



ECONOMIC
INNOVATION
GROUP

Opportunity Zones 2.0

Catherine Lyons,
Senior Director of Policy & Coalitions

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Aligning Projects, Capital, and Policy

What worked in OZs 1.0

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*

What tools are at your disposal to influence outcomes?

To **contribute to projects**:

- Permitting and approvals!
- Publicly-owned land
- Ground leases
- Occupancy guarantees

To **drive investment towards impact**:

- Main Street and small business grant programs
- Parcel assembly and remediation
- Capacity building and ecosystem development grants



Impact Case Study: Opportunity Alabama

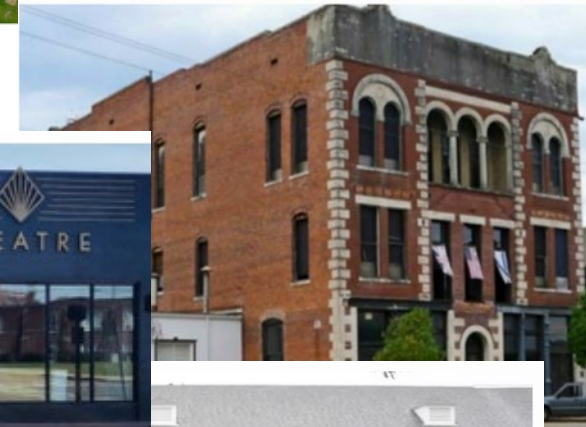
“OZs did not come with a playbook. In AL, we decided we needed one.”

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



Impact Case Study: Sharswood Ridge

Local Philadelphia development brings more than just affordable housing

- ✓ Creates **78 workforce housing units** for renters earning 80-100% AMI and **20 deeply affordable units** through project-based **vouchers** from the Philadelphia Housing Authority
- ✓ Provides a much-needed grocery store, bank, medical clinic, and ample retail space to this **medically underserved food desert**
- ✓ Made possible through many public, nonprofit, and for-profit investments and financing tools, including locally **crowdsourced capital**
- ✓ Led by a local, minority-owned developer and the city's PHA, it is been called one of the **largest and ambitious revitalization efforts** in the country
- ✓ Expected to create **300 permanent jobs**, most of which will go to local residents



Impact Case Study: Erie Flagship Complex

Local anchors harness OZs for downtown transformation

- ✓ A **high-capacity** downtown development corporation and large **anchor** financial institution harnessed OZs to **accelerate local plans**.
- ✓ That **local capacity and commitment** unlocked **additional capital** from national impact investors.
- ✓ Multi-property **historic redevelopment** project consisting of food halls, commercial spaces, and residential units.
- ✓ Brought first **grocery store** to downtown, a food desert, in decades.
- ✓ Market-rate units bringing **residents and a tax base** back to downtown.
- ✓ Prime real estate creates numerous opportunities for **local small business owners**.



Impact Case Study: Adaptive re-use in Frederick, MD



Ox Fibre Apartments

Location: **Frederick, MD**

Congressional District: **Maryland 6th**

Opportunity Fund Manager: **BCC Opportunity Zone I, LLC**

QOZ Business: **400 Church Street Owner, LLC**

Investment Date: **Q3 2019**

Project Details: **Adaptive reuse of historic warehouse into 83 new affordable apartments**

- ✓ Historic industrial building converted into 83 affordable housing units.
- ✓ Available to families making 40-60% AMI in the center of a vibrant and amenity-rich neighborhood.
- ✓ Combined state LIHTC and HTC funding (\$15.4m in state-sponsored debt).
- ✓ OZ equity helped close a delicate capital stack and bring the project over the finish line.

Capital Stack



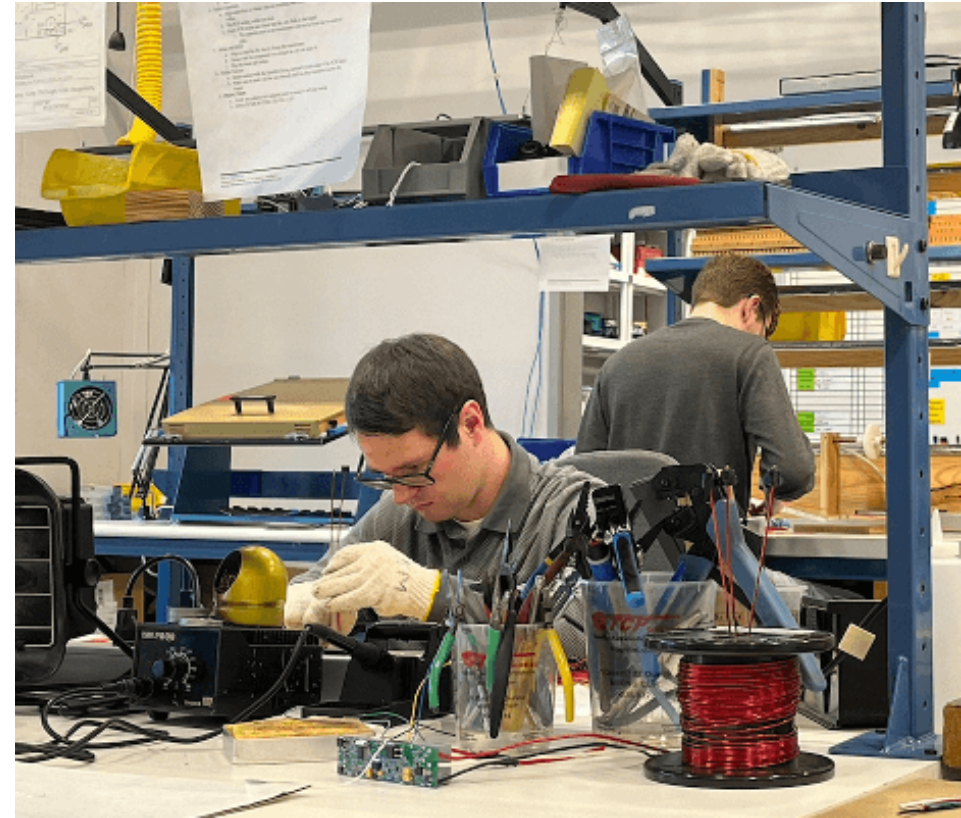
- Federal Housing Administration (FreddieMac) debt – \$10.5 million
- Housing Credit equity – \$7.1 million
- Historic Tax Credit equity – \$4.4 million
- Opportunity Zones equity – \$830,000
- State and County debt – \$3.4 million
- Deferred Developer Fee – \$670,000

Total Development Cost: Approximately \$27 million

Impact Case Study: nth Innovation center

Concept to commercialization under one roof in Coatesville, Pennsylvania

- ✓ **30k sq ft of space** for offices, events, and manufacturing, including facilities for **engineering, prototyping, and product testing** for tech startups
- ✓ **First QOZ project** in Chester County, PA and first major private commercial project for Coatesville in **over 50 years**
- ✓ Fostered **multiple Qualifying OZ business startups** manufacturing in Coatesville.
- ✓ Provides **workforce training** and **job opportunities** for those with barriers to employment
- ✓ Robust **STEM internship program** provides real work experience to high school students and some are **named as co-inventors** on patents
- ✓ **\$5 million** private equity investment from Proudfoot Capital
- ✓ Serves as a **community meeting place**
- ✓ Benefits from **complementary state** zone-based programs



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.



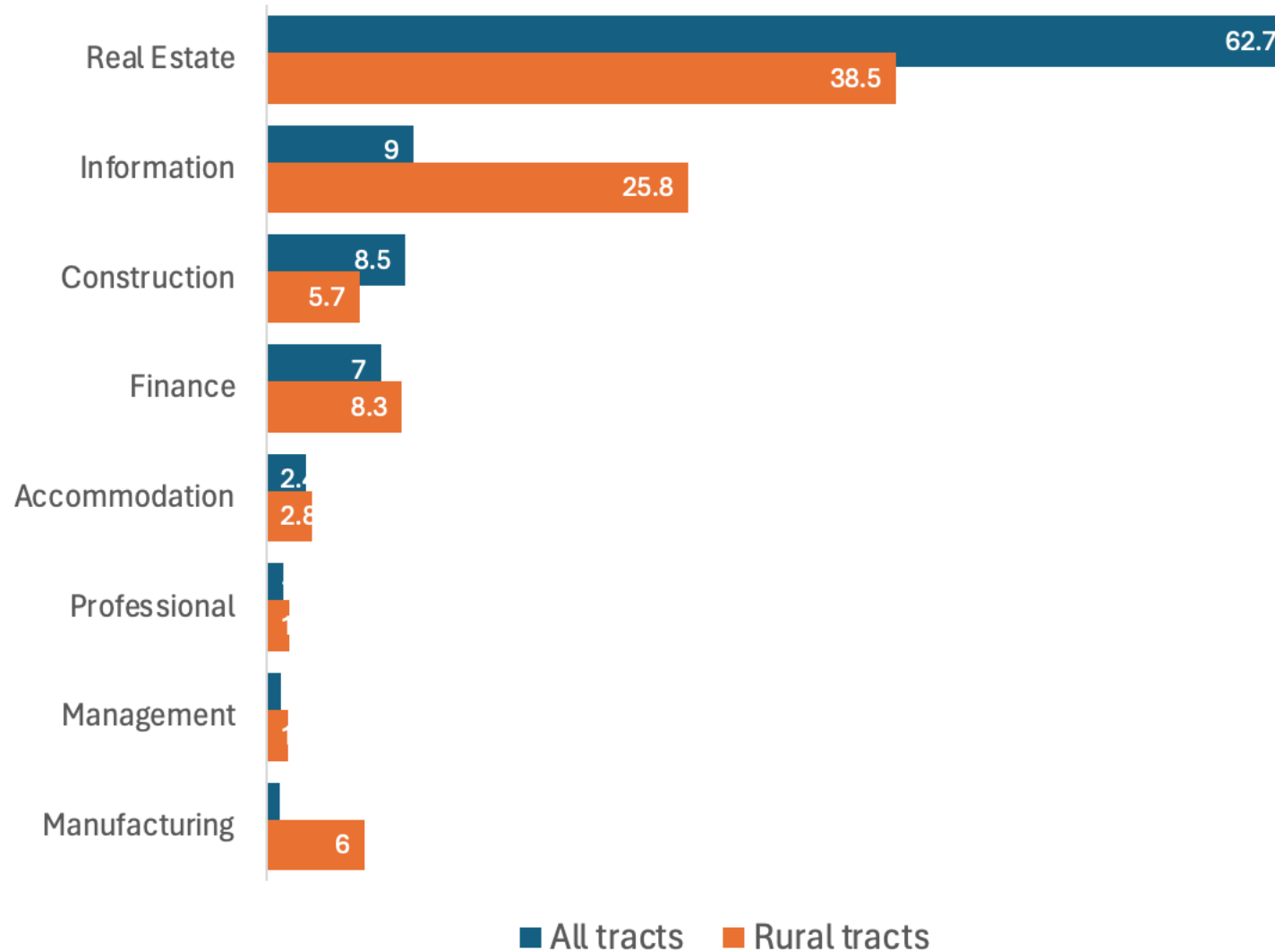
Room for growth

Rural and industrial use cases

What do we know about OZ activity in rural places?

- ✓ 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



A nationwide sample of rural OZ investments



Tourism - Selma, AL



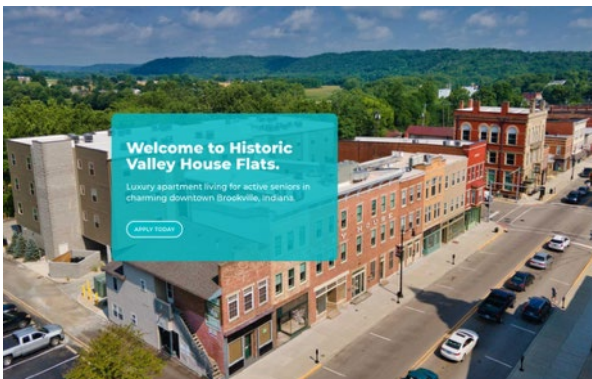
Workforce housing –
Glenwood Springs, CO



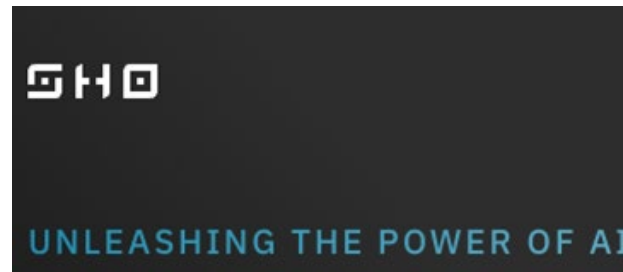
**Building 100 at Regional
East Alabama Logistics
(REAL) Park**

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

EIG brings together leading entrepreneurs, investors, economists, and policymakers from across the political spectrum to address America's economic challenges.

Catherine Lyons
catherine@eig.org



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