April 2026

What We Discussed

This State and Local Initiatives call brought in Michael O'Mara from Ascension OZ Advisors to walk through Opportunity Zone 2.0, the newly permanent version of the OZ program signed into law July 4, 2025, taking effect January 1, 2027. Michael laid out what's actually different from the original program: a rolling 5-year deferral window instead of a fixed one, a meaningfully larger basis step-up for rural investments, 30 percent versus 10 percent for urban, and lighter improvement requirements for rural properties. Members compared notes on how they might pair OZ2 with their own tools. Justin flagged Fairview's interest in stacking OZ2 with soft funds and advocacy work, and Ty asked whether substantial rehab projects, not just new construction, could qualify under the new rules.

Why It Matters

The real opportunity here has a clock on it, and it's a short one. States can nominate up to 25 percent of eligible census tracts, but 36 states haven't even stood up an organized OZ2 program yet, and once a state does designate its tracts, capital gain investors only have 180 days to make their declarations. That means the states that get organized early and nominate genuinely shovel-ready tracts, not just eligible ones, are the ones positioned to actually pull in OZ equity when investors' declaration windows open. For members with projects in inactive states, that's a real gap, but also a real opening: getting involved in that nomination process now, before designations are finalized, is a very different position than trying to attract OZ capital after the fact.

Where We Go From Here

Michael is sending Rachel the AI-powered OZ education tool his team built, along with a running list of which states haven't yet activated their OZ2 nomination process, both going out to the full group in a recap email alongside the final Treasury criteria and mapping resources from Treasury, Novogradac, and EIG. Justin and Rachel are connecting separately to identify advocacy groups and contacts specifically in the inactive states, since Michael's read is that pushing designations forward is a grassroots effort, mayors, economic development officials, and legislators building the case up to the governor. If your organization operates in one of the states that hasn't organized yet, or has a shovel-ready project that could anchor a tract nomination, this is the moment to get in front of that process rather than react to it later.

KEY TAKEAWAY

The states that get organized early and nominate genuinely shovel-ready tracts are the ones positioned to pull in OZ equity once investors' 180-day declaration windows open.