

# Opportunity Zones Grow From 'Teenager To Adulthood' But Are Still In The Awkward Phase

[Opportunity zones](#) are in limbo as investors look less than a year down the road and see a [shining, permanent, new program](#) offering the same, or better, incentives.

The shift from fleeting tax break to permanent fixture of the tax code is alone a profound change that will bring in a new wave of capital, said [Steve Glickman](#), an economic development policy consultant who [conceived of and drafted the legislation](#) for the first iteration of opportunity zones as a co-founder of the [Economic Innovation Group](#).

“Permanence is a game-changer for the program, in my view, because it enables institutional investors, large IRAs, wealth management platforms, to build a business around raising and deploying capital into opportunity zones, which is much harder to justify if the program is viewed as having an expiration date,” he said.



*Flickr/The White House*

President Donald Trump signs the One Big Beautiful Bill Act on July 4, 2025.

Firms that manage opportunity zone investments ended 2025 with their [second-worst quarter in the six years](#) that [Novogradac](#) has been tracking the space, with the 2,163 funds pulling in \$279M.

The year-end fundraising total of \$2.7B for qualified opportunity funds, the investment vehicles that raise the cash that goes into OZs, was also the second-lowest in the six-year time frame.

Last year's total was slightly better than the year before but a far cry from the more than \$9B raised each year from 2020 through 2022.

The group of QOFs tracked by Novogradac doesn't include proprietary or private funds owned and operated by their principal investors, and the firm estimates the total dollar volume invested in opportunity zones could be up to three times higher than its totals.

A decade after the first opportunity zone legislation passed as part of the signature tax bill of President [Donald Trump](#)'s first term, the [Tax Cuts and Jobs Act](#), the policy is about to reach maturity, Glickman said. The program, introduced in 2017, was made permanent by the [One Big Beautiful Bill Act](#) signed in July 2025.

"It is now a permanent part of the tax code, so it has graduated from being a teenager to adulthood," he said.

For OZ 2.0, governors have until the end of fall to cull through the [25,332 census tracts](#) across the U.S. and Puerto Rico that fit the updated standards to pick up to 25% of the qualifying parcels in their state to be part of the program.

It's possible, but not guaranteed, that a property currently in the list of qualifying parcels will be chosen again for OZ 2.0. Developers eyeing a potential OZ 2.0 project should be making their pitches directly to their governors' offices, said David Shapiro, the head of the tax practice at [Saul Ewing](#).

"If it's not designated by the governor — and there's a limited number that they're allowed to designate — then you're done," he said.

Under OZ 2.0, new parcels are designated once every 10 years. After the parcels are chosen this fall, the new version of the OZ program will go into effect in January.



*Bisnow/Matthew Rothstein*  
Steve Glickman and North Carolina Sen. Tim Scott at Bisnow's Opportunity Zones Summit in Washington, D.C., on June 26, 2019

The slowdown in OZ 1.0 investment [was an expected byproduct](#) of its replacement's rollout. The first iteration is still operational, but investing this late in the timeline offers limited upside.

The program allows investors to roll realized capital gains into a QOF within 180 days of a transaction, in the process deferring the tax liability on those gains.

The original OZ program was temporary and had a static tax deferral expiration date at the end of this year, making it of little use to an investor today and creating something of a cliff for current QOF investors, who will all get a tax bill at the end of this year regardless of when they started deferring taxes under the program.

Under OZ 2.0, tax breaks are applied on a rolling basis related to when the investment is made. Other changes [tighten the rules for a parcel to qualify](#) by lowering income

thresholds and doing away with a provision that sometimes allowed parcels adjacent to a qualifying OZ to also qualify.

“For people that are doing a new project that’s not even in predevelopment yet, you are probably in a holding pattern,” said Michael Tillman, the founder of South Florida-based opportunity zone developer [PTM Partners](#).

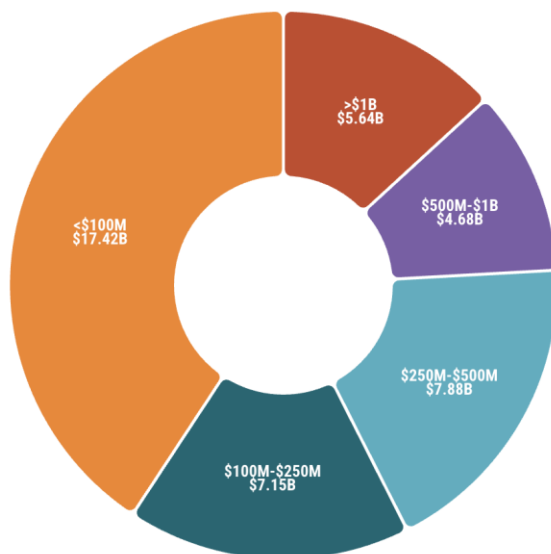
The designation alone doesn’t guarantee success, with just 48% of opportunity zones attracting capital between 2018 and 2020, according to [research from the Tax Policy Center](#).

QOFs tracked by Novogradac raised \$42.8B since the firm began keeping track, but [24% of all investment](#) went to just 12 funds that pulled in at least \$500M in equity. Another 35% of capital went to funds with at least \$100M raised. The remaining 40% of capital went to 1,642 funds that raised less than nine figures. Around one in five QOFs tracked by Novogradac didn’t raise any money.

The permanence of the new generation of the program is likely to draw bigger players, which could increase the number of funds on the larger end of that spectrum.

## Qualified Opportunity Fund Fundraising

2,163 funds tracked by Novogradac represent a subset of the total OZ universe



Source: [Novogradac](#) • Chart by Bisnow  
U.S. has 8,764 Qualified Opportunity Zones, some QOFs invest in multiple sites

While OZ 1.0 capital found its way into projects of all sizes, investment in the program was [highly concentrated in urban development](#), which attracted roughly \$9 for every \$1 raised by a rural project, according to the [NYU Furman Center](#) Housing Solutions Lab.

OZ 2.0 is attempting to stimulate rural development by juicing incentives, tripling the tax break offered and cutting the required investment for a renovation or rehabilitation to qualify compared to urban parcels. The added benefits for rural parcels is likely to draw proposals for data centers, logistics hubs and advanced manufacturing projects on OZ 2.0 tracts.

On the multifamily front, the [Mortgage Bankers Association](#) is pushing for reforms ahead of the OZ relaunch meant to streamline the program and better align its incentives with those on offer from federal programs from the [Department of Housing and Urban Development](#).

The Washington-based trade group, which has more than 2,000 member companies, is asking for HUD to create an express lane to approve OZ-related transactions within 30 days, give OZ properties favorable debt service requirements that middle-income developments are held to, and cut regulatory red tape around project funding.

The eight-point proposal was born out of meetings MBA had with HUD at its National Advocacy Conference in early April, said Megan Booth, vice president of commercial and multifamily policy at the industry group.

“We started the discussion with HUD at our conference, they were intrigued and wanted to hear more about what we wanted to see to make it work,” she said.

The U.S. Treasury Department was similarly interested in hearing MBA’s ideas, she said

“There's a lot of impetus within the administration to make it as useful a product as possible,” she said.