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Opportunity Zones 2.0 is coming – and the clock is ticking on action items



Key milestones are just months away in a new version of the federal Opportunity Zone program.



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Story Highlights

- The original Opportunity Zone program sunsets in 2026 before relaunching January 2027.
- Stricter income requirements will reduce eligible zones by approximately 26%.
- State governors will designate new Opportunity Zone areas by July 2026.

The federal Opportunity Zone program is undergoing a major transition in 2026, leaving businesses only a few more months to prepare for what's ahead.

The Opportunity Zone program, introduced during President Trump's first term as part of the Tax Cuts and Jobs Act of 2017, [by definition](#) aims to "spur economic growth and job creation in low-income communities while providing tax benefits to investors. That program is set to sunset at the end of 2026.

However, the sweeping tax legislation signed into law in 2025 created a new Opportunity Zone program, and key milestones are just months away. State governors are expected to name new opportunity zone areas – locations that would receive the tax-advantaged investments made possible by the program – by July 1. The program would officially open for investment on January 1, 2027.

“Businesses and investors should plan for new potential investment opportunities,” said Stephen Bertonaschi, senior managing director and leader of

real estate tax compliance at FTI Consulting.

Experts have said business owners, landowners, investors and local governments should be preparing to engage with the new version of the program now, since [the sunup to designating new zones is likely to be a time of intense lobbying](#).

That's in large part because fewer areas will meet the qualifying criteria of the program in its second iteration. Congress narrowed the definition of "low-income community" to Census tracts with a poverty rate of at least 20% or a median household income that does not exceed 70% of the area median income. The rules of the current program designate a low-income community as one with a poverty rate of at least 20% or a median household income of no more than 80% of an area's median income.

States also previously were able to nominate a limited number of non-low-income tracts if they were contiguous to nominated low-income tracts and their median household income didn't exceed 125% of that neighboring low-income community's median income. Under the new program, the term "low-income community" would not include any Census tract where the median household income is 125% or greater of the area median income.

The federal government has not yet published an official list of eligible tracts under the new law, but according to an analysis by *The Business Journals* of Census tracts and the most recently available poverty data, about 26,000 tracts could meet the eligibility criteria for an Opportunity Zone designation under the parameters of the revamped program.

If governors were to then pick the maximum-allowed 25% of those sites to be opportunity zones, that would mean about 6,500 zones in the program – a nearly 26% drop from the number of available sites in the program's first iteration. The original program found 42,176 Census tracts eligible to be opportunity zones, with governors ultimately picking 8,764.

The projected figure for the new version of the program [is in line with other estimates](#) that have found [the number of eligible opportunity zones](#) could fall by more than 20% under the new law.

The Business Journals has mapped out the potential census tracts that could be eligible.

The new Opportunity Zone program also requires increased reporting transparency and is set to become permanent, with a rolling 10-year cycle for designating new opportunity zones.

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