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What Comes After Zone Designations

Strategies to Leverage Opportunity Zone Status for Lasting Economic Impact

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Executive Summary

The Opportunity Zones (OZ) tax incentive has proven it can move capital and reach communities. More than $112 billion in OZ equity has been deployed, and 77 percent of all originally designated census tracts have attracted investment. At the time of writing, governors were working actively to designate a second round of OZ tracts, setting a map that will guide billions of investment in the years ahead. But designation is only the beginning.

This guide offers a practical framework for state and local governments, economic development organizations, financial institutions, and community stakeholders to translate their OZ designations into lasting economic impact. The strategies are organized into four mutually reinforcing steps:

- First, cultivate the investor base and civic infrastructure needed to attract capital;
- Second, prepare the regulatory and physical environment so capital can land efficiently;
- Third, get directly involved at the project level to help the highest-impact deals cross the finish line; and
- Fourth, multiply the benefits once investment starts to flow — connecting local entrepreneurs and workers to new opportunities and providing the ongoing education and technical assistance that keep stakeholders engaged.

The strategies here are drawn from best practices across the country. Critically, most of them are not OZ-specific. OZs provide the impetus for getting started now, and OZs dial up the expected rewards for doing the work, too. But these strategies are broadly applicable, intended to build durable economic development capacity that will serve communities well beyond any single federal incentive.

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I. How to get started

Opportunity Zones (OZs) are now the nation's largest and most consequential federal community development tax policy. Officially, there are few prescribed roles for public and non-profit stakeholders around the private investment incentive. Governors are required to nominate low-income census tracts for OZ status once every 10 years, but the federal government does not mandate any state or local engagement beyond that.

However, as the next generation of OZs takes hold, the lessons from the first generation are clear: Investment flows and communities benefit when stakeholders — state and local governments, economic and community development organizations, impact investors, banks, community development financial institutions, philanthropies, and non-profits — get engaged.

This guide is all about what comes next — *after* OZ census tracts are certified and communities prepare to make the most of their 10-year designations.[1] It aims to empower leaders who are not content to passively let the private market alone determine whether their community receives OZ investment and what kind. It is designed to further inspire stakeholders already engaged with OZs and to demonstrate to newcomers where they have agency in shaping the investment landscape.

1 For a companion guide to the designation process that includes background on how OZs work and a calendar of important policy milestones, see Kenan Fikri and Catherine Lyons, "OZs 2.0: Guidance for Governors and Mayors," Economic Innovation Group, November 2025.

The guide focuses on two core elements: ensuring capital shows up, and then stewarding it towards the activities that matter most.

Why go through all this for OZs? Because the incentive matters.

- **OZs move capital.** Qualified Opportunity Funds (QOFs) deployed $112 billion in equity investment in the policy's first six years, through the end of 2024.[2] The total volume of investment mobilized is likely several times that, as debt, grants, and other sources of financing come alongside OZ equity.
- **OZs reach communities.** More than 6,000 individual census tracts registered OZ investment by the end of 2024. That equates to 77 percent of all designated tracts across the 50 states and DC.[3] Equal shares of both rural and urban tracts received investment.
- **OZs drive outcomes.** The OZ incentive more than doubled the rate of housing unit growth in designated census tracts, increasing the supply of homes by 70 percent.[4] By 2023, OZs began adding housing at a faster rate than the rest of the country, and OZ designation is associated with increased rates of business openings, positive economic spillovers to neighboring communities, and stable rents for local tenants.[5]

The OZ incentive is flexible, market-based, and decentralized, meaning it is a provision of the federal tax code that any private taxpayer can utilize without middlemen and without having to wait for federal approval to make an investment and get to work. As a result, OZ capital tends to go where it is welcome, flowing to places that signal their openness to incoming investment.

The job of state and local leaders is not to insert themselves into an investment marketplace that is working well or into deals that do not require public support to get off the ground. However, in many cases the OZ incentive itself is not enough to overcome the coordination failures that have long stymied private investment into low-income communities. The real opportunity for local leaders is to capitalize on OZ designation as a spark to finally bring the pieces of development — capital, capacity, and community — together. OZs can help increase the rewards for such efforts by ensuring private capital shows up at the table.

2 David Coyne and Craig Johnson, "Use of the OZ Tax Incentive through 2024: An Update," U.S. Department of the Treasury, June 2026.

3 Ibid.

4 Benjamin Glasner, Adam Ozimek, and John Lettieri, "The Impact of Opportunity Zones on Housing Supply," Economic Innovation Group, February 2026.

5 See "Are Opportunity Zones Working? What the Literature Tells Us," Economic Innovation Group, October 2023 as well as Glasner, et al. (2025) for an up-to-date review of the academic literature.

This guide to supportive policymaking is intended to share ideas that empower communities to leverage OZs as a tool to meet their economic and community development goals. Its contents are inspired by best practices from across the country. It is meant to be illustrative rather than exhaustive, and a catalyst for further innovation.

Importantly, most of these ideas are applicable beyond OZs and can become staples of an inclusive economic and community development toolbox.

The ideas range across four sequential and mutually-reinforcing buckets:

- Cultivate a local investment ecosystem.
- Lay the groundwork for investment readiness.
- Get directly involved at the project level.
- Incubate possibility and multiply impact.

Summary table: Strategies for public and non-profit sector leaders to harness OZs

Bucket	Strategy	What to Do
Cultivate a Local Investment Ecosystem	Mobilize the investor base.	Identify financial institutions, family offices, business owners and high-net-worth individuals who can direct capital gains into OZ investments.
	Engage your anchors.	Engage with anchor employers and institutions who have outsized influence on major development initiatives and may have near-term expansion plans or their own capital to invest.
	Build local capacity.	Strengthen civic and organizational infrastructure — especially in rural areas — so communities can effectively attract, vet, and manage OZ deals.
	Adopt conformity.	Incorporate the federal OZ incentives into the state tax code to maintain competitiveness and ensure a level playing for local zones and investors.
	Augment the federal incentive.	Layer state or local tax incentives on top of the federal OZ benefit to advance strategic priorities and help communities compete for capital.
Lay the Groundwork for Investment-Readiness	Streamline permitting.	Establish a transparent, fast, and predictable permitting process to make a community a lower-risk destination for investors.
	Reform zoning.	Update zoning codes to allow dense residential and adaptive reuse development, the most common project types financed by OZ capital.
	Prepare sites.	Identify, assemble, and remediate vacant or blighted parcels so they are shovel-ready for the infill development that OZs tend to catalyze.
	Build a project pipeline.	Convene stakeholders to develop investment prospectuses that match community priorities with investor-ready project opportunities.
Get Directly Involved at the Project Level	Contribute land or property.	Sell or lease publicly owned land at nominal cost to reduce development expenses and help high-impact projects become viable.
	Provide occupancy agreements.	Commit to anchor tenancy in OZ developments to guarantee a future income stream for the project, mitigating risk and reducing project financing costs.
	Stack incentives.	Combine OZ equity with brownfield credits, historic tax credits, TIF, and other tools to close financing gaps on the most transformative community projects.
	Co-invest directly.	Deploy grants or other subsidized capital alongside OZ investors to absorb risk, cut costs, and shape projects towards social impact.
Incubate possibility and multiply Impact	Invest in developer capacity.	Grow the local developer pipeline by networking regionally and supporting emerging developers with up-front predevelopment financing solutions such as grants or forgivable loans.
	Maximize construction workforce benefits.	Treat incoming OZ investment as a jobs opportunity by partnering with workforce programs to connect residents to well-paying apprenticeship opportunities and skilled trade jobs.
	Connect local entrepreneurs.	Create programs or grants to ensure local small business owners are first in line for the commercial opportunities that new OZ-backed development creates.
	Provide information and technical assistance.	Educate investors, developers, and community members on OZ mechanics so local actors are empowered to use the incentive to support their goals.

II. Cultivate a local investment ecosystem

OZs function by providing a series of capital gains tax incentives. Investors — private entities with capital gains tax liabilities — are those whose behavior the OZ incentives are meant to change by providing them strong incentives to deploy their financial resources patiently and productively in low-income communities.

But who are these OZ investors? Where do they come from and what motivates them?

Potential OZ investors are as diverse as the U.S. economy itself. They can be individuals, corporations, landowners, banks or other financial institutions. Any taxpayer with a capital gains tax liability is a potential OZ investor. Capital gains can be generated from any number of transactions: selling stocks or partnership interests, selling real assets including land or buildings, or selling a family business.

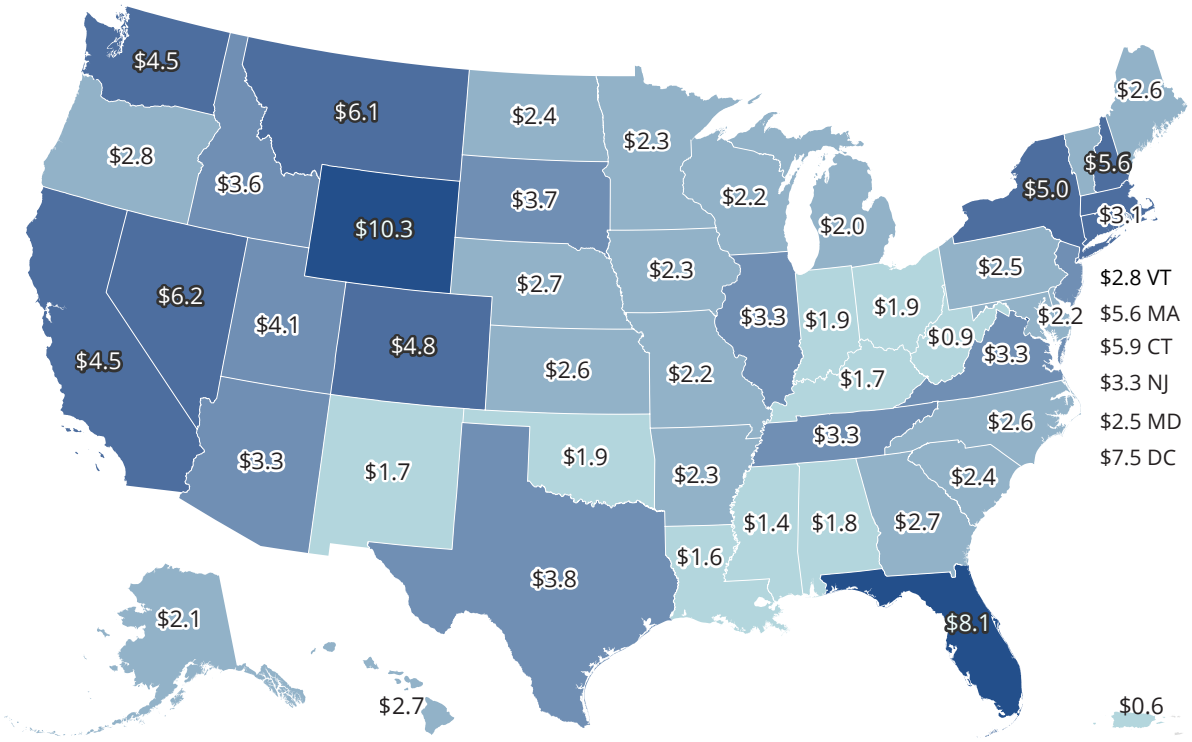
Nationwide, 30.5 million Americans filed individual tax returns that reported a total of $1.25 trillion in net capital gains in 2022.[6] They realized another $943 billion in 2023. Corporations and partnerships earned additional capital gains on top of that. Such gains, realized regularly by American taxpayers, are the pool of capital eligible to take advantage of the OZ tax benefits.

Capital gains are everywhere. Every community has individuals, corporations, and asset owners realizing capital gains. In Mississippi, roughly 4 percent of the population registered a capital gain on their 2022 tax returns compared to 13 percent in Washington, DC. In terms of amount, Wyoming registered more than $10k in net capital gains per person, compared to just under $1k in West Virginia — which nevertheless translated into $1.7 billion in realized net capital gains in the Mountain State that year.

6 IRS Statistics on Income data.

Taxpayers in every state realize substantial capital gains each year

Capital gains realized per person on individual income tax returns in 2022, thousands



Net terms. Excludes capital gains realized by corporate taxpayers.

Source: IRS Statistics on Income

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There is no one way to forge a local investment ecosystem, but several communities have pioneered successful strategies around OZs 1.0 that are applicable nationwide.

Mobilize the local investor base.

If the axioms hold that all real estate is local and that successful relationships are built on trust, then all OZ strategies should begin at home, by mobilizing local actors and especially local investors. For most places, an active, knowledgeable, and locally-committed investor base will be essential for getting high-impact projects off the ground and attracting capital from farther afield.

PRINCIPLE IN ACTION:

Evansville, Indiana. The Forge on Main is a mixed-use real estate project that brought 180 new residences and a grocery store to a long-time brownfield site and food desert in this mid-sized industrial city. The project was the long-time vision of a local developer. Although several local investors were bought-in, the project needed more equity capital to work. The local investment team partnered with the Indiana Opportunity Zones Consortium, managed by the state chapter of Local Initiatives Support Corporation (LISC), to connect with national OZ investors to close the financing gap. The non-local investors committed to the project only because the local ones already had skin in the game.

Some small, rural, or deeply distressed communities may struggle to identify and mobilize local investors. Such communities can find strength in numbers by creatively engaging with other nearby communities in similar situations to pool resources and achieve a critical mass — i.e., by collaborating to compete.

PRINCIPLE IN ACTION:

Western Colorado. Four Points Funding is a private equity firm specializing in OZs active across Western Colorado. The firm attracts investors committed to advancing economic development in this predominantly rural region. It draws on its knowledge of local markets to cultivate a portfolio of viable projects spanning the western half of the state. In each individual community, the investor base is usually too small to support big projects, but by operating regionally, Four Points is able to achieve a scale that makes successful matches across numerous small markets possible. That local market knowledge is also what makes it a trusted investment partner able to attract capital from outside the region to support its mission.

Mobilizing potential investors starts by engaging high net worth individuals and business owners. These include families who regularly give to the local community foundation and any locally-based family offices or donor-advised funds. Many business owners regularly realize capital gains as they sell assets or stakes in their enterprises, making them potential OZ investors, too. Other business owners may wish to position their firms as potential investment targets: the OZ tax benefits can provide an extra incentive for a qualifying business to be acquired by patient capital to be invested in new equipment or facility upgrades, helping local firms stay competitive. Retiring business owners may be especially attracted to the idea of using OZs to reinvest in their hometowns as part of their legacy — helping communities navigate the generational handover in businesses.

PRINCIPLE IN ACTION:

Brookville, Indiana. A long-stalled historic downtown redevelopment plan finally came to fruition after a motivated local couple, who had just sold their business, quickly recognized OZs as a compelling opportunity to redeploy their capital gains into revitalizing their hometown. The resulting series of investments included apartment buildings, a small hotel, senior living spaces, a pharmacy, and other amenities important to the local community of 2,000 inhabitants.[7] An initial $11 million OZ investment mobilized $38.5 million in follow-on capital. To date, 30 new businesses have launched in and around downtown Brookville thanks to its OZ-fueled resurgence, and the Heartland Opportunity Zone Fund has grown to support OZ investments in similar towns throughout the region.

7 For more information see "Community Leaders Use OZs to Bring New Life to Small Town Indiana," Opportunity Investment Consortium of Indiana (2019).

Engage your anchors.

Anchor employers and institutions should be engaged early as frequent partners in long-term community and economic development efforts. In addition to major employers, hospitals, universities, and foundations, communities should be sure to include financial institutions with a major presence in the region. Such firms are major capital allocators, and some will have their own capital gains to invest.

Anchors may be the first to opt into reinvesting in the communities they call home, and their capital commitments can provide a signal to other investors that projects are financially sound and that trusted partners in the local community are committed to their success. Hospitals and universities often spearhead major redevelopment efforts and incorporate economic development into their missions.[8] Anchor employers may have their own expansion plans or take a proactive interest in supporting workforce housing — endeavors that OZ capital can support. Together, anchors often have the scale and credibility to make things happen, and their long-term outlook aligns well with the patient capital commitments required of OZs.

PRINCIPLE IN ACTION:

Erie, Pennsylvania. The OZ incentives came along at just the right time for this small city with a long industrial heritage. A high-capacity downtown development corporation had just started soliciting investment to support a comprehensive revitalization plan for ailing downtown, which it transformed into an OZ investment prospectus. The largest corporate anchor in the city, Erie Insurance Co., had itself recently realized a large proprietary capital gain. Motivated to reinvest in its hometown and compelled by the vision of the development corporation, Erie Insurance committed $50 million to the plan. This unlocked additional national capital from Arctaris Impact Investors and others. To date, OZ investment helped rehabilitate at least a dozen properties, created the real estate to support 80 local small businesses, and brought some of the first new residences — and tax-paying residents — to downtown in decades.

8 The Federal Reserve Bank of Philadelphia has a useful Anchor Economy Dashboard that can be used to size the economic footprint of these traditional anchors.

How banks can engage with OZs

Banks can play several different roles with respect to OZs. To start, their wealth management arms can advise clients on the advantages of OZ investing. Many banks also register proprietary capital gains periodically, making them potential OZ investors themselves. In OZs 1.0, mid-sized regional banks such as PNC and Fifth Third were early leaders in using OZs to reinvest into the communities they serve.

On the lending side, banks can contribute debt financing to the same projects that utilize OZ equity, and they can also finance the construction loans necessary to deliver development projects. Banks with practice utilizing other federal tax tools, such as New Markets Tax Credits or Low-Income Housing Tax Credits, can deploy that expertise around projects that combine OZ financing, too.

Banks can also target their small business support to OZ census tracts generally or new OZ development projects specifically. In 2019, the philanthropic arm of Birmingham-based Regions bank made a start-up grant to a new local non-profit dedicated to catalyzing OZ investment in the state, Opportunity Alabama (see box below). In 2021, Regions increased its commitment, providing seed capital to an Opportunity Fund directly investing in high-impact projects across the state.[9]

Engaging anchors — alongside that mobilized investor base — can take many forms, but it often starts with conversations. Governors, mayors, and other local officials can leverage their convening power to raise awareness about OZs, socialize local investment opportunities, and signal public sector support for OZ investing. Effective engagement can also be done more personally, through outreach to banks and financial advisors, business leaders, and philanthropic heavyweights. The intention should be to activate all potential market participants, from investors to developers, project sponsors, financial institutions, and community groups, so that they activate their networks in turn.

Convening across sectors around shared opportunities is what economic development organizations (EDOs) — another type of anchor — do best, giving them a unique high-value role around OZs. Such groups straddle jurisdictional boundaries and represent the most natural geographic footprint for OZ capital raising, especially in rural settings where the investor base is likely to be more diffuse.

Build local capacity.

Too many low-income communities also contend with limited organizational infrastructure, financial resources, and investment or development expertise. Even where dedicated and capable organizations are active, they are often under-resourced. This can

9 "Regions Foundation Invests in Opportunity Alabama Fund Supporting Economic Development in Low Income Areas," Regions Foundation, 2021.

be especially true in rural areas, where thin human resources coincide with thin financial ones. As a consequence, many low-income communities that are designated OZs will not have robust civic infrastructure or sufficiently experienced community development staff to pick up the incentive tool and run. In such places, local leaders should build on the momentum coming out of OZ designations to support civic entrepreneurs to fill gaps in the local ecosystem.

New federal policies have a long history of sparking civic entrepreneurship. Opportunity Zones do too. Some of the most successful models of community development around OZs emerged as savvy entrepreneurs identified market gaps and perceived new business opportunities created by the incentive. States especially can leverage existing programs to identify, encourage, and support creative capital development strategies.

PRINCIPLE IN ACTION:

Alabama. Opportunity Alabama (OPAL) was born out of a recognition that "OZs didn't come with a playbook, and in Alabama, we realized we needed one." OPAL is a non-profit created to be a catalyst for investments in meaningful projects and underserved places. It was founded by an entrepreneur who worked with the state, local utility, regional banks, and other anchors to form an entity solely dedicated to connecting capital to community in some of the most distressed rural regions in the country. OPAL has since become a certified CDFI and sponsors an affiliated OZ fund. It operates on multiple fronts: drumming up a locally-committed investor base, coordinating across different incentive programs, helping low-capacity communities engage in pre-development work, brokering relationships, and cultivating a pipeline of investment-ready projects all across the state. Successes have included a historic hotel in Selma, a community theater in Birmingham, senior living in rural Heflin, and a new industrial park outside Tuskegee.[10]

Adopt conformity.

The easiest step a state can take to ensure its communities compete for capital on a level playing field is to conform to the OZ provisions in the federal tax code. Most states do this by default, meaning they offer the same tax benefits for the same activities that the federal government offers.[11] Eight states have no personal income tax, rendering conformity moot. Four states (Alabama, Arkansas, Hawaii, and New York) offer limited conformity at the time of writing. Alabama only offers conformity to taxpayers who invest in QOFs approved by the state; Hawaii only offers it for investments in the state. New York has decoupled from the deferral and step-up benefits but retains the long-term incentive. Five states (California, Massachusetts, Mississippi, North Carolina, and Washington) do not conform to the OZ

10 To learn more, see "Investing in Underserved Places," Opportunity Alabama, 2023.

11 Novogradac maintains a State Tax Code Conformity dashboard in its OZ Resource Center. Characterizations discussed here are subject to change, especially as states update their tax codes to reflect federal changes in the July 2025's H.R.1, a.k.a. One Big Beautiful Bill Act.

provisions at all. OZ investors in these states are still entitled to the federal tax benefits but must pay standard state income taxes on their activities.

Conforming is the neutral setting: a simple way to ensure that potential OZ investors are treated no better or worse than they are federally and in most other states. Not conforming discourages investment by creating a financial disincentive — in the form of lower expected after-tax returns — for would-be OZ investors. States that do not conform will find themselves taxing OZ activity that most other jurisdictions do not and further discouraging investment by adding regulatory and compliance complexity.

Augment the federal incentive.

Some states may wish to go further than simple conformity and proactively augment the federal incentive. This might take the form of offering additional tax or other incentives for investing locally. These could be income tax credits, as in the case of Ohio, and can support OZ investment generally or for specific activities, such as affordable housing or commercial projects that deliver long-term job creation.[12] Layering additional state tools on top of the federal incentive can also provide administrative data that sheds light on the different types of investors utilizing the incentive and the different types of activities they engage in across the state.

PRINCIPLE IN ACTION:

Ohio. Ohio is the only state to have created its own complementary OZ tax incentive, an income tax credit available to Ohio taxpayers investing in Ohio projects. The program offers $25-50 million in 10 percent transferable, non-refundable credits in the typical year.[13] The incentive appears to have succeeded in its aim of encouraging Ohio OZ investors to keep their capital in their home state. The evidence comes from Novogradac, a professional services provider specializing in tax credit programs, which reports Ohio's three major cities in the list of the top 15 cities nationwide for housing units delivered leveraging the OZ tax incentive.[14] The data collected by the state from the program finds OZ investment flowing to more than 150 census tracts across hundreds of different projects and from hundreds of distinct investors.[15]

12 Mississippi considered but ultimately did not pass one such model, which included a sales tax exemption for businesses expanding in OZs. For more visit Novogradac.

13 See "Ohio OZ Tax Credit Program Guidelines," Ohio Department of Development (2022) for more.

14 "More than 200,000 Homes Financed by QOFs Tracked by Novogradac," Novogradac, 2026.

15 "A First-of-its-Kind Exploration of Ohio's Opportunity Zone Investments," Economic Innovation Group, 2021 & "The Geographic Spread of Opportunity Zone Capital," Urban Institute, 2025.

Bringing CDFIs in the fold

Where present, Community Development Financial Institutions (CDFIs) can be vital components of an OZ investment ecosystem. CDFIs typically have decades of experience and deep roots in the same communities now covered by OZ designations. CDFIs that have a history of creative dealmaking, work with equity products, and have a strong track record in real estate development are primed to pick up the OZ tool. Across the country, many CDFIs have started their own Opportunity Funds or coinvested directly alongside OZ investors. But they remain the minority. A survey of CDFIs by the Federal Reserve Bank of Richmond found that only 11 percent engage deliberately with OZs, despite the clear overlap in geography and mission.[16]

The limited involvement of CDFIs in OZs 1.0 is an opportunity for 2.0. CDFIs that did jump into the fray have important lessons to share with their peers. Other CDFIs may not be in a position to set up funds or receive direct OZ investments, but they can still be active and involved. They hold trust and local knowledge — invaluable assets that can be strategically leveraged to steward incoming investment. Many CDFIs know exactly which high-impact projects OZ capital can help over the finish line.

An established CDFI network is by no means a prerequisite for OZ success, but where one exists, states, localities, and other partners should encourage CDFIs to join the fold — because their leadership and involvement can meaningfully shape the flow of OZ capital.

PRINCIPLE IN ACTION:

Chicago, Illinois. The Chicagoland Opportunity Zones Consortium (COZC) is a collaborative effort situated in the Chicago Community Loan Fund, a CDFI, and backed by stakeholders from across the region's community development ecosystem to educate and empower local actors around OZs. The consortium exists to make connections, share information, provide technical assistance, and facilitate partnerships in service of attracting meaningful OZ investments that build community wealth and foster equitable development. In an otherwise decentralized OZ marketplace, COZC works to bring pieces together in service of the community, taking advantage of the flexibility of OZ capital and the range of potential investors the incentive brings to the table.

16 Surekha Carpenter and James Melton, "From Incentive to Impact: What Extended Tax Credits Mean for Community Development Finance," Federal Reserve Bank of Richmond, February 18, 2026.

III. Lay the groundwork for investment-readiness

OZ investors are keenly attuned to the ticking clocks they face to deploy capital in order to meet certain statutory and regulatory requirements. As communities compete for capital, they can give themselves an advantage by proactively tackling the hard work of making it easier to invest. It is not a coincidence that the District of Columbia and Utah led the nation in terms of OZ investment per capita through the end of 2024.[17] Those two jurisdictions tend to trade the top spot in the national rankings of building permits issued per capita each year, too.[18]

New OZ designations will take effect in January 2027 and last a decade, providing a compelling rationale for a bout of regulatory housekeeping. The recent passage of the Road to Housing Act, which will tie federal resources to pro-housing reforms, further underscores the value in acting now. Making permitting more standard and predictable, revising zoning codes for density and clarity, and readying land for flexible titling and development are all steps that localities can take to follow up on their federal OZ designations with local action. Such steps would signal that localities aren't just pinning hopes on OZ designation but taking proactive steps to seize the opportunity.

Streamline permitting.

OZ investors are required by statute and regulations to reach certain milestones on fixed timelines, making them extremely sensitive to permitting and regulatory matters. Ensuring the transparency, efficiency, and predictability of the permitting process is a practical and impactful way for a locality to increase its attractiveness as an investment destination — for OZ investors and beyond.

Reform zoning.

Under OZs 1.0, many OZ projects took the form of multifamily residential rental developments (e.g., apartment buildings), but OZs proved adept at financing many other types of projects, too. Chief among them was adaptive reuse in all its forms. Communities that are zoned for such activities — dense residential development and the adaptive reuse of properties from one type of activity to another (e.g., from a historic warehouse to a food hall) are far more likely to see OZ investment.

17 See "New Treasury Data Emphasize Why OZ Designations Matter," Economic Innovation Group, 2026 for an analysis of cumulative OZ investment by state.

18 EIG analysis of U.S. Census Bureau Building Permits Survey data.

PRINCIPLE IN ACTION:

Miami, Florida. In 2024, the City of Miami updated its zoning code to extend its incentives for affordable and attainable mixed-income housing to cover OZs. Under the program, affordable housing developers gain density rights for each unit they build. Those rights can then be sold to other developers to increase density on other projects. Thus, the program incentivizes more affordable housing construction by giving such developers an extra revenue source that goes on to increase housing supply across the city.

Furthermore, OZ investors must come into a community on the same terms as any other type of investor and adhere to local rules and regulations. If inclusionary zoning codes (e.g., requirements that 20 percent of units in a new apartment building be affordable for residents earning less than 80 percent of the area median income) are in place, OZ developments must abide by them. Other affordable housing initiatives and incentives — especially measures that help reduce project timelines and increase project certainty such as by-right approvals for affordable and/or workforce housing projects — graft well onto OZs, too.

PRINCIPLE IN ACTION:

Florida. Florida's Live Local Act first took effect in 2023 and grants affordable housing projects by-right approval in commercial, industrial, and mixed-use areas statewide as long as at least 40 percent of all residential units are reserved for at least 30 years for households earning 120 percent of AMI or below. It includes height and density bonuses and preempts other local zoning moves to circumvent the law. The act encourages states to free publicly-owned land for affordable housing development and includes new property tax incentives and sales tax exemption for affordable housing.[19] The certainty provided by the new rules are expected to make it much easier for developers to use OZs and other tools to construct affordable housing efficiently and cost-effectively across the state.

19 For more information, visit the Florida Housing Coalition.

Prepare sites.

Because qualifying OZ investments must be either original use (i.e., wholly new) or substantially improved *and made relatively quickly*, the resulting projects frequently arise on vacant land. This feature has made the OZ incentive a powerful catalyst for in-fill development. Public sector entities (including land banks, port authorities, and development corporations) can work to flexibly assemble, parcel, title, and remediate land so potential investors can find development-ready sites of flexible sizes to match their project scopes.

PRINCIPLE IN ACTION:

Indianapolis, Indiana. The Stella is a transit-oriented, mixed-use, 166-unit affordable housing project in Indianapolis' Near North Side that was made possible through innovative public-private finance. The non-profit Indiana Neighborhood Partnership operates a subsidiary land bank dedicated to advancing affordable housing along the city's bus rapid transit line. It sold the majority of the land to the project, leveraging its site control to place deeded affordability restrictions on the development. The project itself was a joint venture between CEI-Boulos Capital Management and Allivate Impact Capital, which both provided OZ equity. The city also supported the development, which was aligned with long-term local plans, with a tax-increment financing agreement.[20]

The enhanced rural tax benefits under OZs 2.0 will likely increase the use of the incentive for commercial, industrial, and energy-related development in rural areas. State and local governments should refresh their inventory of development-ready sites accordingly. With decade-long designations, they may also wish to identify additional new parcels in designated tracts that are priority areas for development and begin site preparation with an eye towards the medium term — including extending basic infrastructure and power grid connections. Just as in urban settings, sites should be flexible, segmentable, and pre-permitted to the extent possible.

PRINCIPLE IN ACTION:

Louisiana. Louisiana Economic Development manages the state's Site Selection Center, an accessible and information-rich online directory of development-ready sites. It includes FastSites, which are backed by a $150m state program to prepare sites and connect them to infrastructure to reduce costs, risks, and timelines associated with development, as well as Certified Sites, which are shovel ready, pre-qualified for business and industrial uses, and have environmental approvals already in place. The online tool was used to support the new round of OZ tract designations and includes OZ overlays for interested investors and developers going forward.

20 "AIC CEI-Boulos Opportunity Fund Celebrates Opening of The Stella, Bringing 166 Affordable and Workforce Apartments to Indianapolis's Near Northside Neighborhood," Press Release, February 2026.

Build a project pipeline.

Local governments and regional EDOs should work to develop project pipelines and investment prospectuses, as many communities did after OZs initially passed. For many places, the value of these activities laid as much in the process as the product. Convening across stakeholder groups to assess strengths, identify opportunities, and align on plans, the prospectus development process forged lasting relationships and helped communities adopt an asset-first, investment-ready mindset to market themselves to the world. The process helped build awareness about how the OZ incentive worked in practice, and it helped communities understand where and how OZ capital could help them achieve their goals.

Communities ready to refresh the prospectus and pipeline development concepts for OZs 2.0 are in an advantageous position: They know a lot more now about how OZs work, who invests in OZs, and what types of projects they back. In practice, that means prospectuses now should have a much stronger housing component than they did in 2018, and sections can be tailored for affordable, workforce, and market-rate development opportunities. Site-level information such as zoning will be prized by the market. Where the city or allied organizations have site control and own land that can be contributed to development should be included too. A directory of potential investment partners — banks, CDFIs, development corporations, foundations — and local developers would be useful, as would case studies of recent successful projects. And these steps need not take the form of a published prospectus document; they can be living web-based resources.

PRINCIPLE IN ACTION:

Louisville, Kentucky. Led by Accelerator for America and the Drexel Nowak Metro Finance Lab, numerous cities developed OZ investment prospectuses following the initial enactment of the incentive.[21] Louisville was an early leader among them.[22] Its prospectus offered a compelling and investable narrative for both the city and individual submarkets. It identified investment opportunities across multiple neighborhoods, grounding its pitch in data. The prospectus served as a conversation starter with investors and helped the local communities unite around a shared vision of the future.

21 Bruce Katz, "Prospectus Guide," New Localism Advisors, 2018.

22 "Louisville Opportunity Zone Prospectus: A Platform for Action," Drexel/Accelerator for America, 2018.

How philanthropy can engage with OZs

Philanthropy is a pillar of the community development ecosystem in many parts of the country, supporting people and places that the market itself has long underserved or even abandoned.

At first blush, philanthropy's non-profit mission might seem at odds with OZs' inherently profit-driven mechanism. After all, the OZ incentives are only attractive to private investors if they can expect a return. But in reality, partnership between private and non-profit capital is often essential to get meaningful community development projects off the ground. The private sector may be more comfortable speaking in terms of "returns" and the philanthropic sector in terms of "impact," but OZs expand the common ground by harnessing private markets to support the public mission of reinvesting in distressed communities.

Philanthropic engagement can take many different forms, and almost every principle discussed in this guide applies equally to the public and civic/non-profit sectors. Philanthropies can co-invest directly. They can provide first-loss capital for high-impact projects or to mission-aligned Opportunity Funds to mitigate risk and close deals — as the local Chamber Foundation did in Lima, Ohio.[23] They can also donate directly to projects to help reduce the amount of money that needs to be borrowed or obtained from elsewhere, as Home Depot Foundation did for Hope Manor Village, a supportive housing development for veterans in Chicago.[24] They can provide seed capital for other dynamic and entrepreneurial organizations working to connect capital to community, as numerous corporate foundations did for Opportunity Alabama. They can support pre-development work such as site-readiness and feasibility studies to reduce the barriers that stand between historically disinvested neighborhoods and new capital infusions, as the Cleveland Foundation is doing in its hometown.

PRINCIPLE IN ACTION:

Cleveland, Ohio. The Cleveland Foundation is a founding partner and long-term steward of the city's new Site Readiness for Good Jobs Fund — a financing vehicle to make the city's nearly 4,000 acres of vacant industrial land investment- and development-ready. The collaboration demonstrates how a local foundation can place itself deeply and productively at the center of local economic development. The Fund identifies promising sites, conducts feasibility studies, and maintains an inventory of development-ready parcels; it works to assemble parcels through acquisitions, donations, and partnerships with the local land bank and other authorities; it invests in remediation and infrastructure improvements; and it conducts long-term planning and community engagement exercises. In short, it invests in the pre-development work that's a prerequisite for re-investment — through OZs or not.

23 "Arctaris-Lima Opportunity Investment Program," City of Lima, 2025.

24 "Hope Manor Village Investment Profile," Economic Innovation Group, 2023.

Perhaps most importantly, philanthropy can experiment. Its mission-oriented risk capital is capable of seeding projects, organizations, and entire fields. And Opportunity Zones are still new. Reforms enacted in 2025 and coming online in 2027 will again change how the incentive is used in the marketplace. Much work remains to be done to forge the connective tissue between a new capital incentive and enduring community impact. Prominent national philanthropies played a leading role in stoking the OZ ecosystem in the early years of 1.0. The Detroit-based Kresge Foundation experimented with an incubator for high-impact OZ fund managers. The Rockefeller Foundation supported five "Chief Opportunity Zone Officers" (COZOs) in cities across the country. The potential return — not just for investors, but for communities and their residents — of a renewed era of philanthropic involvement and experimentation is immense. Of the many ways philanthropy can get involved, seeding and scaling best practices is one of the most vital.

PRINCIPLE IN ACTION:

St. Louis, Missouri. St. Louis' Rockefeller-backed COZO was housed in the St. Louis Development Corporation — closer to the market and farther from politics than if it had been in the mayor's office. Having a single person wholly dedicated to educating stakeholders deeply embedded in the community, brokering relationships, and stewarding plans and the city's prospectus document was invaluable in a resource- and capacity-constrained urban environment. The community of North St. Louis rallied behind a new Northstar coalition, which leveraged local OZ designations to unlock additional aligned support from the U.S. Environmental Protection Agency and Department of Housing and Urban Development. When COVID struck, the city's dynamic and nimble COZO was able to swiftly pivot to supporting small businesses in need of help, leveraging the relationships built through the OZ awareness-raising process. The returns to Rockefeller's social investment extended far beyond OZs themselves.

IV. Get directly involved at the project level

After working to level the playing field (section II) and set the rules of the game (section III), state, local, and community leaders can get directly involved in OZ investments at the project level. From the sidelines, public leaders and traditional community development players can hope social impact and economic empowerment come from OZ investments. By jumping into the fray and getting their hands dirty, they can make it happen.

Contribute land or property.

The most basic asset that states, localities, and other public or quasi-public entities can contribute to projects is land. Publicly-owned land can be sold or leased for nominal fees at public entities' discretion, giving them an important and influential stake in any project. The in-kind or nominal contribution of land can serve to bring total project costs down, helping especially meaningful community development deals become viable or allowing projects to offer important community development concessions, like lower rents for small businesses or low-income tenants. Land banks, redevelopment authorities, and any other entity with site control can therefore have an outsized role in shaping the course of development and the end use of OZ capital by working directly with investors and developers.

PRINCIPLE IN ACTION:

Washington, DC. To help get a struggling impact project called MLK Gateway — a series of developments at the entrance to one of DC's most historic but also longest struggling neighborhoods — over the finish line, the District of Columbia contributed a 49-year ground lease on city-owned land for a nominal $1 annually. The city also harnessed its own power as a tenant, purchaser, and employer to move the DC Departments of Housing and Community Development and Government Services into the new developments to become an active force behind the revitalization of historic Anacostia. The project, backed by LISC and the local minority-owned Menkiti Development Group, included space for startups, a business incubator, community non-profits, and other amenities.[25]

Provide occupancy agreements.

Occupancy agreements work by providing a guaranteed and predictable income stream to project sponsors by ensuring that anchor tenants are already lined up. The certain future income stream can reduce the uncertainty faced by investors and developers, thereby lowering financing costs and helping high-impact deals "pencil," or become financially viable

25 "Mayor Bowser Celebrates the Completion of the Historic MLK Gateway Project," Government of the District of Columbia, 2024.

and economically sound. Public sector and nonprofit entities can participate in deals in this way, lining up win-win relationships in advance to meet the impact sector's real estate needs through strategic collaboration. Public sector entities can leverage their own purchasing and procurement power in this manner, and they can encourage others such as healthcare systems or non-profits funded with government dollars to do the same.

PRINCIPLE IN ACTION:

Los Angeles, California. Working with impact investors and the United Way of Greater Los Angeles, the Los Angeles Homelessness Services Authority completely leased a new deeply affordable housing development for five years to provide permanent supportive housing for some of the most disadvantaged segments of the local population. The occupancy guarantee was essential for making this completely privately financed social impact project pencil. The partnership behind Liv DTLA, which included Arctaris Impact Investors, created 227 units of deeply affordable housing with ground floor commercial spaces leased to non-profit providers of supportive services to tenants.[26]

Stack incentives.

Local governments should be fluent in the full suite of financing programs and tax tools available to stack with OZs. Brownfield redevelopment credits, historic tax credits, tax-increment financing — every potential source of project-level subsidy that may be relevant to bringing a local development project over the finish line will be applicable to OZs. Combining these tools is often especially necessary for delivering the transformative projects that communities most want to see. This makes it imperative to incubate the local capacity capable of blending these tools, and local governments should be intentional about aligning their new OZ tract designations with the eligibility maps for other incentives.

Co-invest directly.

Public entities can put up their own money to co-invest alongside OZ investors in high-impact projects that align with local goals. Co-investment can take many forms, including grants, loan guarantees, or concessionary capital. These dollars can absorb risk (providing first-loss capital, for example), reduce overall development costs, and signal public sector skin in the game to help unlock private capital.

26 Arctaris Impact Investors and Housing Diversity Corporation Announce Opening of LA County's Largest Master-Leased Affordable Housing Development," Arctaris Press Release, 2025.

PRINCIPLE IN ACTION:

Lima, Ohio. The city of Lima struggled for years to attract investors to address a chronic shortage of quality workforce housing. Determined to bring investment back to the community, local leaders began working with Arctaris Impact Investors to establish a financing collaborative where a $5 million contribution from the city would garner a $20 million commitment from the firm. The city's provision of first-loss capital, which absorbs much of the risk that future investments might fail, effectively served to de-risk the partnership and unlock investment capital for an overlooked and underserved market. The partnership struggled to get off the ground, however, until they found a high-capacity local developer to work with and deliver projects. The collaboration broke ground on a new OZ housing development targeting teachers, nurses, and the essential workforce in the downtown core in summer 2026.

Of course, this co-investment principle does not only apply to state and local governments. In fact, the onus and opportunity to get *financially* engaged is even greater on other entities in the community and economic development ecosystem, from CDFIs to philanthropies, non-profits, and downtown development corporations. These entities can play a variety of different roles, from co-investors to matchmakers to neighborhood sherpas. They can work to attract OZ capital to support their own plans, or they can help OZ investors connect with mission-aligned projects that are driven by others, too.

In particular, many CDFIs only engage in lending and debt-based finance, not the equity portion of a project capital stack (i.e., the blend of financing sources that come together to fund a business or development project) that OZs are structured to provide. However, most projects combine debt and equity in their financing, making even traditional CDFI tools and business models complementary to the OZ incentive. Getting involved on the lending side of any deal allows CDFIs to shape the outcome. Not to mention that equity is traditionally the scarcer resource in community development finance; the increased supply of it unlocked by OZs can help CDFIs do more of what they do best.

PRINCIPLE IN ACTION:

Schenectady, New York. The Reserve at Towpath Trail is an 88-unit affordable housing development in an economically struggling market. The project was completed in 2023, and half of the units are reserved for residents making less than 80 percent of the area median income. It was made possible by a national housing non-profit, Enterprise Community Partners, which contributed equity through its affiliated opportunity fund, and Community Preservation Partners, a local CDFI lender that provided the construction financing. The local redevelopment authority offered payments in lieu of taxes to complete the financing package and make the affordable housing project economically viable.[27]

27 Jacob Scott, et al., "Case Studies of the Production and Preservation of Multifamily Affordable Housing in the Second District," Federal Reserve Bank of New York, June 2026.

Working directly with Opportunity Funds

QOFs are the entities that aggregate and deploy OZ capital. They raise the money from private markets and determine what investments are made where. Much of the impact that OZ investment has in a region will be dependent on the quality and motivations of local QOFs.

Given that, public sector or civic-minded entities may find it advantageous to engage directly at the QOF level. This can take at least two forms. One option is to place capital directly into a fund (or affiliated entity) that is open to public participation to buy a seat at the decision-making table. Joining like-minded QOF capital allocators is the most direct way to determine where and in what funds invest.

Second, public sector entities may find it worthwhile to proactively incubate QOF capacity in their jurisdictions. This could take the form workshops for innovative CDFIs that might diversify into OZ investing, awards to cover the administrative costs of QOFs dedicated to local-vesting, seed funding to support the launch of high-impact or locally-dedicated QOFs, or a grant program to support broader civic entrepreneurship around OZs.

At the same time, it is important to keep in mind that OZs are a market-based policy and that QOF managers have a fiduciary duty to their investors, who expect a competitive return. Successful QOFs have private, professional, profit-minded management. Public and civic sector actors should absolutely get creative and be entrepreneurial in their efforts to catalyze a robust investment ecosystem around OZs 2.0. But for most community leaders with limited experience driving profitable development directly, the public sector may find more success activating entrepreneurs and engaging with QOFs intentionally but at arm's length rather than by sponsoring QOFs directly.

V. Incubate possibility and multiply impact

For decades, much community development work has taken place against a backdrop of capital scarcity. Market forces have too often provided a headwind, rather than a tailwind, for low-income communities. OZ success requires stakeholders to consider what's possible when those winds finally start to shift. What becomes easier when private capital starts to flow, when resident numbers increase, when purchasing power returns, and when vacancies start to reverse? What new opportunities arise — for residents, for local entrepreneurs, for community stakeholders — when a community becomes economically reactivated, revalued, and recognized for its intrinsic potential?

The next set of ideas presume that capital has indeed started to flow and are intended to help communities seize the opportunity presented by it.

Invest in developer capacity.

Developers are the actors who bring OZ real estate projects to life. There is no viable investment opportunity without a good developer to build the asset, just as a community vision will remain only a vision without a capable team to make it happen. And yet the landscape of developer capacity is uneven, with the playing field titled in favor of growing markets where projects are already plentiful. Developers are few and far between in areas that rarely see development.

Cultivating a bench of capable developers may be necessary for places to make the most of their OZ designations. Areas where capacity is thin today may benefit from working together with their neighbors on a regional scale to assemble a critical mass of capabilities. If the town, city, or county is too small to support a developer ecosystem, networking across counties or even at the state level should allow communities to source the needed capabilities. Remote rural areas might consider how they can attract developers even on a project-by-project basis by proactively helping to find (and potentially fund) temporary workforce housing solutions or offsetting transportation costs.

Good developers have a track record of delivering projects. There is no getting around the need to build a reputation in the industry. But states, localities, and foundations can help small developers scale and promising new developers get off the ground in several ways. Eligibility for certain funding streams or for philanthropic dollars need not be restricted to non-profit developers only. For-profit businesses are vehicles for community wealth-building, and for-profit developers may have business models that are in a better position to scale. Getting more locally-owned developers in the supply chain is a great way to multiply the local economic impact of incoming OZ investment. Help might take the form of low-cost forgivable loans or even a grant for predevelopment work. Extending the support to

vetted developers up front, rather than on a reimbursable basis, would help small and undercapitalized developers navigate the lengthy and uncertain planning and permitting process where so many well-intentioned projects run aground.

PRINCIPLE IN ACTION:

Maryland. In 2023, the State of Maryland launched its Emerging Developer Loan Program, which awarded $3 million across nine vetted but undercapitalized small local developers to support affordable housing projects.[28] Awarded through a competitive application process, funds could support a wide array of activities, including feasibility studies, environmental or engineering work, legal or planning costs, surveying, and operations. Adopting a cohort model, awardees participated in regular group meetings and industry-led training events to ensure project delivery and invest in future capacity.

Maximize construction industry and workforce benefits.

Most OZ-backed investment hits the ground as construction, either ground-up or as the rehabilitation of existing structures. Most developers and construction firms are small and local, and most construction jobs are well-paying and accessible to individuals with limited education. Localities should therefore treat incoming OZ investment as a business opportunity for local firms and an employment opportunity for local workers.

State and local governments should not try to distort an already low-margin low-productivity market by requiring that a certain share of value be generated by local contractors, for example. Instead, the public sector should try to stoke innovation and entrepreneurship in an industry (construction) that desperately needs it. Especially in rural areas, the lack of quality developers and skilled tradespeople can be a binding constraint on growth. Grants, loans, and other programs can be deployed to support new businesses in the industry. For example, a trades and construction accelerator program might aim to empower independent contractors with the knowledge, resources, and capital connections they need to expand their enterprise.

On the workforce side, a local government or workforce development organization might work with local developers and OZ project sponsors to get on-site education and training experiences for youth in the vocational system. Public, private, and non-profit entities might work together to create apprenticeship programs. In one model, construction projects in OZs might be eligible for subsidized apprentice labor from the local community in exchange for training and work experience. In another model, investors and developers could be encouraged to support credentialed programs, with their philanthropic arms assuming the cost of providing the training and paying the trainees.

28 Press Release, Maryland Department of Housing and Community Development, April 2023.

PRINCIPLE IN ACTION:

Hardeeville, South Carolina. RiverPort Commerce Park is a commercial and industrial OZ development in the rural South sponsored by EJF Capital. As part of their investment, EJF's philanthropic arm partnered with the City of Hardeeville to create a new workforce training program for residents. The partnership refurbished an old public works building into a welding and commercial driver's license training and certification center. The philanthropic gift also helped the center purchase 10 welding machines, secure training providers, and offer tuition-free assistance to up to 30 students. In its first six years, the center trained 150 graduates, helping them climb from low-opportunity work at or near the poverty line into secure good-paying jobs.

Connect local entrepreneurs.

When new real estate rises, new economic opportunities arise around it. Local government programs or non-profit grants can help ensure that local entrepreneurs are first in line to take advantage of the new business opportunities that inward investment creates.

PRINCIPLE IN ACTION:

Coatesville, PA. The nth Innovation Center was the first OZ investment in Chester County and the first private commercial new construction project in the heart of this small rural city in over 50 years. OZ investment formed a critical financing component of this 30k square foot startup incubator and event space, and the center has proceeded to launch multiple qualifying OZ business startups engaged in sensor technologies, medical devices, and motion measurement, with supporting manufacturing. Several of these startups have successfully received OZ capital, and they now engineer, prototype, test, and produce their wares on-site. The center is an example of an OZ investment intentionally designed to enable OZ businesses to scale from concept to commercialization.

For example, a government grant program might subsidize new local businesses to grow into new spaces by supporting the build-out or off-setting some rent in their fledgling first years. Public sector entities can engage in these efforts directly with developers who have keen interests in seeing their new retail spaces occupied.

Public and non-profit entities can also work with developers to ensure that projects deliver spaces for specific types of businesses or services that the community needs to thrive, for example grocery stores or childcare centers. Many localities have grant programs to support such businesses, and OZs can help deliver the real estate assets those businesses need to grow.

PRINCIPLE IN ACTION:

Lansing, Michigan. The Capital City Market development along a major commercial corridor in East Lansing converted four acres of blighted downtown property into a mixed-use project anchored by the first full-service grocery store in this former food desert. In addition to brownfield redevelopment incentives, the project benefitted from awards from the Michigan Economic Development Corporation and Michigan Strategic Fund to bring fresh and locally-sourced produce to the community.

Creative, blended (i.e., private, public, and non-profit capital together) finance can also leverage new real estate to create new ownership opportunities for small businesses. For example, small businesses that rent space in an OZ project for the duration of the investor's hold can be given the option to purchase their space after 10 years — perhaps at a pre-determined and below market-rate price. Arranging such "responsible exits" (in which an investor leaves the asset in good hands) at the outset can even help high impact deals come to fruition by attracting backers to the project.

PRINCIPLE IN ACTION:

Seattle, Washington. Atrium Court is a mixed-use transit-oriented development in Seattle's Othello neighborhood. The development is aligned with the city's Urban Village strategy and combines OZ equity from Allivate Impact Capital with financing from Housing Diversity Corporation and Amazon's Housing Equity Fund. Through an innovative public-private partnership between the development team and the City of Seattle's Business Community Ownership Fund, the national nonprofit Grow America will acquire the ground-floor commercial space and convert it into spaces that locally-grown businesses can permanently own. The partnership will preserve community-serving amenities in the building, ward off future rent increases, and secure wealth-building opportunities for local entrepreneurs.[29]

Another idea recently floated by the Brookings Institution: States can establish their own tax incentives to foster Community Investment Funds (CIFs).[30] These incentives could be offered to all residents, regardless whether they invest regular savings or capital gains, and CIFs could be designed to piggyback off OZ designations. In effect, CIF incentives would encourage the creation of community investment vehicles that help residents and local businesses participate in the revitalization catalyzed by OZs.

Provide on-going information and technical assistance.

One of the highest value activities that public and civic sector leaders can engage in is on-going education. It is impossible to predict who will have the business opportunity, the idea, or

29 "Atrium Court Project Opens in Seattle's Othello Neighborhood," Allivate Impact Capital, March 2026.

30 Tracy Loh, et al., "How States Can Incentivize Local Investing to Find New Capital for Businesses and Housing," Brookings Institution, 2026.

the relationship that brings an OZ investment to fruition, but familiarity with OZs is required for it to happen. The flexibility of the incentive makes it impossible to identify all the ways in which OZ financing can be applied. Only markets can do that, and markets need information to function.

Raising OZ awareness across stakeholder groups should be a top priority in 2026 and beyond, given the new round of zone designations and new features of OZs 2.0. This role can be picked up by any number of credible local entities. In some communities, trusted community development entities may be best-placed to provide technical assistance and help peer organizations understand how the OZ tool can help them achieve their goals. In other contexts, economic development groups will be well-positioned to convene at the regional level, and states will find value in educating stakeholders at scale too. Investors and businesspeople may wish to hear from their own via local chambers of commerce or networking groups.

PRINCIPLE IN ACTION:

Tennessee. Shortly after OZs 2.0 was enacted, the Tennessee Department of Community and Economic Development (TNECD) convened 11 regional OZ workshops in every corner of the state. These workshops brought together the full range of local stakeholders, from private sector entities to local governments, non-profits, and individual citizens, to educate them on OZs. Federal officials and tax and legal experts provided technical assistance on-site. The in-person convenings raised awareness, increased fluency with the incentive, and laid a foundation for productive and lasting collaborations around OZs.

Capacity — roughly meaning the ability to steward an idea, initiative, or investment from conception to completion — varies immensely across the map, and it often lags farthest behind in the very low-income, economically distressed, and rural or thinly-populated areas that need it most. Many designated communities are going to need help making the most of their OZs. States, philanthropies, and other non-profits can help close the capability gap by offering technical assistance or support grants to actors operating in low-capacity areas. Assistance grants can be extended to whole organizations or on a project-by-project basis.

PRINCIPLE IN ACTION:

Alabama. One of the many ways Opportunity Alabama (OPAL) engages with communities is by providing technical assistance to local governments or related entities that lack the capacity to see a project through from concept to construction. Building from communities' own plans, OPAL's Property Development Assistance Program (PDAP) helps local stakeholders navigate pre-development work, draw up budgets, create pro formas, and design capital stacks (i.e., the blending of the different types of financing, tax credit tools that are often required to bring projects to fruition). OPAL also works with project sponsors to determine the right type of capital for their projects and identify potential sources from state and national networks.

As the OZ incentive matures, its applications for local businesses and startups are becoming more apparent too. Local development groups or entrepreneur support organizations might find value in educating existing business owners about how OZ capital can support their expansion plans. This holds especially true for businesses in rural areas, where the OZ incentives will be even more generous going forward.

PRINCIPLE IN ACTION:

Colorado. Colorado intentionally designated a disproportionate number of rural census tracts in 2018 to boost economic development in underinvested corners of the state. It quickly became apparent that many small towns and rural communities lacked the capacity to bring high-impact investment projects to fruition. In response, the Office of Economic Development and International Trade established a flexible grant program offering up to $10,000 in support for communities to commission project feasibility studies, develop requests for proposals, create investment materials, or secure legal or accounting support. Such an initiative could be combined with the concept behind the state's OZ Capital Accelerator Program concept, launched in the early years of 1.0 to help startups explore OZ financing, and adapted for rural businesses for OZs 2.0.

There are also opportunities to educate new business owners on the potential benefits of launching and scaling a qualified OZ business — meaning a business that is able to receive OZ investment as it grows. Such technical assistance programs are helpful in exposing startups to new sources of capital and helping those that are truly good contenders for OZ investment to self-identify and connect with investors.

PRINCIPLE IN ACTION:

Chicago, Illinois. The Chicago Opportunity Zones Consortium launched a competitive process to work with local incubators and accelerators to educate them and their founders about OZs. mHub, a hard-tech manufacturing incubator intentionally located in an Opportunity Zone to help boost its startup cohorts, was one of the winning recipients. Through the program, COZC connected mHub with an OZ attorney who provided technical assistance on the OZ tool so that participants learned how it could be used to finance their expansion strategies. The program culminated in three entrepreneurs pitching their businesses to a panel of OZ funders and experts.

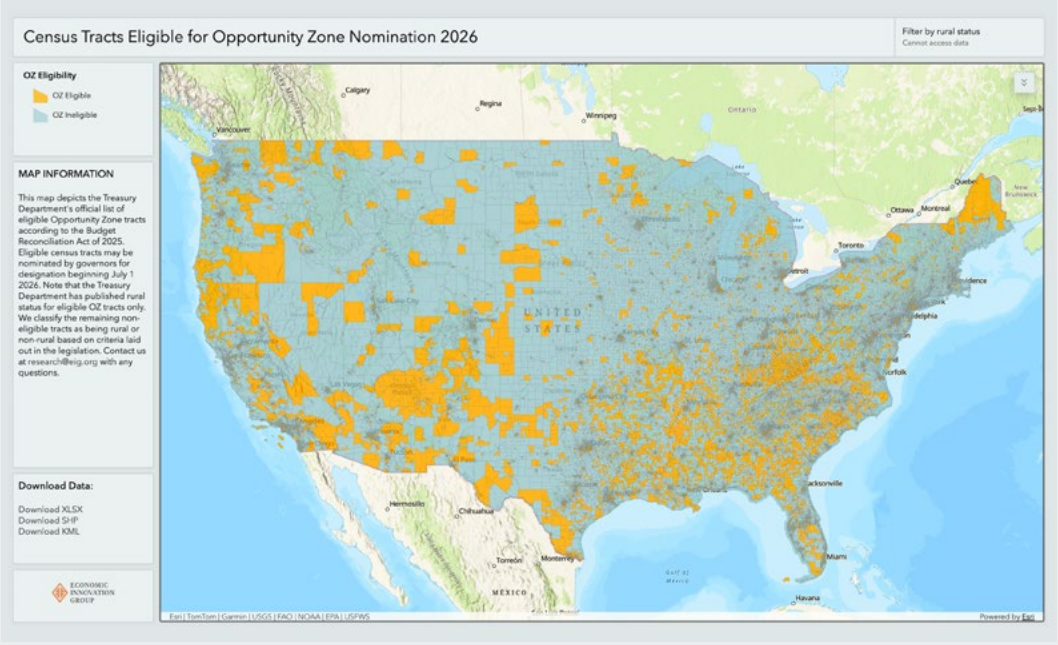
Conclusion

This set of strategies is meant to be comprehensive, but it is by no means exhaustive. Rather, it is intended to illustrate what is possible with the OZ incentive and to stoke bottom-up creativity and initiative around a powerful federal tax tool. We hope that the guide inspires emulation and adaptation of the initiatives chronicled here, and we also hope it inspires others to create similar playbooks based on their expertise — for example, strategies to connect low-income residents to good jobs, or ways to partner with the public sector to deliver affordable housing. OZs' innate flexibility is a call to action for pioneering adopters of the incentive to not just experiment with the ways it can be applied — in renewable energy, infrastructure, and beyond — but then codify the insights so best practices can be disseminated and models can scale. OZs have proven they can unlock capital. The onus is now on the public, private, and non-profit sectors to forge the connective tissue between that capital and long-term community impact.

About the Economic Innovation Group

The Economic Innovation Group (EIG) is a bipartisan public policy organization dedicated to forging a more dynamic and inclusive American economy. From our headquarters in the nation's capital, EIG develops original research, convenes leading experts from the public and private sectors, and advances creative policy proposals that bring new jobs, investment, and economic dynamism to U.S. communities.

EIG first proposed the concept behind Opportunity Zones in a 2015 white paper. EIG worked tirelessly to support the policy's initial passage in 2017 and has continued to be a leading advocate for improvements to the OZ tax provisions, culminating in the enactment of "OZs 2.0" in 2025. Over the years, EIG has been a valued source of information for public and private sector stakeholders on Opportunity Zones, and the team continues to work to ensure OZs deliver on their promise of restoring growth and opportunity in the communities that need it most.



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