



Frequently Asked Questions

June 2026

Eligibility

- How is Opportunity Zone (OZ) eligibility determined?
 - Eligibility is determined at the census tract level by the IRS and Treasury Department based on poverty and median family income thresholds set by Congress.
 - Congress made eligibility thresholds stricter in 2025 when it renewed the OZ program. Virginia will have fewer eligible tracts, and fewer OZs than before.
- How many eligible tracts does Virginia have? And how many will become OZs?
 - Virginia has 607 eligible tracts and can nominate one-quarter, or 152, of those tracts as OZs.
- In 2018, tracts adjacent to low-income census tracts were eligible. Are they still?
 - No, in 2025, Congress changed the eligibility criteria, removing eligibility through adjacency.

Impacts

- What kinds of investment do Opportunity Zones support?
 - Federal tax incentives are provided to qualifying investments into businesses and tangible property in the OZ. This can include buildings and inventory.
- Which taxes are affected by Opportunity Zones?
 - Capital gains taxes are affected.
- What data is available to understand where OZs may have the greatest impact?
 - Limited data is available at the federal, state, or local levels on the impacts of the 2018 OZ round, because of how the federal legislation was passed.
 - Academic research indicates that the primary impact of the first round of OZs was incentivizing the creation of multifamily housing, primarily in urban areas.
- What successes has Virginia seen through OZs?
 - DHCD and VEDP are aware of investments made through Opportunity Zones in multifamily housing and hotels. Partners in your region may be aware of other success stories.



Rural Opportunity Zones

- What are Rural Opportunity Zone?
 - Rural OZs are any Opportunity Zone located entirely in a rural area.
 - Federal legislation defines rural areas, for this program, as any area that is not:
 - A city or town with a population of 50,000 or more.
 - An area adjacent to a city or town with a population of 50,000 or more.
- How is a Rural Opportunity Zone different than other Opportunity Zones?
 - Rural Opportunity Zones receive increased federal tax incentives relative to other Opportunity Zones.
 - The [step-up basis](#) for investment held five years or more in a Rural Opportunity Zone is 30%, rather than 10% at 5 years for a standard OZ.
 - The 'substantial improvement' qualifying threshold for investments into existing structures is halved.
- Are there a certain number or percentage of Rural Opportunity Zones a state can have?
 - No, any Opportunity Zone located entirely in a rural area, as defined for the program, becomes a Rural Opportunity Zone.

Current Opportunity Zones

- What happens to current Opportunity Zones that are not redesignated?
 - Any qualifying investment in a current OZ made through December 31, 2028 continues to receive Opportunity Zone benefits.
 - The only exception is that deferred gains become due in 2027.
 - A more detailed summary is available [here](#).
- What happens to current Opportunity Zones that are redesignated?
 - Investments made prior to January 1, 2027 receive Opportunity Zone benefits under the OZ 1.0 round (2018 – 2028). Investments made on or after that date receive benefits under the OZ 2.0 round.

Maritime Prosperity Zones

- What are Maritime Prosperity Zone? How do they relate to OZs?
 - Maritime Prosperity Zones are a proposed initiative by the Trump administration to induce investment into maritime commerce, workforce, and assets. Their proposed structure is modeled after OZs.
 - MPZs would require congressional action to come into effect, and are not part of the 2026 OZ designation process.

Locality Survey

- What is the purpose of the survey?
 - The survey allows local governments to share which eligible tracts are their priorities for nomination, and to provide information on why those tracts are attractive opportunities.
- Who receives the survey?
 - Chief Administrative Officers of localities with at least one census tract eligible to become an Opportunity Zone.
 - They, or their designee, complete the survey.
- When is the survey due?
 - The survey is due on July 24, 2026.
- Does our community need to take any steps before taking the survey?
 - No actions are needed before taking the survey.
 - Localities are encouraged to consult with a range of stakeholders, such as PDCs, towns, businesspeople and investors, housing officials, and community and economic developers, before prioritizing their eligible tracts.
- Will my survey responses be made public?
 - No, as a Governor's working paper, your specific responses will not be made public or shared with other stakeholders.

Nominations

- How can my community increase its likelihood of having tracts nominated as an Opportunity Zone?
 - Based on strategic impact and stakeholder feedback, the Governor's administration has established four priority OZ investment areas: Housing Development, Downtown Revitalization, Business Ready Investment, and Regional Asset Development.
 - Housing Development reflects the creation of new residences. During the prior OZ round, multifamily rental housing was the most common type of investment nationwide.
 - Downtown Revitalization includes improving commercial and mixed-use space and support for small business development.
 - Business Ready Investment includes the attraction or expansion of manufacturing and logistics facilities.
 - Regional Asset Development includes assets such as innovation hubs, transportation hubs, tourism centers, agricultural or forestry centers, and energy generation.
 - Eligible tracts will also be evaluated based on project continuity, local input, and investment readiness.

- By answering the OZ census tract prioritization survey, communities can provide information about demonstrate alignment with the priority investment areas and evaluation principles.
 - Communities should highlight investment opportunities, attractive assets, aligned zoning and planning, public backing for growth, local and regional initiatives to support investment, and recent wins and momentum.
 - Communities can prioritize any number of tracts within the survey.
Prioritized tracts are listed in rank order.
- Will one-fourth of localities' or regions' eligible tracts be nominated?
 - No set ratio has currently been established.