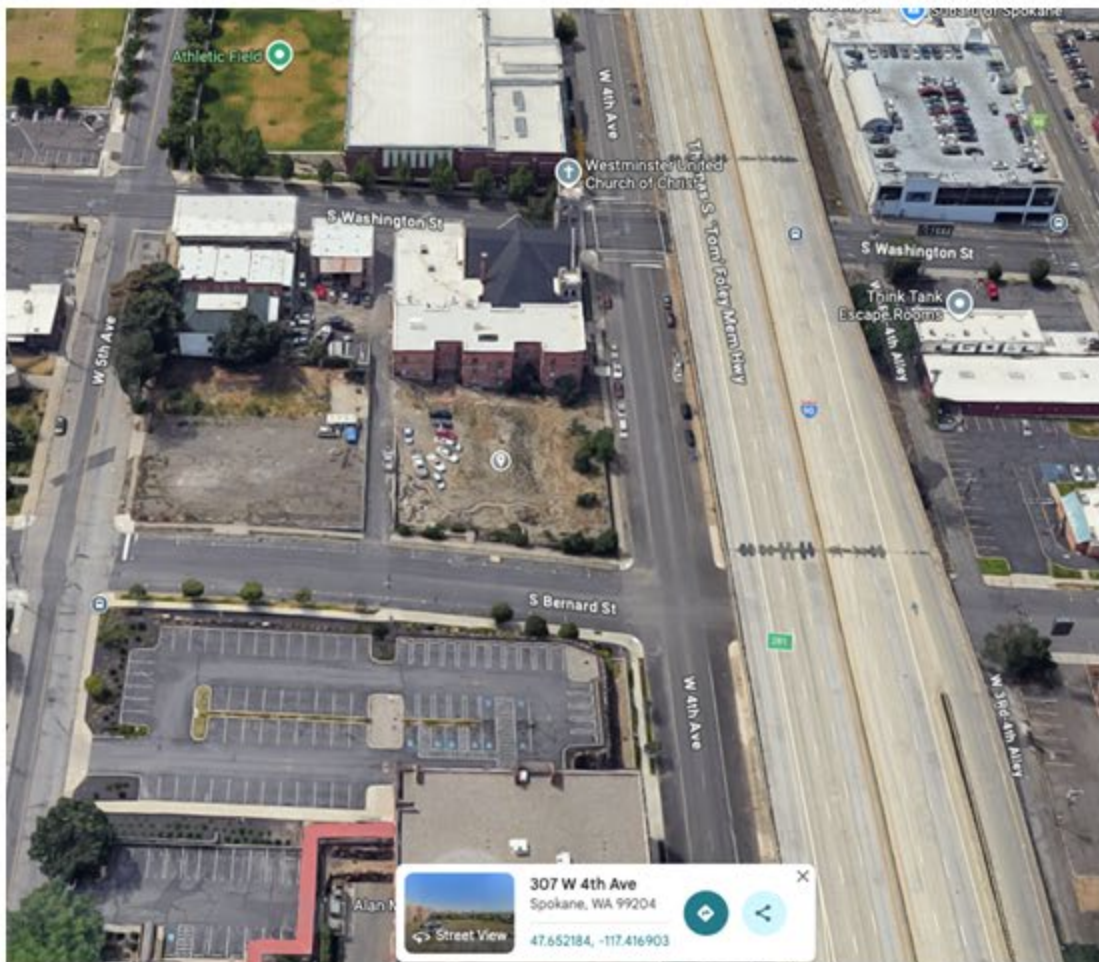
By the end of 2022, **California** registered **\$9.5 billion** in OZ investment.

That equates to **\$243 per capita**, in line with the national average of **\$238**.

# OZs in Action

*OZ investments frequently take the form of multifamily residential in-fill development*

**Before**



# OZs in Action

*OZ investments frequently take the form of multifamily residential in-fill development*

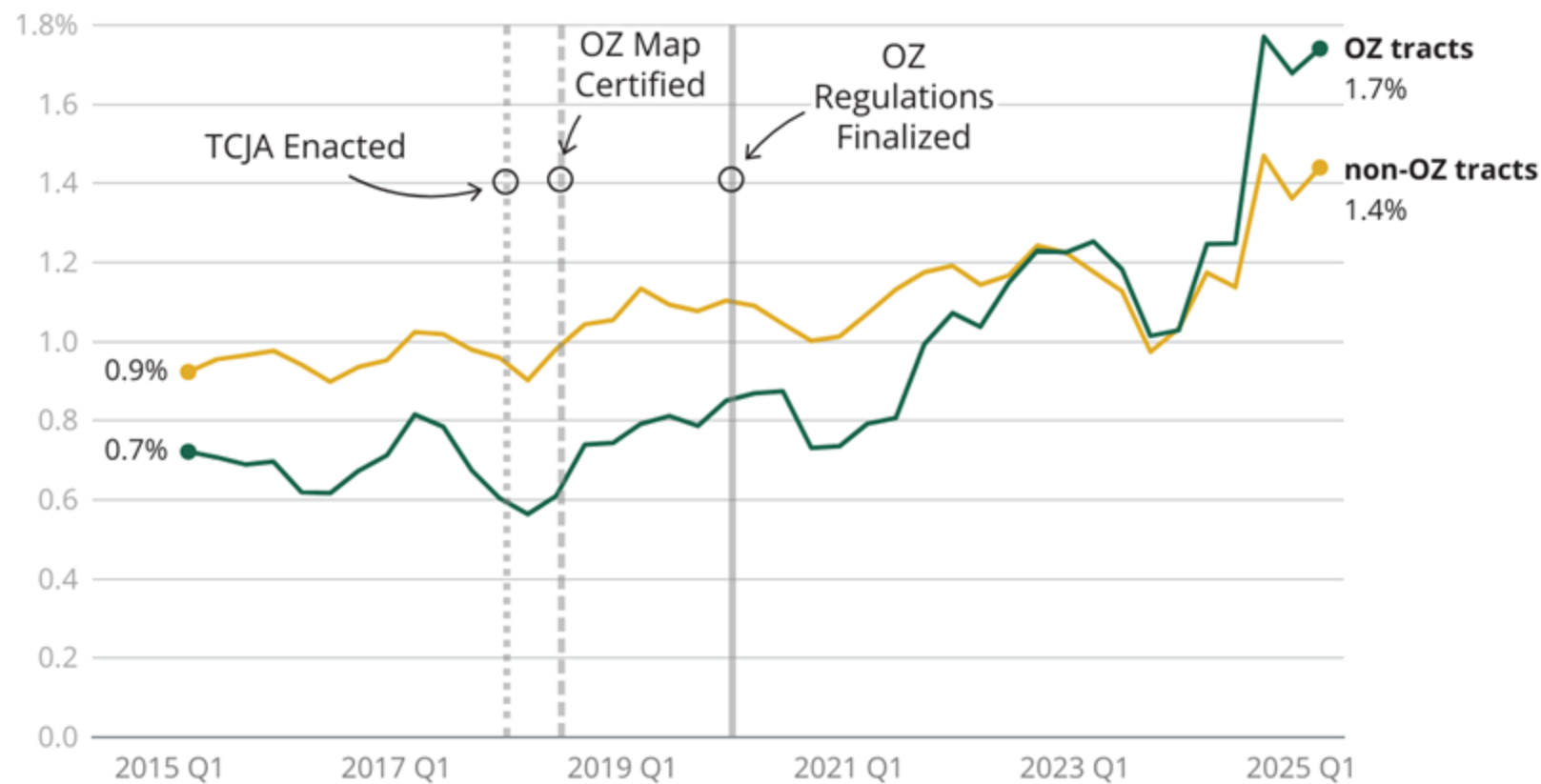
**After**



# OZ are proving to be one of the most powerful supply-side federal housing incentives in generations

## Annual growth rate in housing units, Q1 2015 to Q1 2025

Using 2020 standardized data crosswalked to 2010 census tract boundaries



The **growth rate** in new housing units in Opportunity Zones **more than doubled** after designation — without taking away from other tracts.

## Why should communities care?

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- ✓ OZs can help **close deals** and get good projects off the ground.
- ✓ OZs can drive **in-fill** development; complete the neighborhood fabric.
- ✓ OZs can help mobilize local **reinvestment** or “local-vesting” efforts.
- ✓ OZs can directly help address **housing shortages** at all price levels.
- ✓ The boosted **rural** incentives should spark **economic development**.
- ✓ OZ designation can put more power—and private capital—**behind your plans**.

# What worked in OZs 1.0

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## Worked!

- New and refurbished multifamily rental housing
- Workforce housing
- Mixed-use developments
- Adaptive reuse and historical rehabilitations
- Real estate for commercial purposes
- Urban, semi-urban, and suburban in-fill development
- Large investments by large investors

## Kinda worked...

- Deeply affordable housing
- Pairing with LIHTC and NMTC
- Rural industrial and commercial development\*
- Clean energy (solar)
- Small investments by small-scale investors
- CDFI/impact sector engagement\*

## Did not work.

- Single-family homes (especially for sale)
- Venture-style equity investment
- Direct investment into small businesses
- “Retail” investor participation
- Widespread rural investment\*
- Transparency\*

*\*expect to change or improve with 2.0*

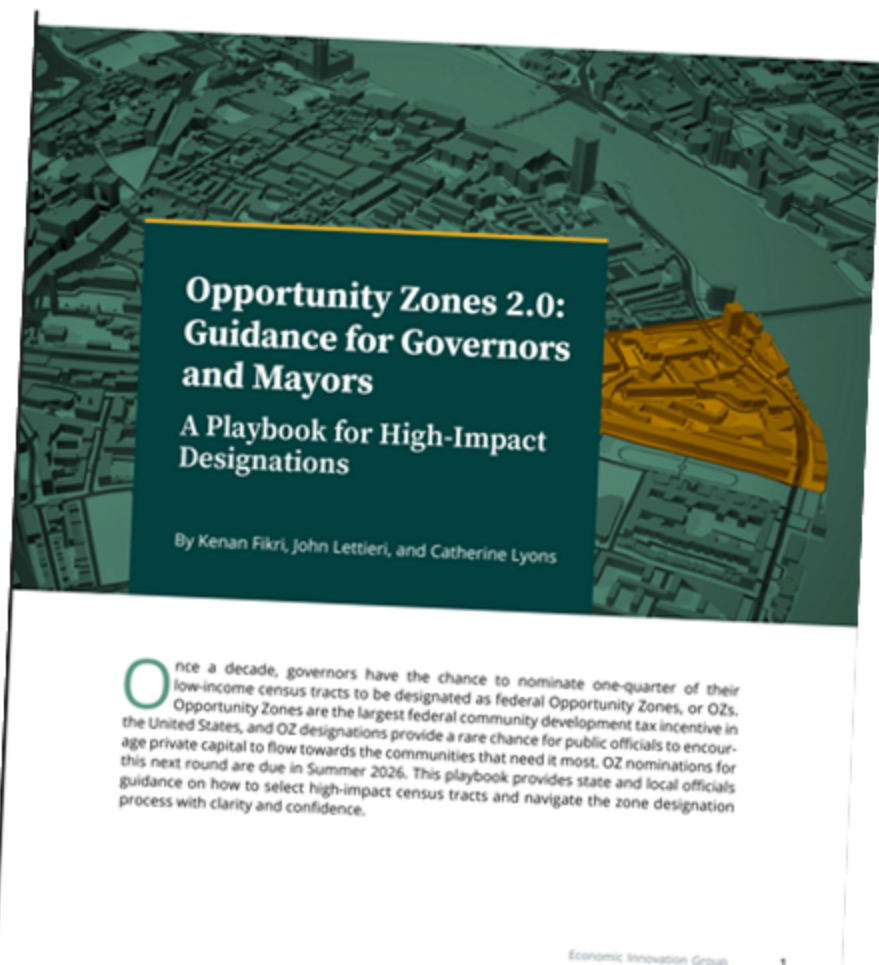
# Zone designations deep dive

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# Eight principles for a robust zone designation process

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1. Get a **head start**
2. Set a **vision**
3. Designate a lead **agency**
4. Engage **local and community partners** strategically
5. Balance economic **need** and investment **potential**
6. Combine both **quantitative** and **qualitative** insights
7. Embrace purposeful **transparency**
8. **Align** OZ nominations with supportive policy tools



For additional resources visit [eig.org/ozs-resources/](https://eig.org/ozs-resources/)

# A three-part test for identifying good OZ tracts

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## 1. The community test:

*Does the area genuinely need new investment to grow and diversify their economies so that residents can prosper?*

## 2. The market test:

*Does the area areas have a reasonable chance to attract private capital and put it to productive use within the policy's timelines?*

## 3. The policy test:

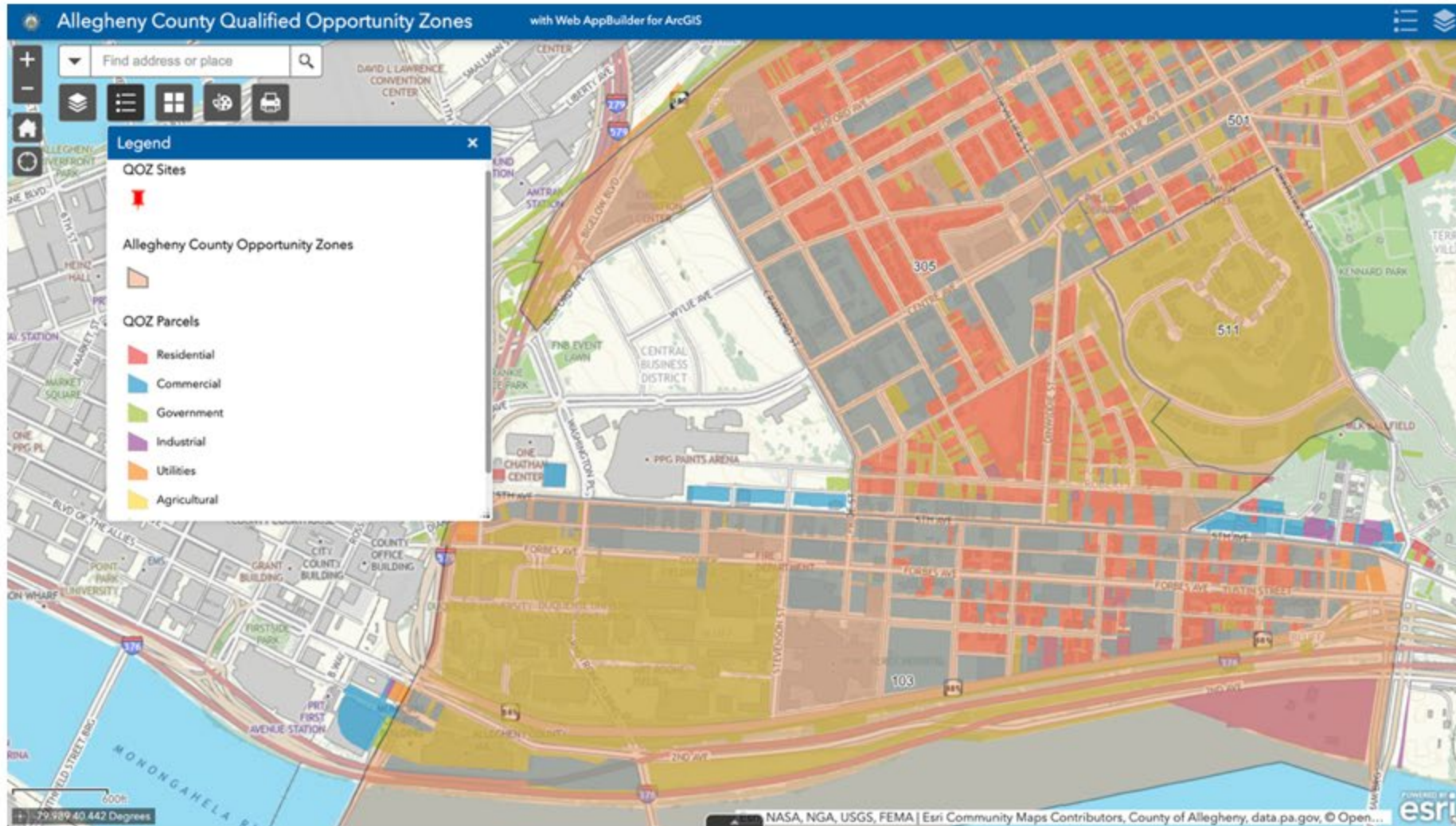
*Are local policies investment-friendly and conducive to economic development?*

## Key questions for local leaders

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- *Where do you wish to **channel development**?*
- *Where have you recently invested in **infrastructure** or enacted **zoning** reform?*
- *What are your priority neighborhoods for economic **revitalization**?*
- *What are your core **anchor assets** in eligible census tracts?*
- *Which tracts might be primed for **housing** and which for **commercial** development?*
- *Where are your **brownfield** sites? Where is there the greatest potential for **in-fill**?*
- *Are there nascent poles of **population growth** on which you'd like to build?*
- *Are there opportunities for **workforce housing** along key **transit corridors**?*
- *Where does the county have **land** that could be contributed to high-impact projects?*

# Allegheny County, PA's, integrated zoning platform is a model



Layering on **vacant parcels**, **brownfield sites**, and other such information would be especially useful for the selection process

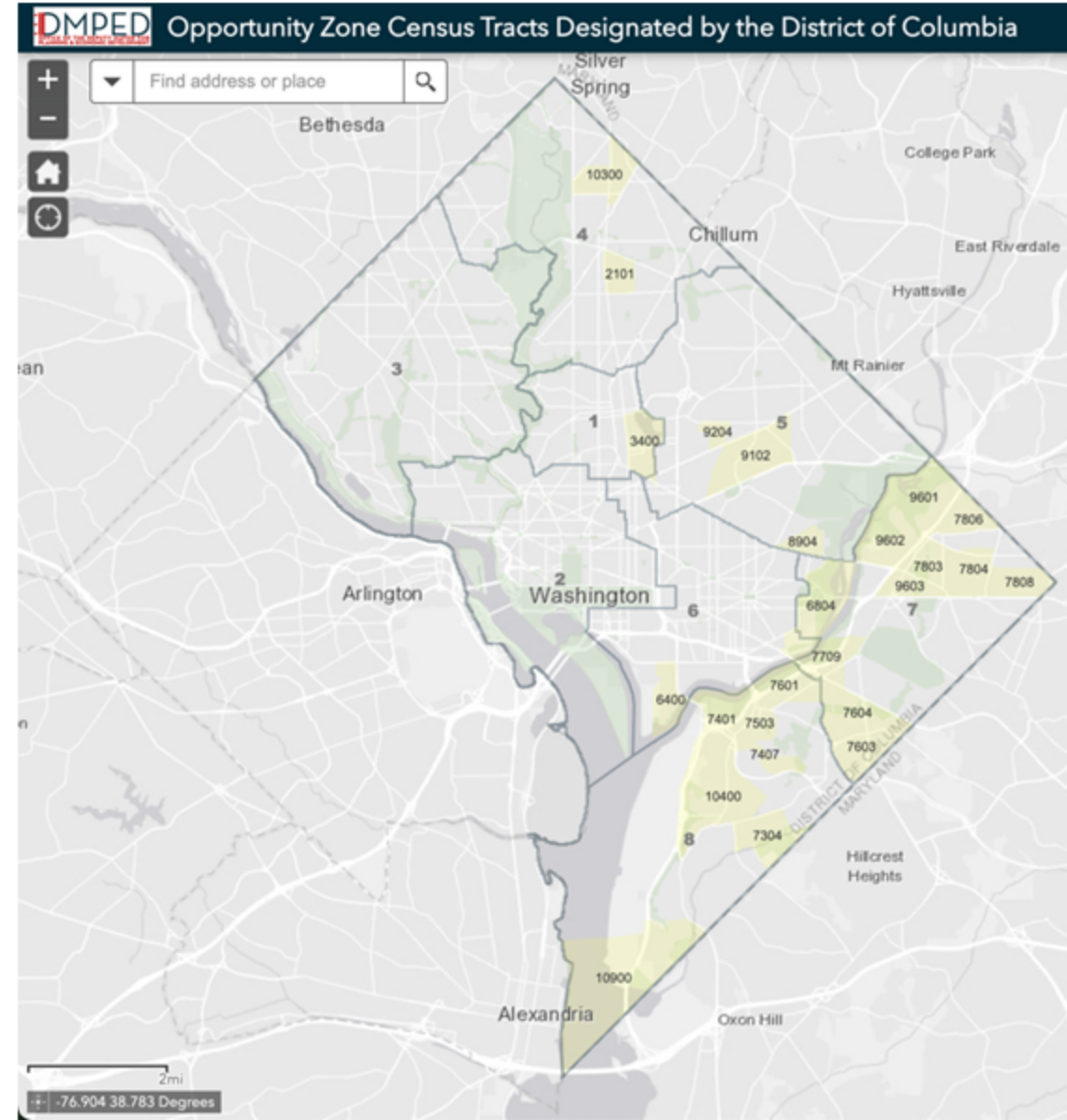
# DC focused on layering incentives, gathering public input, and heeding market signals

## DC's zone designation process

- Step 1: Determine eligibility, remove **outliers**.
- Step 2: Identify tracts with **commercial** land, high unemployment, and aligned with **city priorities**.
- Step 3: Gather **public input** via survey in which respondents could rank **semi-finalist** tracts and priorities.
- Step 4: Consult neighborhood **commissioners**; public.
- Step 5: Analyze data on **recent investments**, etc.
- Step 6: Overlay **complementary incentives** such as Supermarket Tax Credit and Great Streets grant program.
- Step 7: **Finalize** tracts prioritizing **disadvantaged** areas, high **investment** potential, high **impact** potential, and high public **support**.

Read more at "How DC Designated Our Opportunity Zones"

<https://dmped.dc.gov/page/how-dc-designated-our-opportunity-zones>



## OZs in action – and impact

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# What tools are at your disposal to influence outcomes?

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## To **contribute to projects**:

- Permitting and approvals!
- Publicly-owned land
- Ground leases
- Occupancy guarantees

## To **drive investment** towards **impact**:

- Traditional development finance tools
- Main Street and small business grant programs
- Parcel assembly and remediation
- Capacity building and ecosystem development grants



# Impact Case Study: Opportunity Alabama

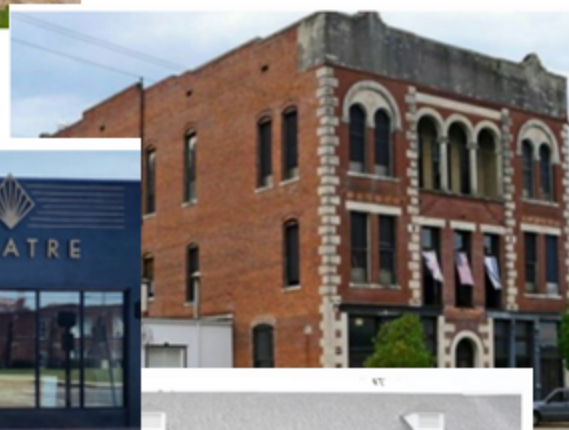
*“OZs did not come with a playbook. In AL, we decided we needed one.”*

How it works:

- ✓ A non-profit **“created to be a catalyst for investments in meaningful projects and underserved places across Alabama”**
- ✓ Civic **entrepreneurship** and institutional **innovation** at work
- ✓ Seeded by local **utility, banks, and other anchors**
- ✓ Supported by **EDA, philanthropy, others**
- ✓ **Certified CDFI** with an affiliated investment fund

OPAL **builds capacity and solves problems:**

- ✓ Cultivates an **investor base** and a project pipeline
- ✓ Engages in **predevelopment** work
- ✓ Helps ready **distressed rural** regions for investment
- ✓ Connects **committed capital** to **high-impact** projects
- ✓ **Coordinates** capital and incentives



# Impact Case Study: Liv DTLA

*Deeply affordable housing project made possible through lease by LA County*

- 
- ✓ 227-unit 8-story **deeply affordable** housing development in downtown Los Angeles, CA.
  - ✓ Sponsored and developed by Housing Diversity Corporation with OZ equity provided by Arctaris Impact Capital.
  - ✓ **Fully leased by the LA Homeless Services Authority** for 5 years to provide permanent supportive housing with wraparound services for populations transitioning out of homelessness.
  - ✓ Ground floor commercial spaces leased by those supportive services providers.
  - ✓ All units reserved for residents early 50% AMI or below and 10% of units for those earning 30% AMI or below.



# Impact Case Study: Sharswood Ridge

*Local Philadelphia development brings more than just affordable housing*

- ✓ Creates **78 workforce housing units** for renters earning 80-100% AMI and **20 deeply affordable units** through project-based **vouchers** from the Philadelphia Housing Authority
- ✓ Provides a much-needed grocery store, bank, medical clinic, and ample retail space to this **medically underserved food desert**
- ✓ Made possible through many public, nonprofit, and for-profit investments and financing tools, including locally **crowdsourced capital**
- ✓ Led by a local, minority-owned developer and the city's PHA, it is been called one of the **largest and ambitious revitalization efforts** in the country
- ✓ Expected to create **300 permanent jobs**, most of which will go to local residents



# Impact Case Study: Atrium Court

*Keeping housing affordable and business local in a diverse Seattle neighborhood*




- ✓ **271 affordable apartments**, 200 of which are reserved for households at 50% to 80% AMI for **99 years**.
- ✓ Transit-oriented development next to the Othello Light Rail Station, advancing the city's **Urban Village strategy**
- ✓ The city will work with community members to support long term **cultural and economic sustainability** in this historically underinvested neighborhood.
- ✓ A partnership between Seattle's Business Community Ownership Fund and Grow America, a nonprofit, will convert most of the ground floor space for **local, community-serving businesses to eventually own**.
- ✓ Financed through a public-private partnership, including \$15 million in **equity** from AIC CEI-Boulos and a \$16 million **below-market loan** from the Amazon Housing Equity Fund



EIG brings together leading entrepreneurs, investors, economists, and policymakers from across the political spectrum to address America's economic challenges.

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# **Opportunity Zones 2.0 Selection Framework for California**

Brian Coleman, GO-Biz Project Financing Manager



# OZ 2.0 Program Timeline

- **May to June 2026** – Overview & information webinar series
- **Mid-June to Late July 2026** – Online application window for local jurisdictions to submit census tract nominations
- **August to September 2026** – GO-Biz and CA Department of Finance will evaluate census tracts for OZ 2.0 nomination by the Governor’s Office
- **September 2026** – Governor’s Office will formally submit nominated census tracts to the U.S. Department of Treasury
- **January 2027** – The U.S. Department of the Treasury will certify nominations, and the new OZ 2.0 map will take effect

*Timeline subject to change*



# Evaluating Census Tracts for Nomination

**California will prioritize tracts that align with statewide and regional economic development objectives, including:**

- **Advancing California Jobs First** regional plans and the Statewide Economic Blueprint
- **Attracting private investment** in affordable housing aligned with stated Regional Housing Needs Assessment (RHNA) goals
- **Inclusion of “shovel-ready” sites** as defined by the GO-Biz Business Ready Sites tool
- **Public investment** (demonstrated or planned) within the census tract

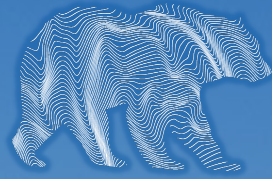


# GO-Biz Opportunity Zones 2.0 Webpage



<https://business.ca.gov/resources/infrastructure-development/opportunity-zones-in-california>





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**Thank you!**

[business.ca.gov](http://business.ca.gov)