



ECONOMIC  
INNOVATION  
GROUP

# Opportunity Zones 2.0

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# What worked in OZs 1.0

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## Worked!

- New and refurbished multifamily rental housing
- Workforce housing
- Mixed-use developments
- Adaptive reuse and historical rehabilitations
- Real estate for commercial purposes
- Urban, semi-urban, and suburban in-fill development

## Sometimes worked...

- Deeply affordable housing
- Pairing with LIHTC and NMTC
- Business investment
- Diversified rural investments\*
- CDFI/impact sector engagement\*

## Did not work.

- Single-family homes (especially for sale)
- Venture-style equity investment
- Direct investment into small businesses
- “Retail” investor participation
- Widespread rural investment\*
- Transparency\*

*\*expect to change or improve with 2.0*

# Impact Case Study: Opportunity Alabama

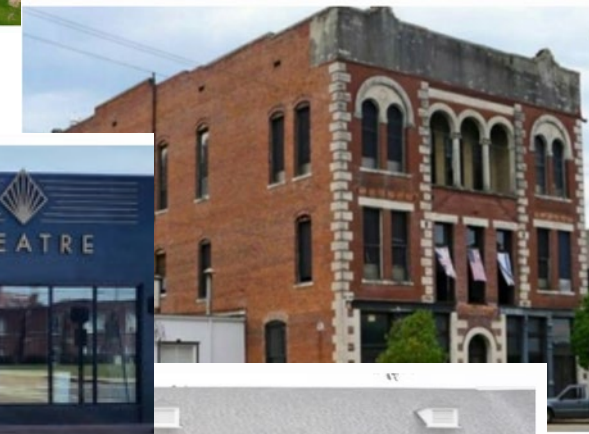
*“OZs did not come with a playbook. In AL, we decided we needed one.”*

How it works:

- ✓ A non-profit **“created to be a catalyst for investments in meaningful projects and underserved places across Alabama”**
- ✓ Civic **entrepreneurship** and institutional **innovation** at work
- ✓ Seeded by local **utility, banks, and other anchors**
- ✓ Supported by **EDA, philanthropy, others**
- ✓ **Certified CDFI** with an affiliated investment fund

OPAL **builds capacity and solves problems:**

- ✓ Cultivates an **investor base** *and* a project pipeline
- ✓ Engages in **predevelopment** work
- ✓ Helps ready **distressed rural** regions for investment
- ✓ Connects **committed capital** to **high-impact** projects
- ✓ **Coordinates** capital and incentives



# Case Study: Brookville, IN

- ✓ Brookville had not seen any new development in more than 20 years when leaders approached a local developer with a plan to redevelop the **historic downtown**.
- ✓ Brookville's size, lack of recent development, and the mixed-income, mixed-use nature of the project made it **difficult to finance**.
- ✓ The original plan was **scaled back and delayed** until Brookville was designated as an OZ.
- ✓ An OZ investment by a local couple allowed the concept to move forward.
- ✓ The Valley Flats project offers 27 apartments with **assisted living** services for seniors, 20 **market-rate units**, a pharmacy, **restaurant**, and a movie theater.
- ✓ The investors also used OZ financing to acquire a local **newspaper**, allowing it to modernize and continue to serve the community, and bring the first **hotel** to the area.



# Investment Case Study: Port Angeles Wharf

## *Rehabilitation of an anchor development*

- ✓ 2020 OZ investment substantially improved a deteriorating waterfront asset central to the city's revitalization.
- ✓ Investment 3x the initial acquisition cost (300% improvement compared to required 100% under OZs 1.0; 50% under OZs 2.0).
- ✓ Occupancy has risen from 65% to 95% post-OZ investment.
- ✓ Locus of job creation for 9 new small businesses.
- ✓ Encountered real pain points around supply and labor constraints, leading to improvisation.
- ✓ Had to maneuver around state obstacles.
- ✓ Commitment from local bank was pivotal.



# Room for growth

## Rural and industrial use cases

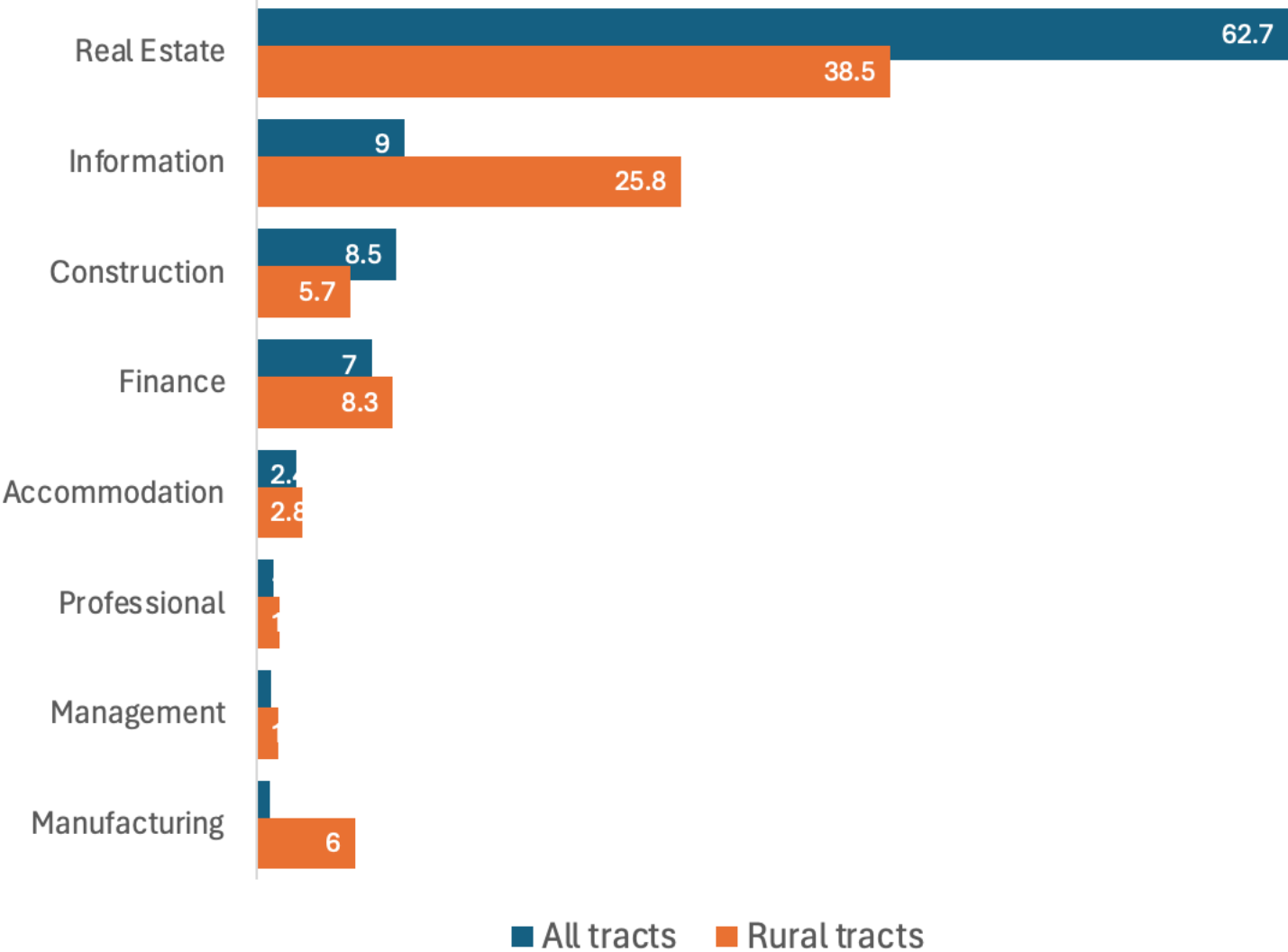
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# What do we know about OZ activity in rural places?

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- ✓ Rural areas **were well represented** in the zone designation process:
  - 23% of OZ tracts are rural/non-metropolitan
  - 1/3 in North Carolina, 40% in Georgia, and 76% in Vermont
- ✓ **\$6.1 billion** in OZ equity has gone to rural areas\* so far.
- ✓ Rural OZs are home to some of the nation's most impactful and novel investments.
  - Rural areas seem to have a particular advantage in **business investments**.

# OZ investments in rural areas skews towards information and manufacturing



Source: Joint Committee on Taxation, May 2024

# A nationwide sample of rural OZ investments



Tourism - Selma, AL



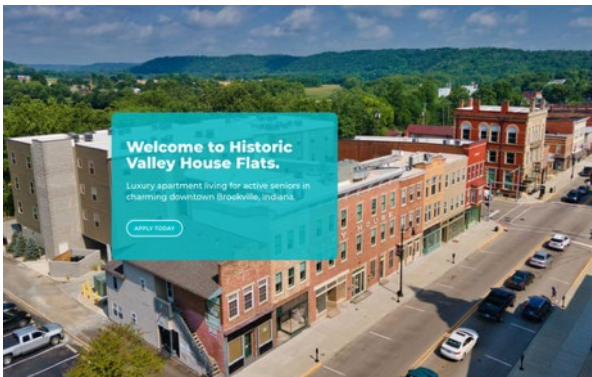
Workforce housing –  
Glenwood Springs, CO



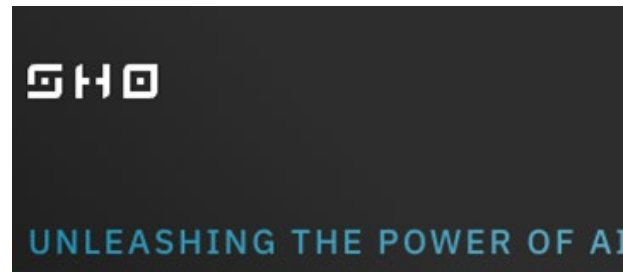
**Building 100 at Regional  
East Alabama Logistics  
(REAL) Park**

Location: **Macon County, AL**  
Congressional District: **AL - 3rd**  
Opportunity Fund Name: **OPAL Fund**  
Opportunity Fund Manager: **OPAL Advisory  
(a subsidiary of Opportunity Alabama)**  
Investment Date: **Q2 2022**  
Project Details: **New industrial park in rural AL**

Industrial development - AL



Downtown revival - Brookville, IN



AI startup - Cape Girardeau, MO



**Agile Space Industries**

Location: **Durango, CO**  
Congressional District: **CO-3**  
Opportunity Fund Name: **CORI Innovation Fund**  
Opportunity Fund Manager: **Center on Rural  
Innovation**  
Investment Date: **Q2 2020**  
Project Details: **Innovation startup in a rural  
community**

Rural innovation - CO

# A nationwide sample of commercial and industrial OZ investments



Agriculture – Berlin, NH



Culture – Birmingham, AL



Automotive manufacturing – Detroit, MI



Shipbuilding – Mobile, AL



PPE manufacturing – Grove City, OH



Mining – Yuma, AZ

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