



Opportunity Zone 2.0

City of Tacoma | Community and Economic Development

City Council Meeting

May 19, 2026

Resolution No. 41917

- Opportunity Zones were established under the 2017 Tax Cuts and Jobs Act as a federal tax incentive program designed to spur investment in low-income communities
- Washington currently has 139 OZs across 36 counties
- Tacoma has 6 tracts currently

- In July 2025, federal law made the OZ program permanent
- 10-year designation cycles
- The new round—Opportunity Zone 2.0—application period ends May 28th and will launch in January 2027
- Governors may nominate up to 25% of eligible low-income census tracts (defined as <70% of County AMI).

- **Changes in OZ 2.0**
 - All tracts will compete for nomination
 - Only 99 zones in the State, with a priority for rural tracts
 - AMI reduced to 70%

- Tacoma's existing OZ tracts have attracted a meaningful wave of investment since 2019
- OZ funded projects have already generated more than \$250 million in investment
- These investments have supported housing production, mixed-use development, and transit-oriented growth

- Tacoma's Opportunity Zone (OZ) designations provide a strategic advantage by attracting private capital into low-income areas aligned with the city's long term economic development priorities

- Tacoma intends to apply for six census tracts—61602, 62600, 61601, 61400, 63401 and 94007
- Five hoping to retain their OZ designation and one new tract.
- One existing OZ tract (62400) no longer qualifies.

- These designations are strategically important: active investor interest already exists in these areas, and OZ status continues to lower the cost of capital, accelerate project timelines, and attract outside equity

- Scoring criteria
 - Community Need
 - Investment Readiness
 - Policy Alignment
 - Community Support
 - Tribal / Rural / Special Considerations



OZ 2.0 Tracts

Existing Tracts

61400, 61601, 61602, 62600, 94007

New Tract

63401



CITY OF
Tacoma