Opportunity Zones 2.0 Program

July 15, 2026

Luis Aguilar, Economic Development Director

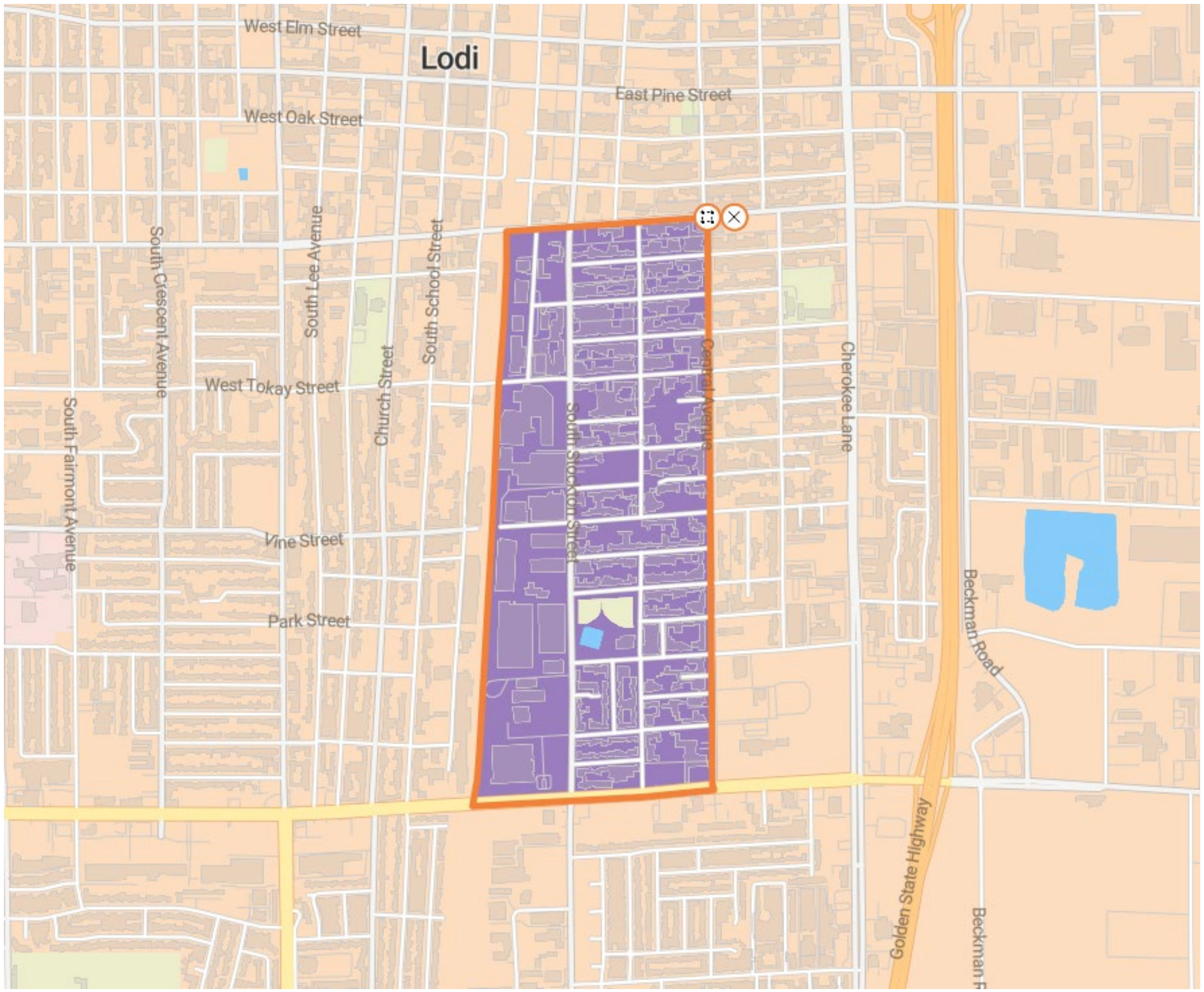
City of Lodi California

OPPORTUNITY ZONES

- The Opportunity Zone (OZ) Program was established under the Tax Cuts and Jobs Act of 2017 to encourage the reinvestment of capital gains into economically distressed communities.
- Offers preferential federal tax treatment for capital gains invested in qualified projects located within designated low-income census tracts.
- Eligible investments may include: new real estate construction, rehabilitation of vacant or underutilized properties, equity investments in operating businesses, and infrastructure or energy-related projects, among others.
- Designed to reward long-term, patient capital that generates sustained economic growth, job creation, and community revitalization in historically underserved areas.

City of Lodi California

OPPORTUNITY ZONES – CURRENT CENSUS TRACT: 06077004403



OPPORTUNITY ZONES 2.0

- The Opportunity Zone Program was originally scheduled to sunset on December 31, 2026.
- With the passage of the One Big Beautiful Bill Act (OBBBA) on July 4, 2025, the program is now a permanent part of the federal tax code.
- As part of this legislation, a new round of Opportunity Zone census tract designations—referred to as "Opportunity Zones 2.0"—will be introduced.

What to know:

- **July 1, 2026**: Governors may begin nominating a new map of eligible census tracts
- **January 1, 2027**: The U.S. Department of the Treasury will certify nominations, and the new map takes effect
- **Duration**: Designations will remain in place for **10 years**
- **Future updates**: Opportunity Zones will be refreshed **every 10 years** going forward

City of Lodi California

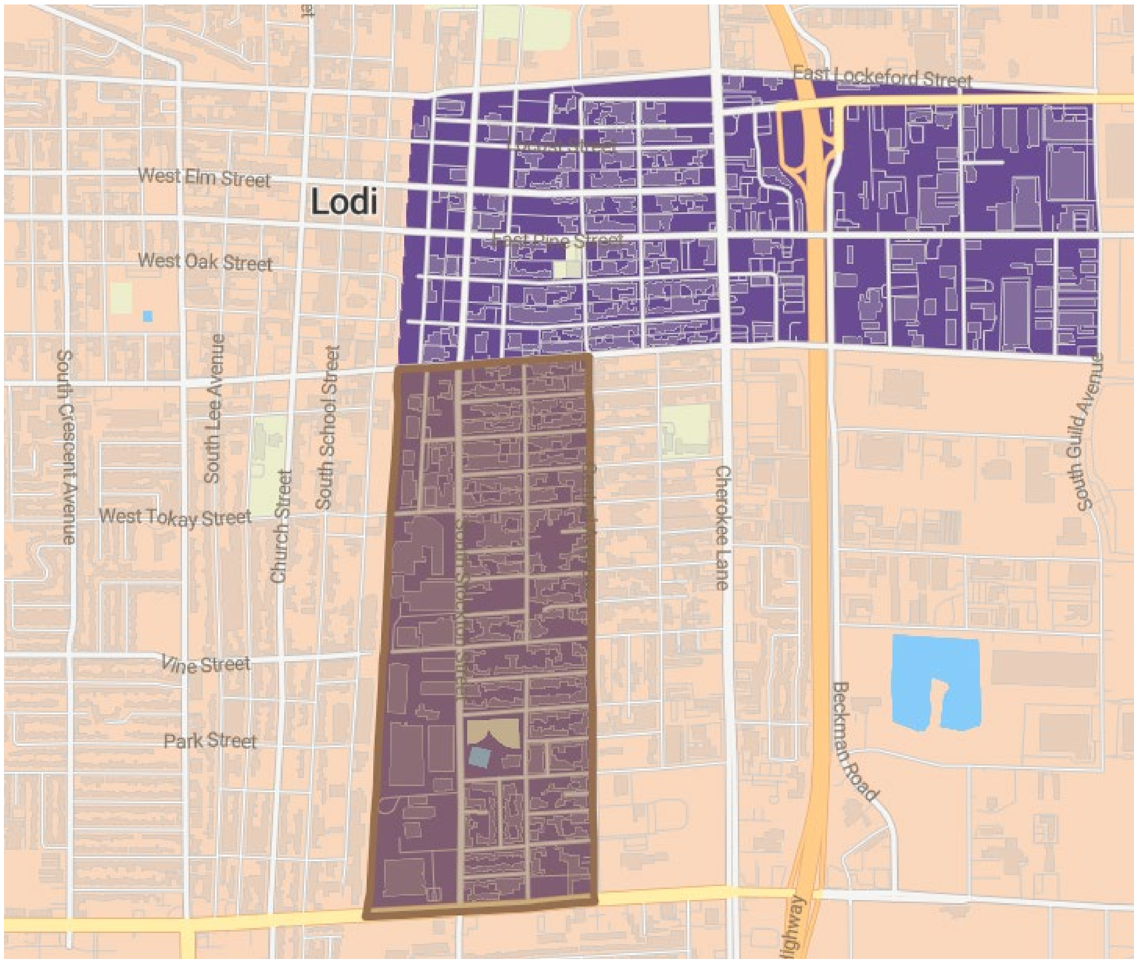
OPPORTUNITY ZONES 2.0

New Targeting Criteria

- As with the original Opportunity Zone statute, governors may designate up to 25 percent of their state's eligible census tracts.
  - California has 2,469 eligible census tracts, so the Governor may nominate a maximum of 618 tracts.

- To qualify, a census tract must satisfy one of the following tests:
  - Median family income (MFI) below 70 percent of the metropolitan average or the statewide average (for non-metro areas) (versus 80 percent in the original OZ provision).
  - Poverty rate of 20 percent or greater (unchanged), plus a newly established MFI cap set at 125 percent of the applicable state or metro median.

OPPORTUNITY ZONES 2.0 – ELIGIBLE CENSUS TRACTS: 06077004502 & 06077004403



STATE CRITERIA FOR NOMINATIONS

- Includes Housing Element sites
- Support the implementation of Regional Housing Needs Assessment (RHNA) goals
- Shovel-ready sites as generally defined by the GO-Biz "Business Ready Sites" Program
- Located within existing Tax Increment Financing District (TIF)
- May support strategic sectors, as defined by the California Jobs First State Blueprint (ex. clean economy, life sciences, manufacturing, healthcare, housing, education & skilled workforce, tourism & outdoor recreation)
- Committed public investment (local, state, federal)

City of Lodi California

OPPORTUNITY ZONES 2.0 – RECOMMENDATION CENSUS TRACT: 06077004502

- High poverty rate
- Larger footprint : Downtown Specific Plan Area, Cherokee Lane Corridor, Industrial Area
- 29 Housing Element sites; supports RHNA goals
- Aligns with Lodi Economic Development Strategy
- Aligns with CA Jobs First : North San Joaquin Valley Regional Plan

NEXT STEPS

- No formal Council action required
- Submit nomination form to State due July 20, 2026
- Gather letters of support and provide them during public review period