

Opportunity Zones 2.0 Investment & Community Readiness

November 17, 2026

Housekeeping Items

- The webinar session is being recorded.
- Attendee video, audio, and chat features are disabled.
- Questions may be submitted using the Q&A function.
- We will address questions following the presentations and have reserved approximately 10 - 15 minutes at the end of the session for additional Q&A.

Agenda

1. **Welcome & Introductions**
2. **Opportunity Zones 2.0 Overview and Updates**
   – Robert Jamieson, Department of Housing & Urban Development (HUD)
3. **California's OZ 2.0 Selection Process**
   – Brian Coleman, GO-Biz
4. **Q&A Session**

Opportunity Zones 2.0 Overview & Updates

Robert Jamieson, Program Analyst, HUD



Opportunity Zones
Basics



OPPORTUNITY ZONES

Investors
with **Capital Gains**
are eligible for **Tax Benefits**
for **Investment** in
Distressed Communities

OPPORTUNITY ZONES

Investors

Individuals or Companies

Capital Gains

Capital gains are the profits you make when you sell an asset for more than you paid for it.

If you **buy** something (like a stock, real estate, or a business asset) for $100,000 and later **sell** it for $150,000, your **capital gain** is $50,000.

If you sell it for less than you paid, that's called a **capital loss**.

Tax Benefits

Tax benefits are advantages
in the tax system
that help a person or business
reduce the amount of taxes they owe.

Simple version:
“Tax benefits are special rules
that help you **save money on taxes**.”

Investment

An investment is **money**
put into a business, property, or project
with the goal of helping it
to earn a **financial return or profit** over time.

Distressed Communities

Distressed communities are neighborhoods or areas that **need economic investment** to address its challenges.

Opportunity Zones

Designed to address the need
to unlock investors' capital gains
for them to invest in distressed communities
by providing them with the potential
to receive several tax benefits

Investors New Options

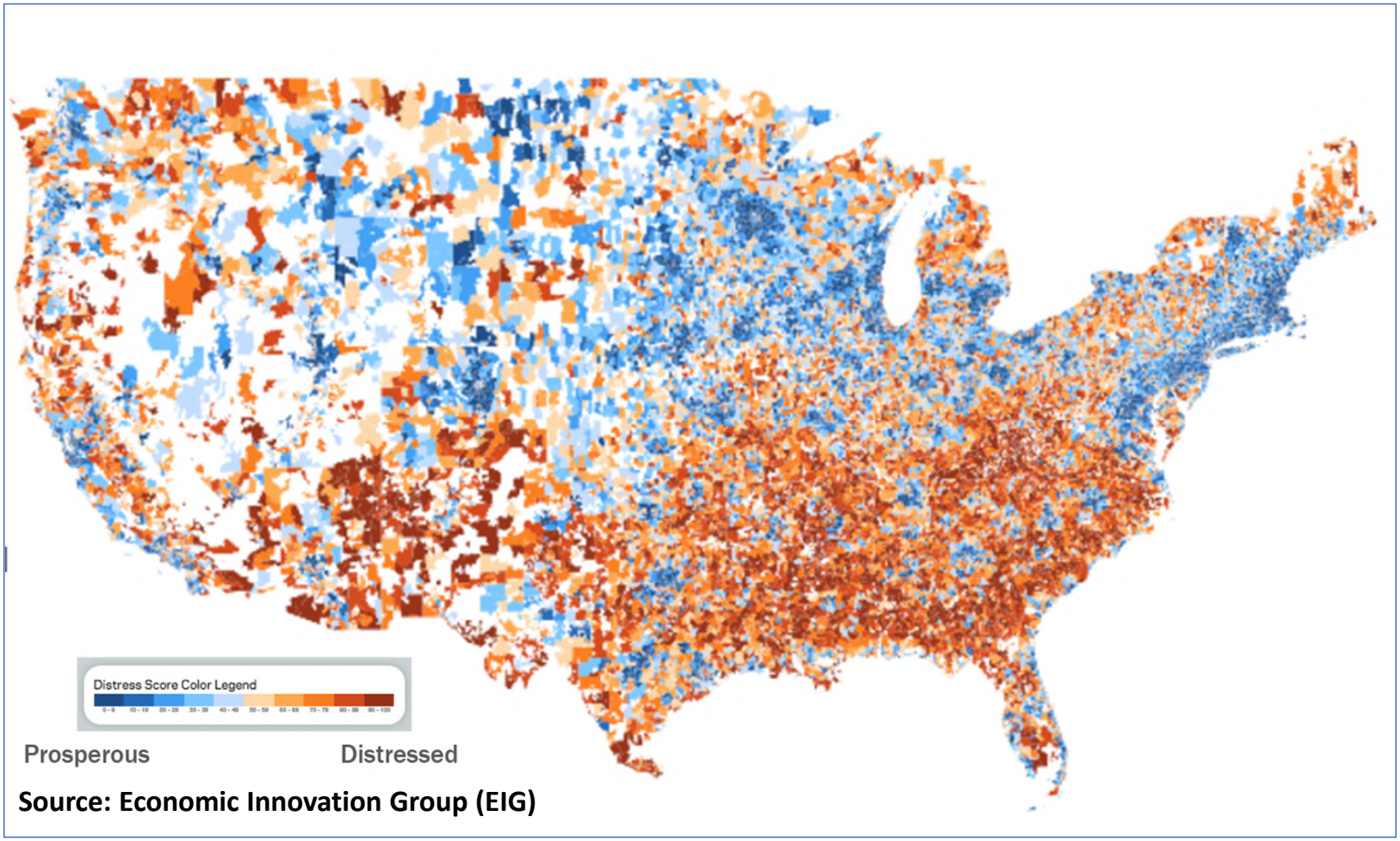
Investors' may now realize they can
sell their investment and delay paying taxes and
pay less in taxes if they invest their money (equity)
in a distressed community.

Public-Private Partnership

Investors' financial support for communities will help the community and the longer their investment is in the community the investor can receive additional tax benefits and the community continues to benefit.

OPPORTUNITY ZONES

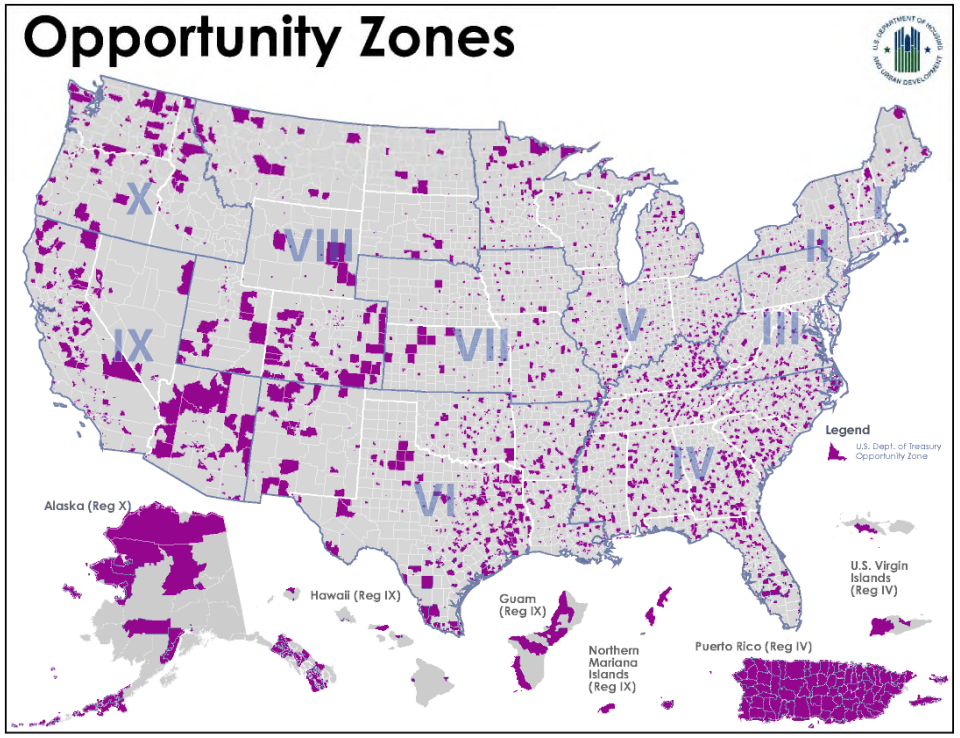
52 Million Americans Live in Distressed Communities

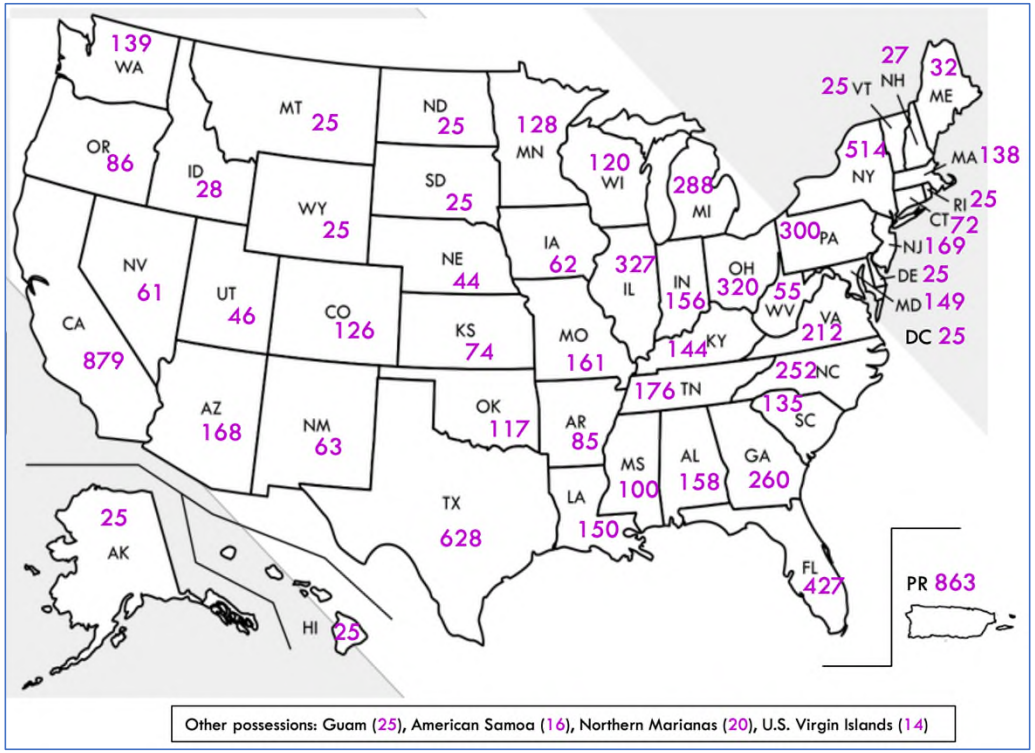


Source: Economic Innovation Group (EIG)

OPPORTUNITY ZONES: OZ 1.0 MAP

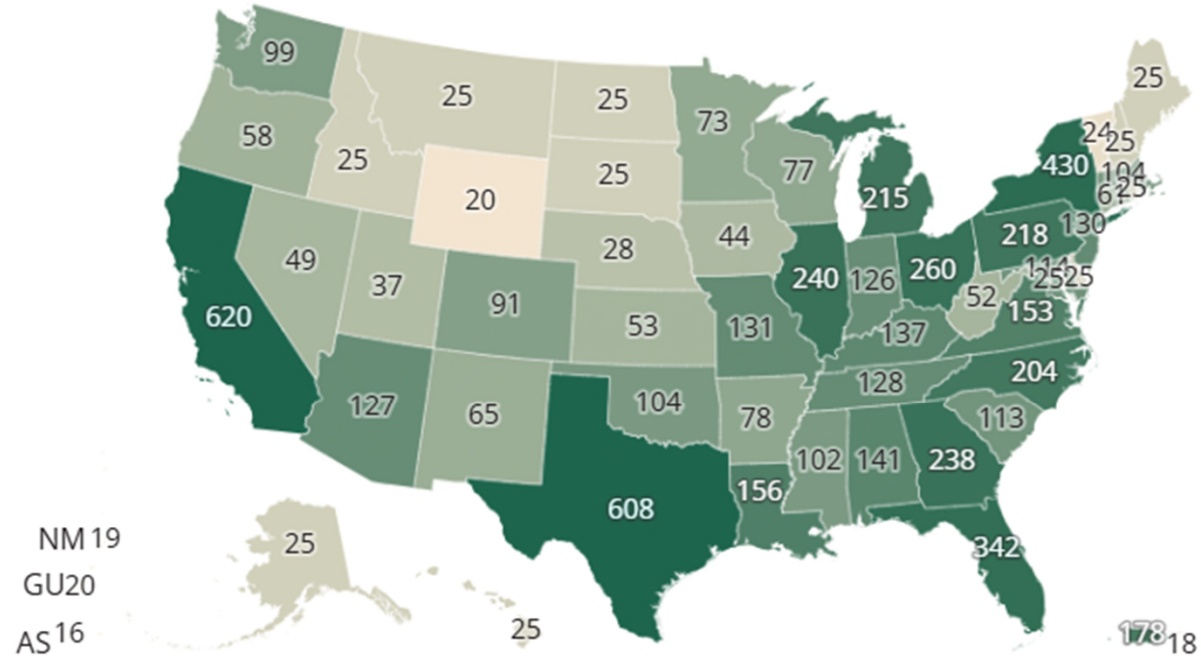
8,764 Opportunity Zones Census Tracts Designated in 2018





OPPORTUNITY ZONES: OZ 2.0 MAP (EFFECTIVE 1/1/27)

6,576 Opportunity Zones Census Tracts Designated in 2026



Source: EIG analysis of CDFI Fund data

ECONOMIC INNOVATION GROUP

- 22.9 million people, or 6.8% of the country's population, reside in the newly-designated census tracts.
- Average poverty rate of 26.8%
- Average median family income of $60,940.
- 39% are rural area OZ census tracts. (compared to 37.5% for OZ 1.0) census tracts.

OPPORTUNITY ZONES



OPPORTUNITY ZONES

History



Created under 2017 federal tax law, temporary incentive



Designed to encourage long-term private investment



Census tracts designated in 2018 from "distressed list"



2025 Working Families Tax Cuts made incentive permanent



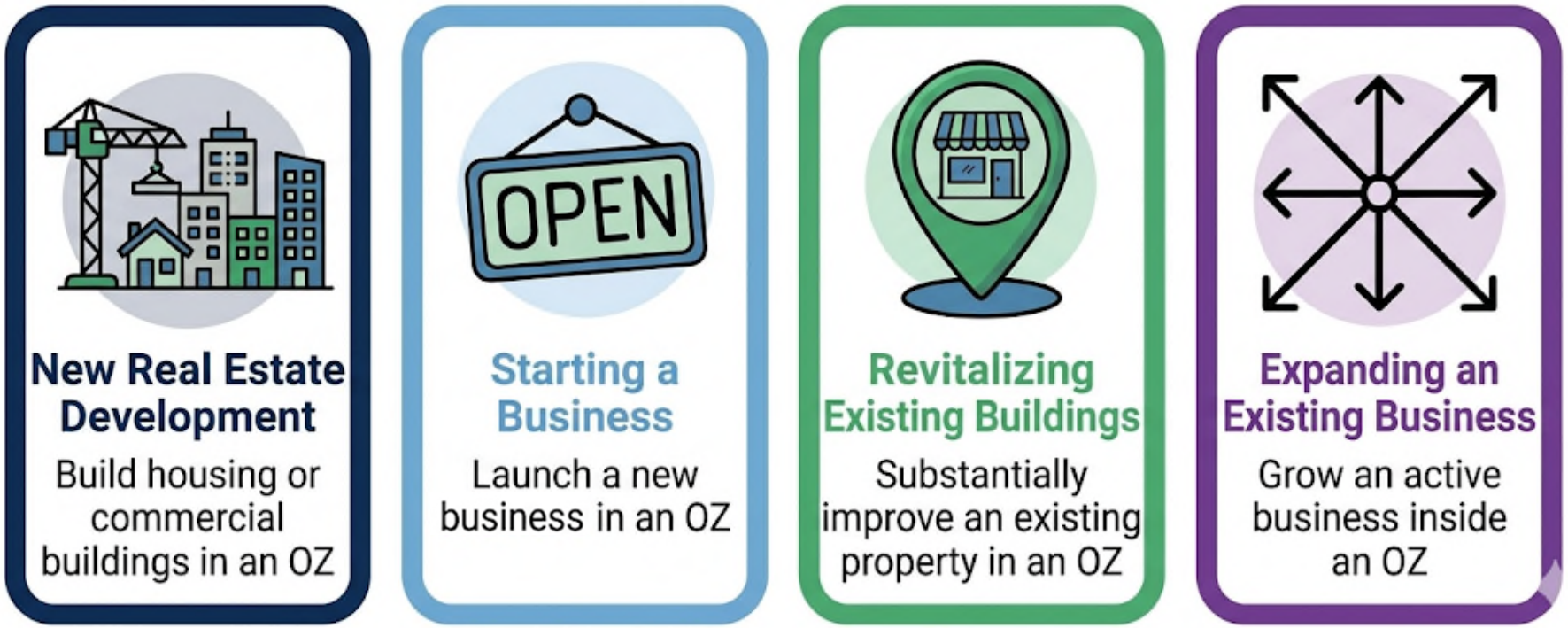
Designated OZ census tracts expire at end of 2028
(Puerto Rico's OZ census tract expire at the end of 2027)



Rural tax benefit added to original incentive

OPPORTUNITY ZONES

Investments



OPPORTUNITY ZONES

Investment Typologies

Developments (New or Rehabilitation)



Housing (Single Family and Multi-Family)



Commercial (Office and Retail) Buildings



Hospitals, Medical Offices, and Medical Industry Facilities



Industrial and Manufacturing Facilities



Data Centers and Digital Infrastructure Facilities



and many others (Schools, Recreational Facilities, etc.)

Operating Businesses except for "Sin" Businesses

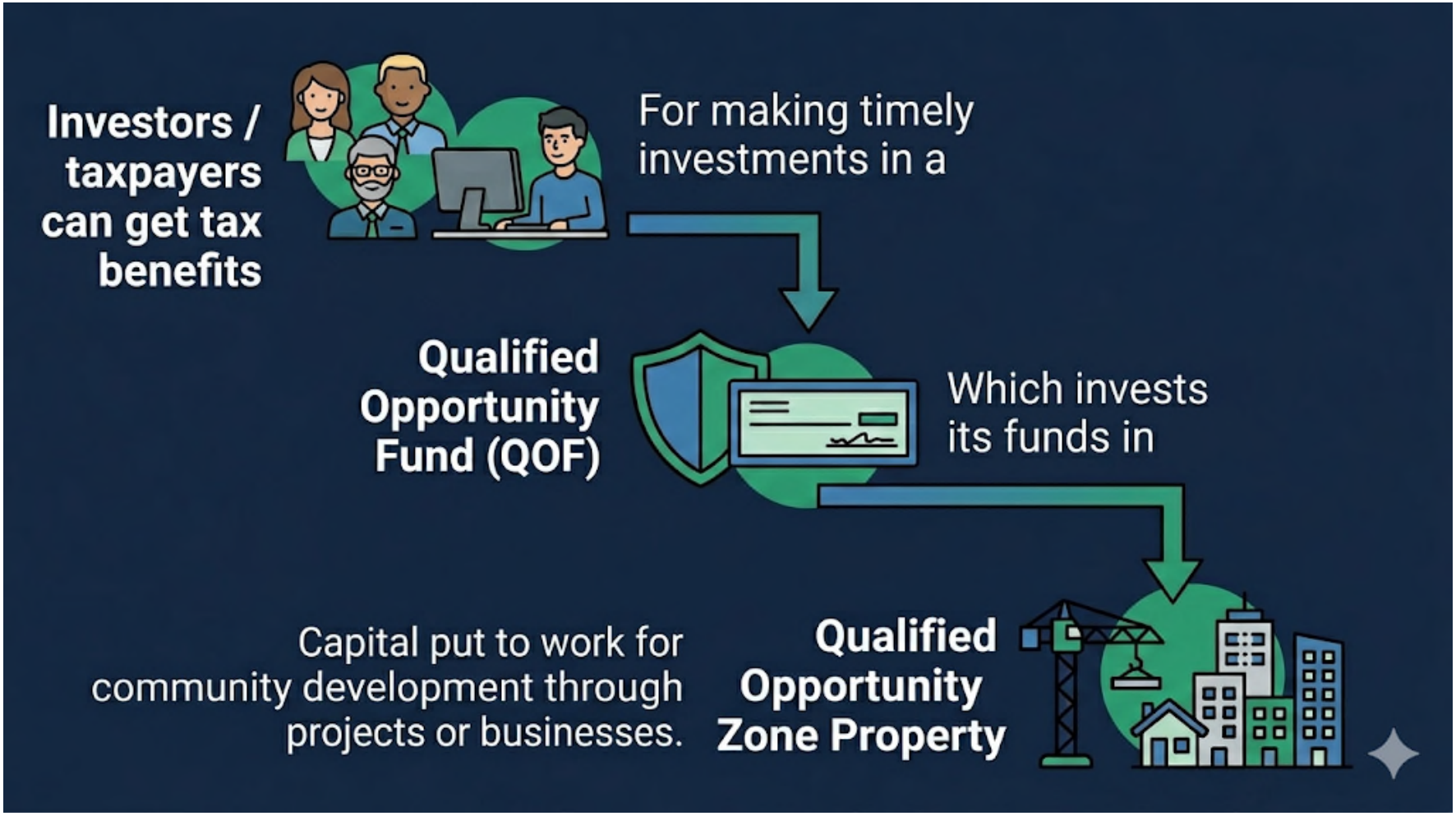


All types of business (start-ups and expansions)

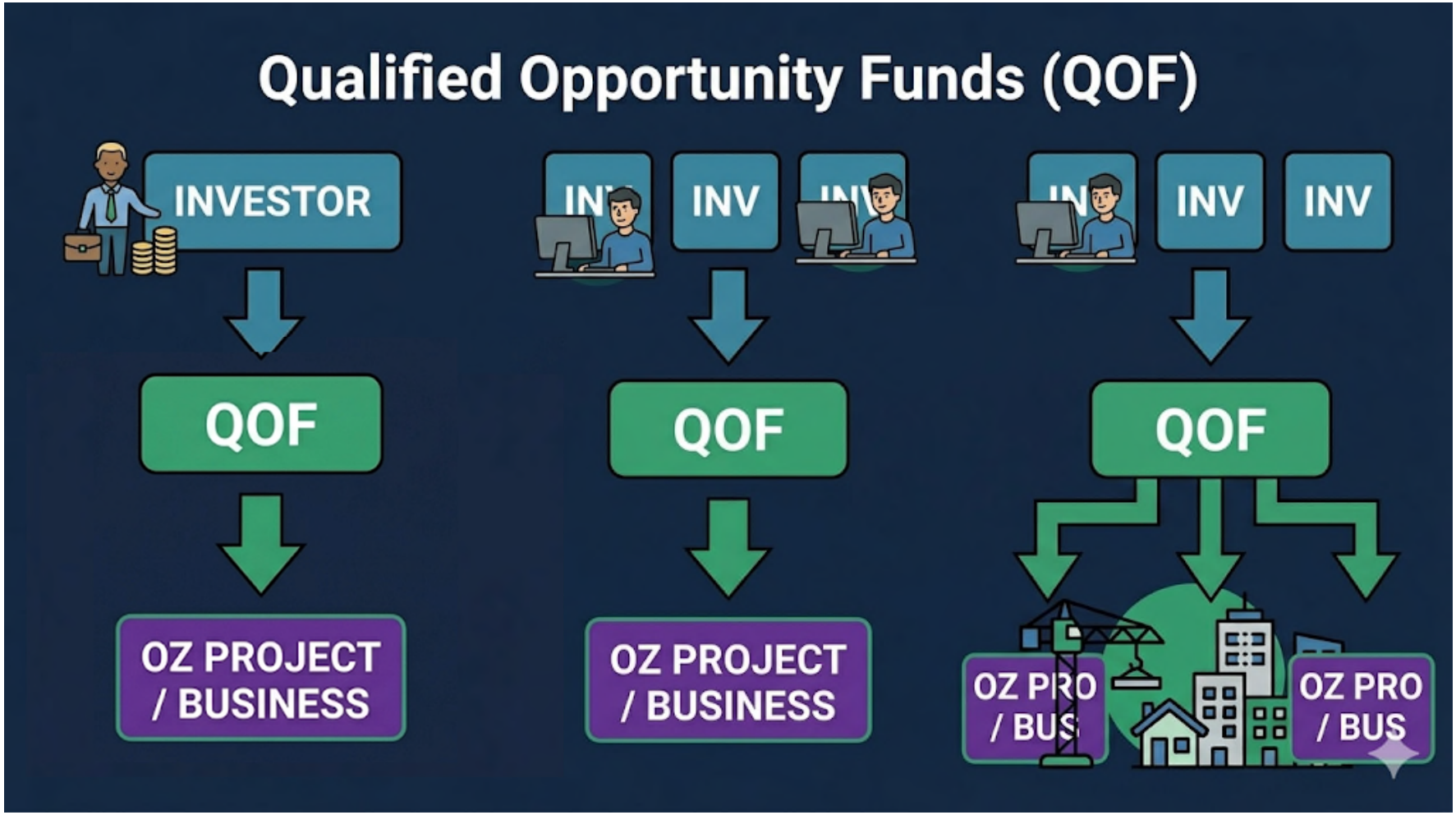


Sin Businesses (liquor store, casino, racetrack, private golf, massage, sun tan, etc.)

OPPORTUNITY ZONES



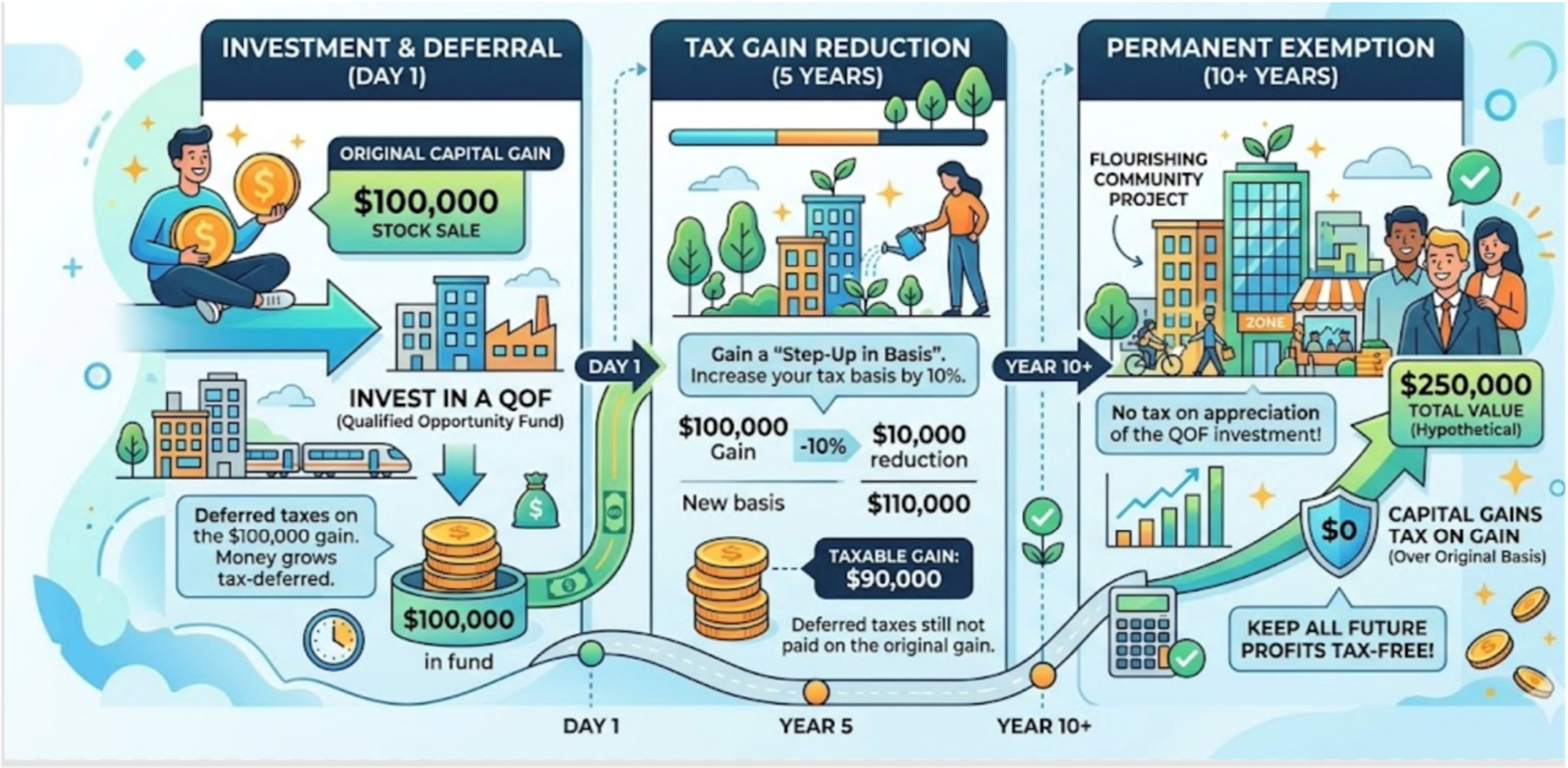
OPPORTUNITY ZONES



OPPORTUNITY ZONES



OPPORTUNITY ZONES



OPPORTUNITY ZONES: INTRODUCTION

Non-QOF versus QOF Investment Example

		NON-QOF INVESTMENT
	ORIGINAL CAPITAL GAIN	$1,000,000
	TAX RATE	30%
-	TAX ON ORIGINAL CAPITAL GAIN	($300,000)
=	INVESTABLE AMOUNT *after tax*	$700,000
X	COMPOUNDED HYPOTHETICAL ANNUAL RETURN	8%
=	APPRECIATION *over 10 years*	$811,247
-	TAX ON APPRECIATION *after 10 years*	($243,374)
-	LONG-TERM CAPITAL GAINS TAXES PAID *on original gain*	$0
=	FINAL VALUE *after 10 years, net of taxes paid*	$1,207,873

OPPORTUNITY ZONES: INTRODUCTION

Non-QOF versus QOF Investment Example

		NON-QOF INVESTMENT	QOF INVESTMENT	DIFFERENCES
	ORIGINAL CAPITAL GAIN	$1,000,000	$1,000,000	
	TAX RATE	30%	30%	
-	TAX ON ORIGINAL CAPITAL GAIN	($300,000)	Deferred	Defer tax on Capital Gains
=	INVESTABLE AMOUNT *after tax*	$700,000	$1,000,000	$300,000 more to invest
X	COMPOUNDED HYPOTHETICAL ANNUAL RETURN	8%	8%	
=	APPRECIATION *over 10 years*	$811,247	$1,156,925	$345,678 more in asset value growth
-	TAX ON APPRECIATION *after 10 years*	($243,374)	$0	$243,374 less in taxes paid
-	LONG-TERM CAPITAL GAINS TAXES PAID *on original gain*	$0	($270,000)	$30,000 less in taxes paid (includes 10% discount, paid later)
=	FINAL VALUE *after 10 years, net of taxes paid*	$1,207,873	$1,888,925	$681,052 increase in value

Hypothetical example provided for informational purposes only.

OPPORTUNITY ZONES

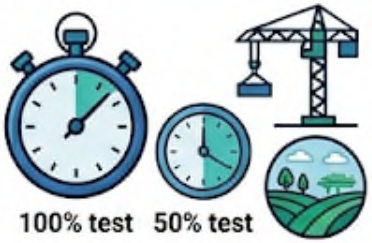
New and Revised Incentives



Deferral of original gain (rolling 5-years from investment)



10% discount on original gain (30% for rural areas)



100% substantial improvement test (50% for rural areas)



Exclusion of appreciation after 10+ years



No tax on post-investment gains if requirements met



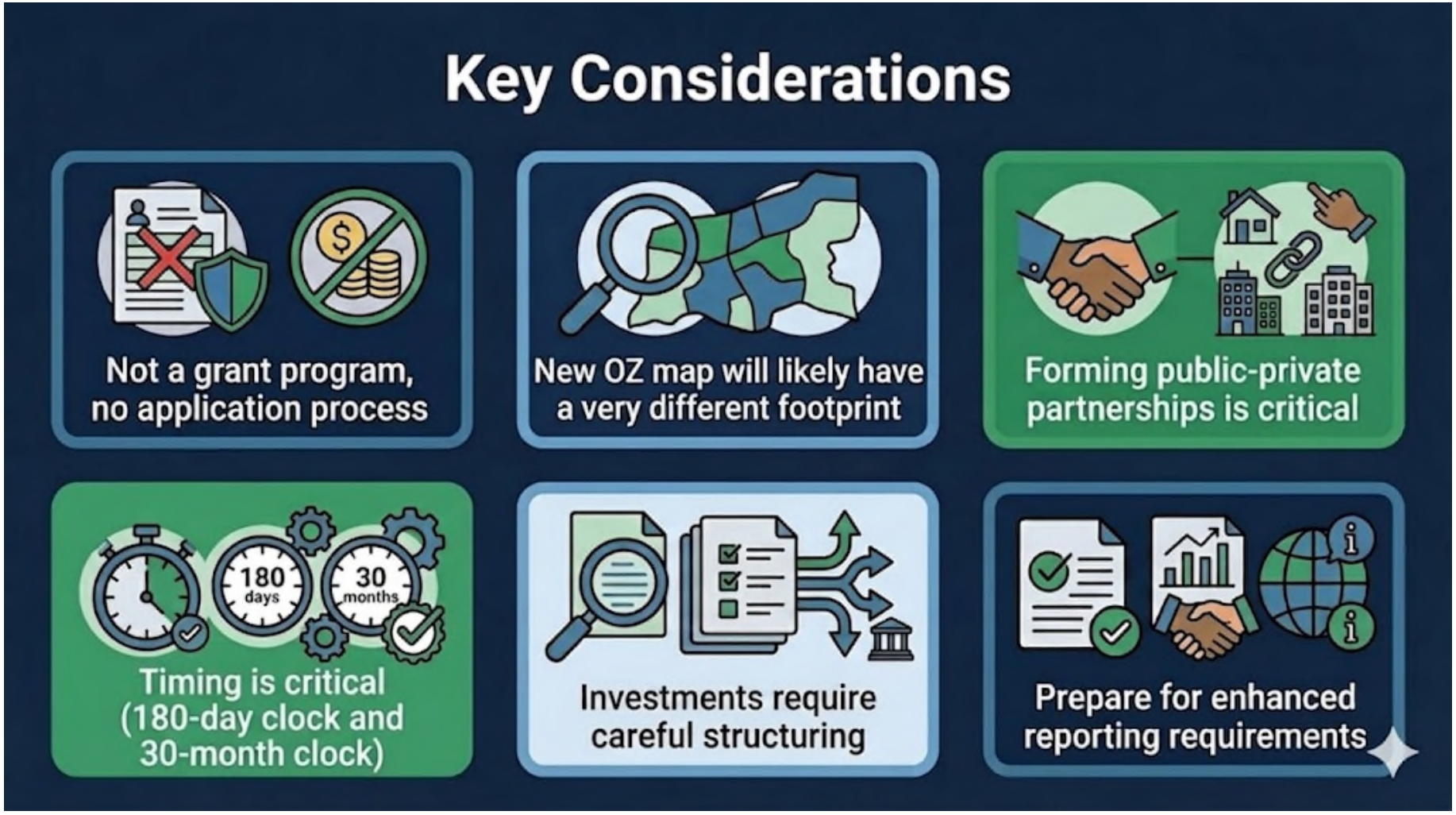
No depreciation recapture at exit



New enhanced compliance and reporting requirements

OPPORTUNITY ZONES

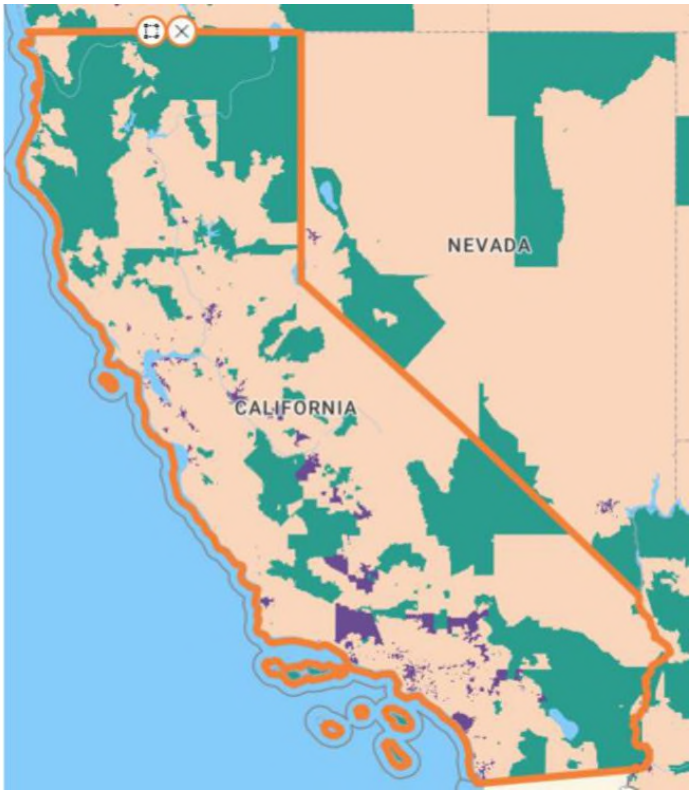
Key Considerations



OPPORTUNITY ZONES

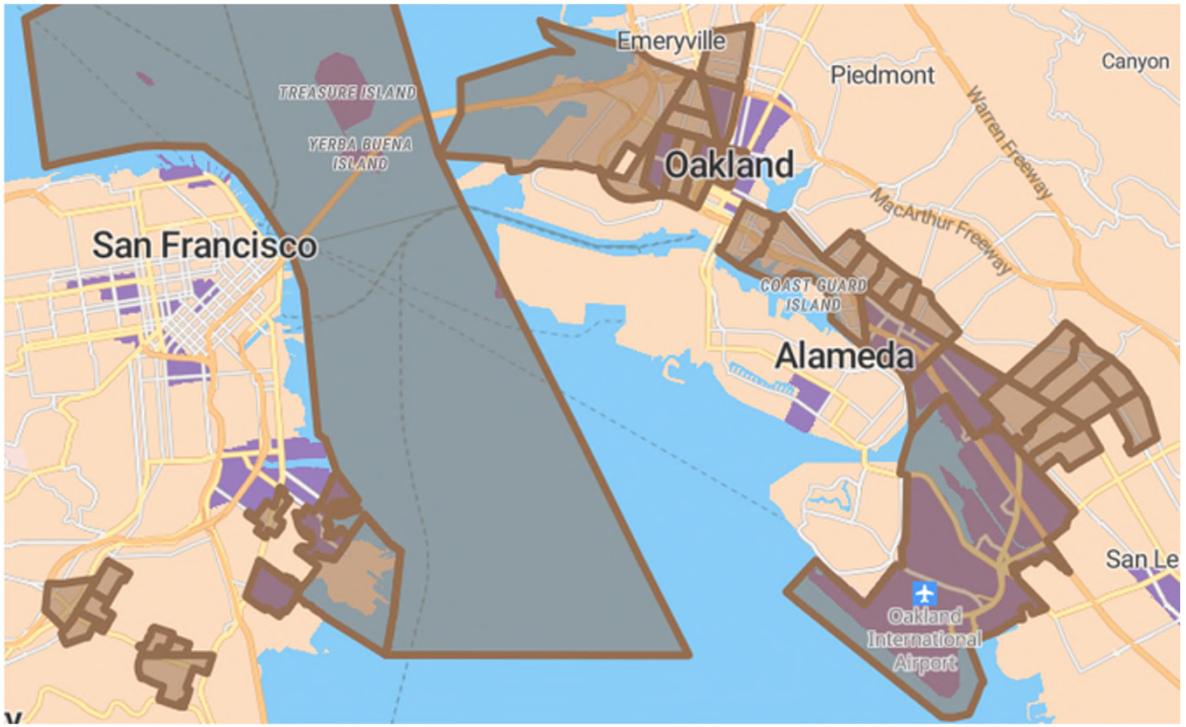
California OZ 1.0 versus Eligible OZ 2.0 Census Tracts





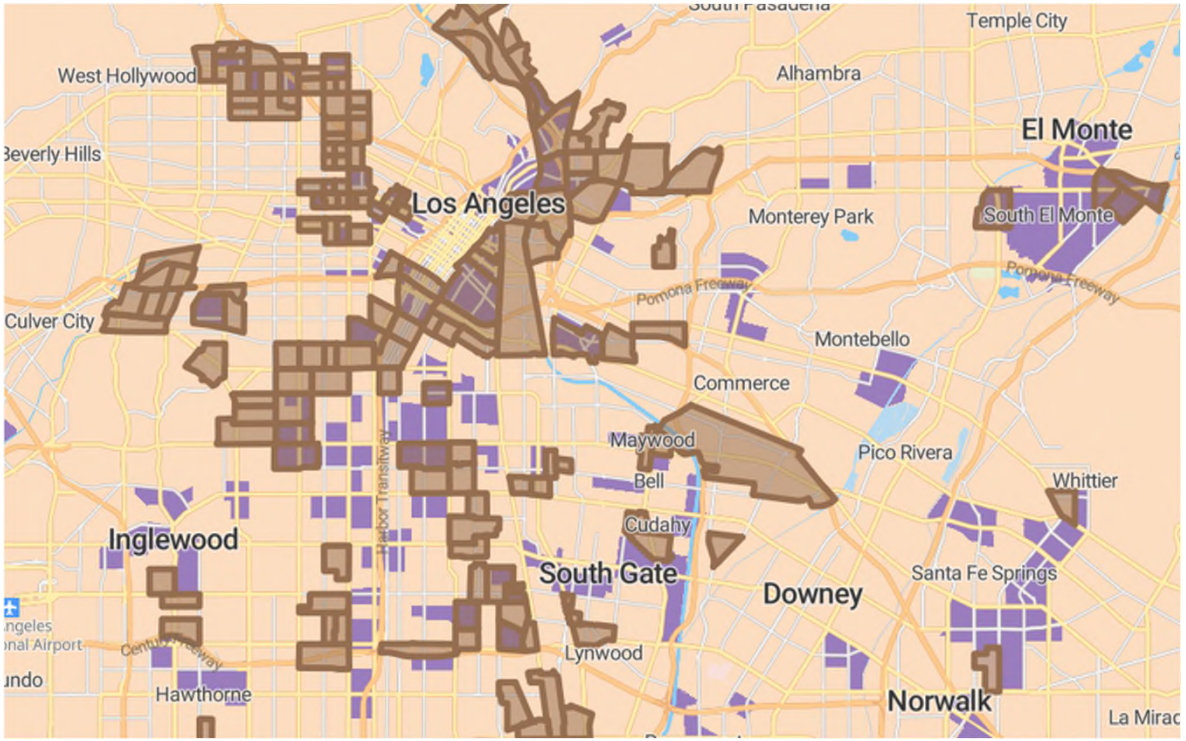
State	# of Eligible OZ 2.0 Census Tracts	OZ 2.0 Total	25% or Minimum (Round Up)	# of Eligible OZ 2.0 Census Tracts (Rural)	OZ 2.0 (% Rural of Total)	OZ 1.0 Census Tracts)	Change in # of Census Tracts (1.0 versus 2.0)	% Change (1.0 versus 2.0)
CA	2,469	618	617.3	345	14.0%	879	(261)	-30%

California OZ Updates: Bay Area



[Source: Novogradac OZ2.0 Map]

California OZ Updates: Los Angeles



[Source: Novogradac OZ2.0 Map]

OPPORTUNITY ZONES: HUD OZ UPDATES



HUD Fiscal Year 2026-2030 Strategic Plan

Page 4, Letter from Secretary Turner, "Our work to implement **Opportunity Zones** will foster economic and community growth conducive to supporting individuals and families to thrive beyond their immediate housing needs."

Strategic Goal 1: Reduce Barriers to Affordable Housing

- Remove barriers that inhibit the development and utilization of affordable housing.
- Leading this Goal: PDR and **FPM**

OPPORTUNITY ZONES: HUD OZ UPDATES



HUD Fiscal Year 2026-2030 Strategic Plan

Goal Section:

- "Additionally, the Department will continue to leverage Opportunity Zones to revitalize neighborhoods – attracting new businesses, spurring housing development, and generating economic and community advancement."
- "Additionally, place-based implementation of housing strategies will build from HUD's renewed commitment to field-based, data-driven cross-agency coordination. Field leadership will continue to support locally-driven initiatives, including Opportunity Zones, to reinvigorate neighborhoods. Expanding access to affordable housing options such as manufactured housing will further increase homeownership. Coordinated integration with partners will also ensure the alignment of HUD policies, funding, and execution. Together with communities nationwide, HUD will increase the flexibility of housing programs, reduce burdens, and eliminate unnecessary regulations to effectively reduce barriers to affordable housing."

Strategics:

- Expand field engagement with and implementation of Opportunity Zones.

Metrics:

- Number of new construction units in Opportunity Zones.

OPPORTUNITY ZONES: HUD OZ UPDATES

HUD FY 2027 Annual Performance Plan / FY 2026 Annual Performance Report



Objective:

- "Additionally, the Department will continue to leverage Opportunity Zones to revitalize neighborhoods – attracting new businesses, spurring housing development, and generating economic and community advancement."
- "Additionally, place-based implementation of housing strategies will build from HUD's renewed commitment to field-based, data-driven cross-agency coordination. Field leadership will continue to support locally-driven initiatives, including Opportunity Zones, to reinvigorate neighborhoods. Expanding access to affordable housing options such as manufactured housing will further increase homeownership. Coordinated integration with partners will also ensure the alignment of HUD policies, funding, and execution. Together with communities nationwide, HUD will increase the flexibility of housing programs, reduce burdens, and eliminate unnecessary regulations to effectively reduce barriers to affordable housing."

OPPORTUNITY ZONES: HUD OZ UPDATES

One Mission. Three Audiences. One Unified Campaign.

1 STATE STRATEGY

"Align and Amplify"

State OZ Coordinators
Governors Offices
State Housing Agencies

2 LOCAL ACTION

"Build and Attract"

County/City Governments
Economic Dev Offices
Regional Planners

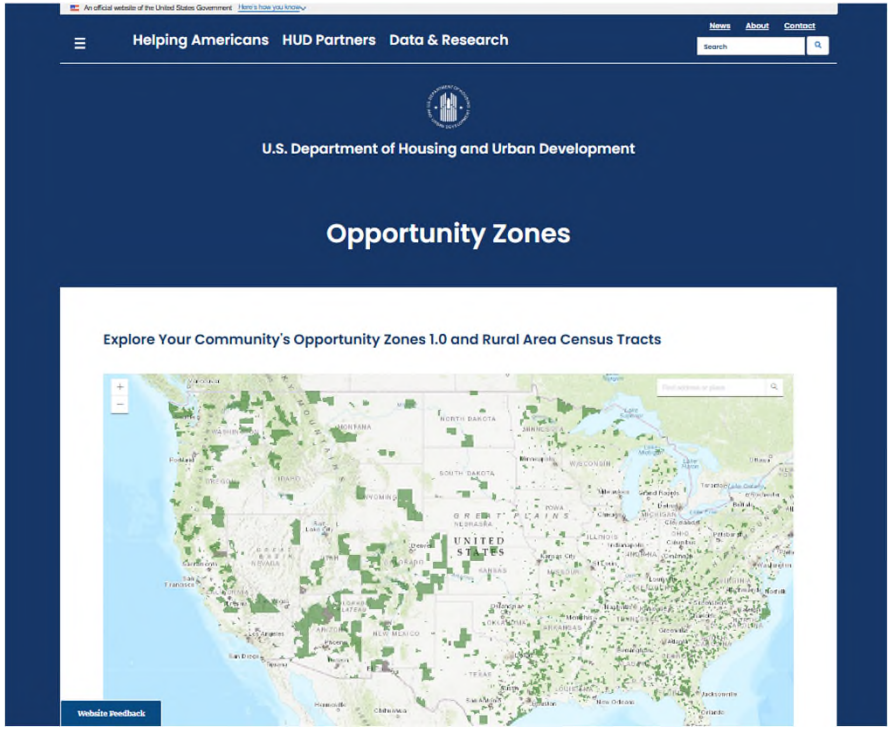
3 COMMUNITY FIRST

"Learn, Plan and Act"

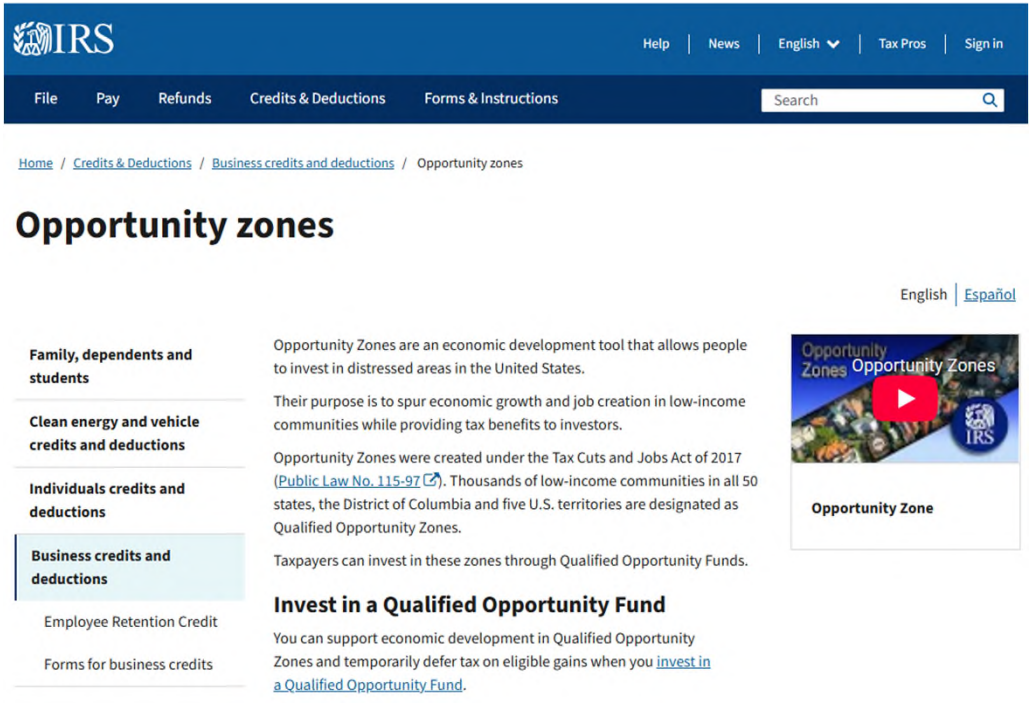
Non-Profits and CBOs
CDFIs
Community Developers

OPPORTUNITY ZONES

HUD OZ Website
https://www.hud.gov/opportunity-zones



IRS OZ Website
https://www.irs.gov/credits-deductions/businesses/opportunity-zones



OPPORTUNITY ZONES

HUD OZ Website

https://www.hud.gov/opportunity-zones



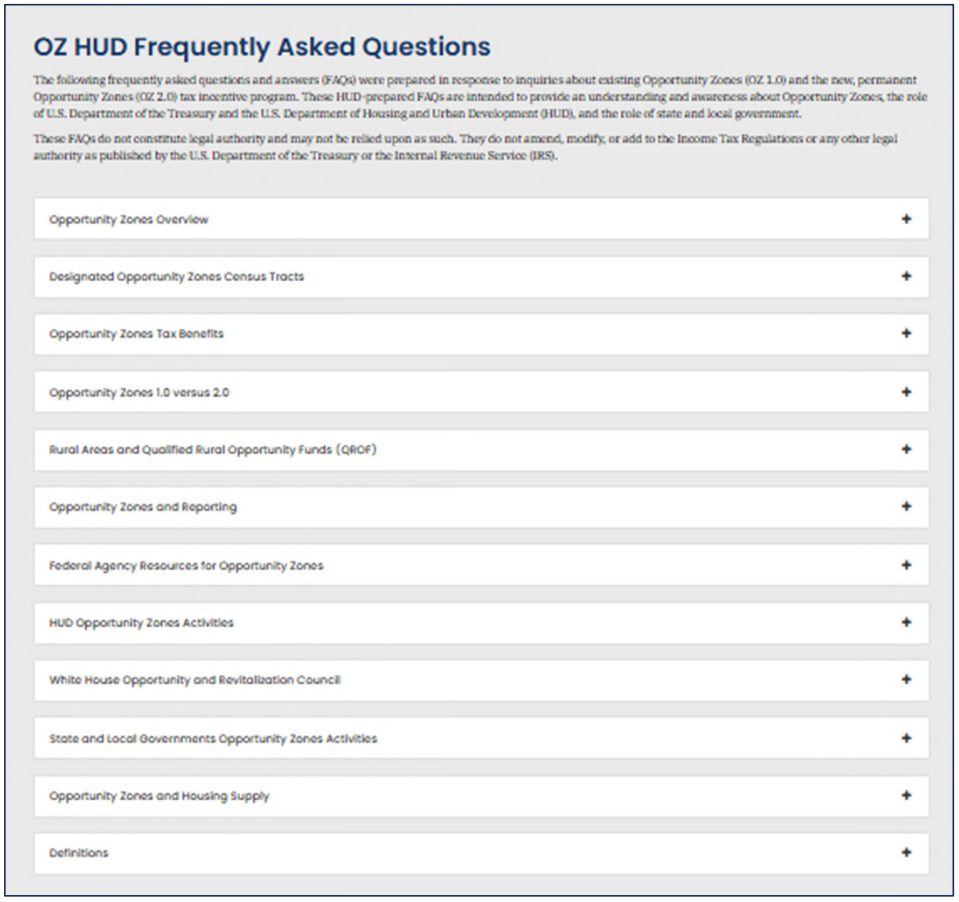
U.S. Department of Housing and Urban Development

Opportunity Zones / Opportunity Zones Updates

Opportunity Zones Updates

Comparison Chart of OZ 1.0 versus OZ 2.0

	OZ 1.0	OZ 2.0
	OPPORTUNITY ZONES LEGISLATION	
Enacted	December 22, 2017	July 4, 2025
Duration	Expires December 31, 2026; Temporary	Starts January 1, 2027; Permanent with 10 Year Cycles
	OPPORTUNITY ZONES CENSUS TRACTS DESIGNATIONS	
OZ Census Tract Designation	One-Time Census Tract Designation	Designations every 10 Years (2027, 2037, 2047, etc.)
Date OZ Census Tracts Designated	July 9, 2018	First 10 Year Designation: Fall/Winter 2026
Date OZ Census Tracts End	December 31, 2028	First 10 Year Designation: December 31, 2036
# of Designated OZ Census Tracts	8,764	To be Determined in 2026 (Estimated ~6,500)
Governor Nomination Criteria	Governors could nominate up to 25% of eligible LIC tracts; up to 5% could be non-LIC contiguous tracts meeting ≤125% median income criteria	Governors could nominate up to 25% of eligible LIC tracts
"Low Income Community" Definition	IRC §45D(e): • Poverty rate ≥ 20%, or • Median family income ≤ 80% of metro/non-metro median	Tightened: Must meet either: (i) median family income ≤70% of area MFI, or (ii) poverty rate ≥20% and MFI ≤125% of area median.
What ACS Data Set Was / Will be Used?	Based on 2011-2015 American Community Survey (ACS) data / Per IRS Bulletin 2018-9	Uses most recent 5 year period for which data is available (could be 2020-2024 ACS data -not yet released) / IRS to Provide Guidance
Contiguous Census Tracts Eligibility	Up to 5% may be non-LIC contiguous tracts with AMI ≤125%	Contiguous tract nominations are explicitly prohibited
	OPPORTUNITY ZONES TAX BENEFITS	
Original Gain Deferral	Gain Deferred Until 12/31/26 (Fixed Date)	5-Year Rolling Deferral
Original Basis Step-Up	10% (Holding Period: At 5 Years); Only if invested by 12/31/21 plus an additional 5% (15%) (Holding Period: At 7 Years);	10% (Holding Period: At 5 Years); 30% for QROF Investments in Rural Areas (Holding Period: At 5 Years)



OZ HUD Frequently Asked Questions

The following frequently asked questions and answers (FAQs) were prepared in response to inquiries about existing Opportunity Zones (OZ 1.0) and the new, permanent Opportunity Zones (OZ 2.0) tax incentive program. These HUD-prepared FAQs are intended to provide an understanding and awareness about Opportunity Zones, the role of U.S. Department of the Treasury and the U.S. Department of Housing and Urban Development (HUD), and the role of state and local government.

These FAQs do not constitute legal authority and may not be relied upon as such. They do not amend, modify, or add to the Income Tax Regulations or any other legal authority as published by the U.S. Department of the Treasury or the Internal Revenue Service (IRS).

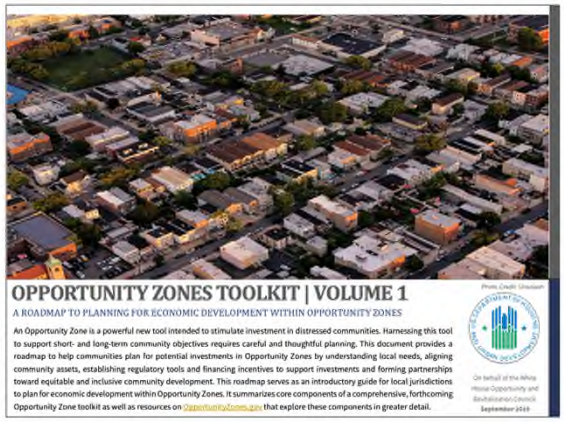
- Opportunity Zones Overview +
- Designated Opportunity Zones Census Tracts +
- Opportunity Zones Tax Benefits +
- Opportunity Zones 1.0 versus 2.0 +
- Rural Areas and Qualified Rural Opportunity Funds (QROF) +
- Opportunity Zones and Reporting +
- Federal Agency Resources for Opportunity Zones +
- HUD Opportunity Zones Activities +
- White House Opportunity and Revitalization Council +
- State and Local Governments Opportunity Zones Activities +
- Opportunity Zones and Housing Supply +
- Definitions +

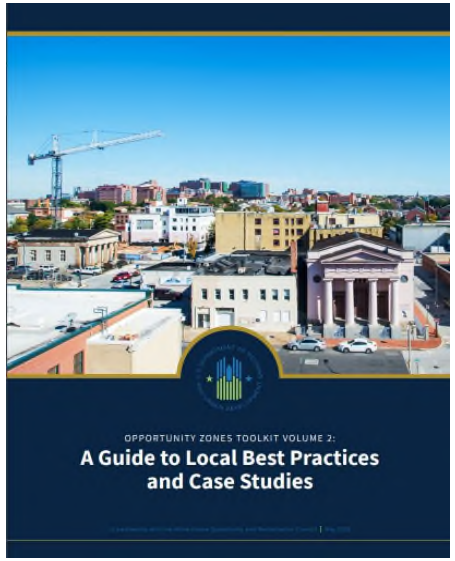
OPPORTUNITY ZONES

www.HUDExchange.info

Resources

- Opportunity Zones HUD.gov Website
- Opportunity Zones Toolkit Volume 1: Roadmap to Planning
- Opportunity Zones Toolkit Volume 2: Local Best Practices & Case Studies
- Leveraging Section 108 with Opportunity Zone and Historic Tax Credit Financing Webinar
- Opportunity Zones and the HOME Program Webinar
- Using HOME within Opportunity Zones Guidebook
- Notice CPD-26-07, Aligning Community Planning and Development (CPD) Program Funds for Opportunity Zone Investment







About this Guidebook

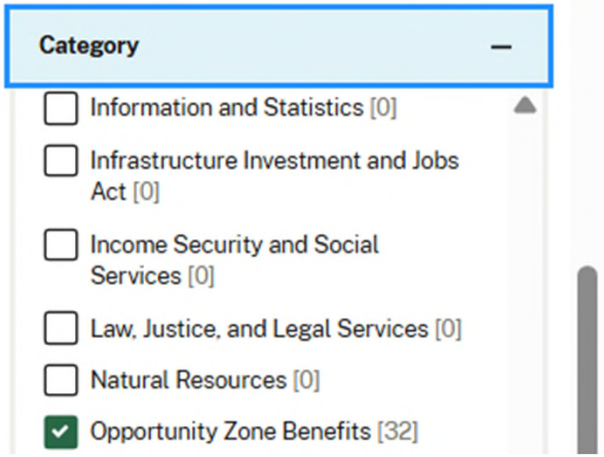
OPPORTUNITY ZONES: HUD NOFO'S & PREFERENCE POINTS

HUD Grants with OZ Benefits (Preference Points, Priority Consideration or Rating Factor

37 HUD Competitive Grants Released (As of 11/12/26)

- 5 open Grants
  - None with OZ Preference Points
  - 1 with OZ Rating Factor
  - None with OZ Preference Points and Rating Factor
- Of 38 Grants released to date:
  - 17 with OZ Preference Points
  - 7 with OZ Rating Factors
  - 1 with OZ Preference Points and Rating Factor

- **Energy, HHS, and Transportation (OZ Priority Consideration) now have some competitive grants with OZ language**



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Meet Brian and I in Person!

- The California Housing and Community Development Conference
  - December 7th and 8th Los Angeles, CA. Register Here FREE for Government employees
- California Infrastructure Development Conference
  - December 9th and 10th Los Angeles, CA. Register here FREE for Government Employees

OPPORTUNITY ZONES

HUD Point of Contact

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Office of Field Policy and Management
US Department of Housing and Urban Development
Robert.A.Jamieson@hud.gov
415-489-6480

California's OZ 2.0 Selection Framework

Brian Coleman, GO-Biz Project Financing Manager

Evaluating Census Tracts for Nomination

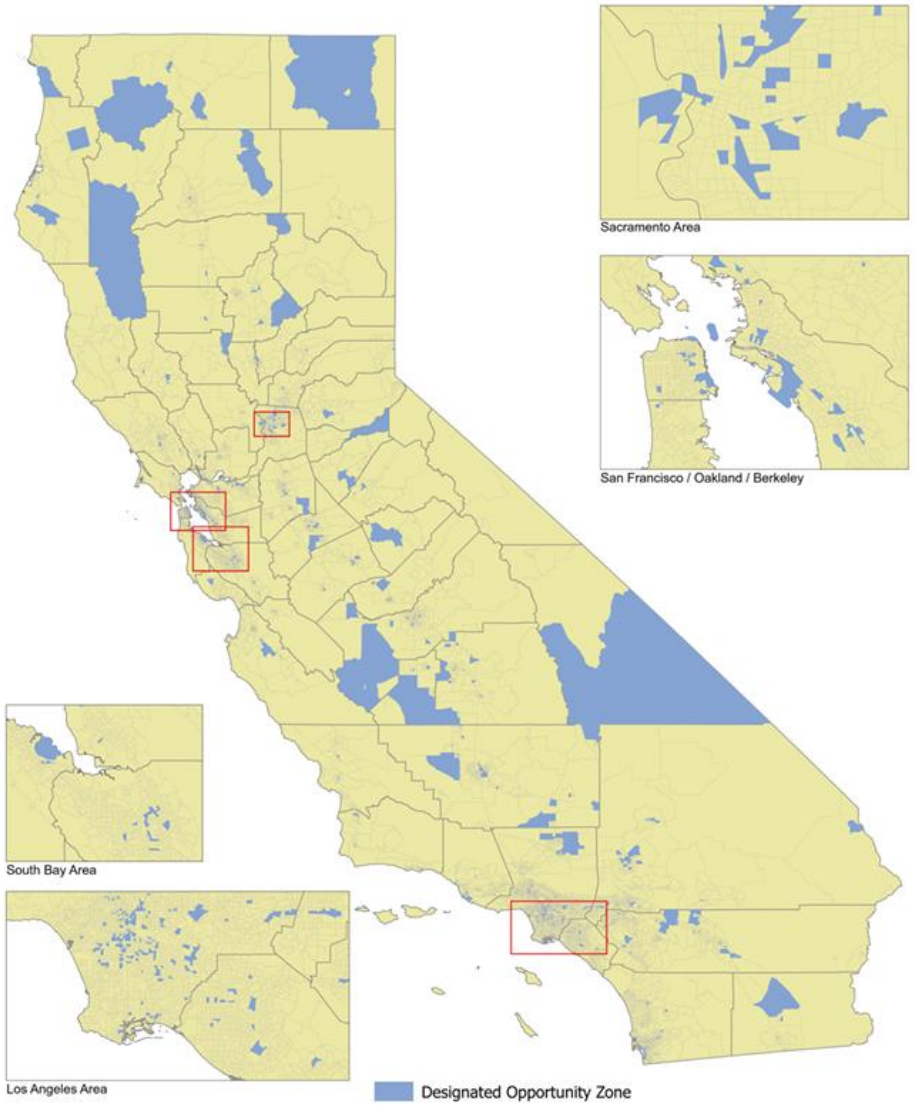
California prioritized census tracts aligned with statewide and regional economic development objectives, including:

- **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

OZ 2.0 Program Timeline

Key dates in California's OZ 2.0 nomination and designation process





California's Opportunity Zones 2.0 Designated Census Tracts

The U.S. Department of Treasury has certified the Governor's nomination of 620 census tracts encompassing 55 counties. The designated tracts will become Opportunity Zones on January 1, 2027, and remain in effect for 10 years.

Interactive maps are available on the GO-Biz and Department of Finance websites.

GO-Biz Opportunity Zones 2.0 Webpage



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