

INDIANA OPPORTUNITY ZONE 2.0

GUIDANCE FOR RECOMMENDING CENSUS TRACTS

PURPOSE OF THIS GUIDANCE

This document provides a concise overview of the Opportunity Zone 2.0 program and explains how stakeholders should prepare recommendations for census tracts to be considered for designation in Indiana. It is intended to help respondents submit recommendations that are complete, comparable, and useful to the State's review process.

OVERVIEW

Indiana is launching a public nomination portal to receive recommendations on eligible census tracts to be considered for designation as Opportunity Zones under the next generation of the federal Opportunity Zone program, commonly referred to as OZ 2.0. The portal is intended to collect useful, specific, and locally informed input from READI regions, local governments, local and regional economic development organizations, developers, investors, community organizations, and members of the public.

The State will consider all submitted recommendations; final designation decisions will be made by the State and the Governor based on statewide economic development priorities, quantitative data, stakeholder input, and the potential for designation to catalyze private investment. Note that Indiana is permitted to designate only 126 of the state's 501 eligible census tracts.

NOMINATION PROCESS AT A GLANCE

JUNE 3

Portal opens and guidance is released

JUNE-JULY

Stakeholders prepare and submit recommendations

JULY 17

Portal closes at 5:00 p.m. EDT

JULY-AUGUST

State reviews data, submissions, and agency priorities

SEPTEMBER 28

Final slate due to be submitted for federal certification

OPPORTUNITY ZONES AND THE OZ 2.0 PROGRAM

Opportunity Zones are federally designated census tracts within which certain long-term investments may receive federal tax benefits. The program was originally enacted through the 2017 Tax Cuts and Jobs Act to encourage private investment in low-income and economically distressed communities. Under the program, investors receive federal tax benefits when they reinvest eligible capital gains into Qualified Opportunity Funds that invest in designated Opportunity Zones.

The Opportunity Zone incentive is not a grant program and does not provide direct funding to communities, local governments, developers, or businesses. Instead, it is a federal tax incentive designed to attract private investments in targeted communities. For that reason, the designation is most powerful when it is granted to communities that have real investment potential, organized local leadership, and credible project pipelines.

OZ TAX INCENTIVES

The Opportunity Zone program operates through Qualified Opportunity Funds. An investor with eligible capital gains may invest those gains into a Qualified Opportunity Fund, and the fund must then invest in

Qualified Opportunity Zone property, which can include real estate projects or qualifying operating businesses located within designated Opportunity Zones. Investors should consult their own tax advisors regarding specific transactions, fund structures, timing rules, and eligibility requirements.

At a high level, OZ 2.0 will preserve the core tax benefits that have made the program attractive to investors: investors that hold a qualifying OZ investment for at least 10 years may exclude appreciation on the OZ investment from federal capital gains taxes. The updated program also creates a more standardized benefit for new investments, including a five-year deferral period and a basis step-up on the original deferred gain. Rural Opportunity Zone investments receive enhanced treatment, including a larger basis step-up (30%) through Qualified Rural Opportunity Funds and a reduced substantial improvement threshold for certain rural investments (50%, versus 100% for non-rural investments).

Evidence from the first round of the Opportunity Zone program shows the incentive has been most effective where designation overlapped with market demand, local capacity, and real investment opportunities. OZ designation is more likely to produce meaningful community benefits when it is paired with complementary public tools, local planning, housing strategies, site readiness, and coordinated economic development activity. However, because the original program had limited reporting requirements, detailed information about past project-level investment activity is uneven and often difficult to verify.

OZ 2.0 AND THE 2026 DESIGNATION PROCESS

The federal program has been updated and made permanent, with Opportunity Zone designations to be refreshed on a recurring decennial basis. Governors will nominate new census tracts for federal certification in 2026, and the new OZ 2.0 map will become effective beginning January 1, 2027. The new designations will remain in effect for 10 years.

Federal eligibility rules have also become more targeted. Indiana has 501 census tracts that are eligible for consideration under OZ 2.0, but the State may nominate only 126 of those tracts—30 fewer tracts than were designated in the first round of the program. This means many eligible tracts will not be selected, and the State must use a disciplined process to identify tracts with the strongest combination of economic need, investment potential, local support, and alignment with state and regional priorities.

GUIDANCE FOR PREPARING AND SUBMITTING RECOMMENDATIONS

WHO MAY SUBMIT RECOMMENDATIONS

The public portal is intended to receive input from a broad range of stakeholders. Submissions may come from READI regions, local governments, economic development organizations, developers, investors, Qualified Opportunity Funds, community or business organizations, and members of the public. Joint submissions are encouraged where multiple organizations have coordinated around a census tract and can provide a shared rationale.

While final designation decisions will remain at the State level, the State expects to place significant weight on thoughtful READI region submissions, because READI regions are well positioned to evaluate local priorities, coordinate stakeholders, and identify where OZ designation would reinforce existing regional strategies and investments. Input from local officials with authority over areas that have a significant number of eligible census tracts will also be influential, particularly for prioritizing census tracts within local governmental units.

Regional stakeholders should not nominate every eligible census tract in their respective geographies. The best submissions will identify a prioritized set of tracts that are most likely to translate designation into measurable investment and community benefit and explain the rationale for each recommended census tract.

BEFORE SUBMITTING: CONFIRM ELIGIBILITY AND GATHER INFORMATION

Before beginning a submission, stakeholders should confirm that the census tract is eligible using the State's OZ 2.0 mapping tool, [available here](#). Because the portal does not allow users to save partially completed responses, submitters should draft answers in a separate document before entering them into the portal.

Submitters should gather information that helps explain both why the census tract needs investment and why OZ designation is likely to impact the community. Rather than providing a marketing narrative, strong submissions should provide enough specificity for reviewers to understand the tract's economic conditions, assets, opportunities, likely investment pathways, community benefits, and readiness to absorb private capital.

INDIANA'S SELECTION PRIORITIES

Indiana's designation strategy is designed to maximize private investment and foster economic growth in communities that can use the federal incentive effectively. The State will not rely on any single metric or dataset. Instead, the State will combine detailed

quantitative analysis on each census tract with responses from stakeholders and READI regions. The strongest recommendations will address the following priorities with clarity and evidence:

- **Community need and economic distress.**
Submissions should explain the tract’s economic challenges, such as poverty, underinvestment, commercial vacancy, blight, limited access to capital, unemployment, housing challenges, or declining population.
- **Investment readiness.**
Submissions should demonstrate that designation would be expected to unlock real investment. This may include identified projects that would utilize OZ investment capital and the sources of that capital, available sites, supportive zoning, infrastructure capacity, investor or developer interest, or operating business opportunities.
- **Alignment with state and regional priorities.**
Submissions should explain how designation would reinforce READI strategies or address needs related to housing production, rural competitiveness, entrepreneurship, blight or brownfield redevelopment, quality-of-place initiatives, workforce development, or other local and state priorities.
- **Geographic and regional impact.**
Submissions should explain how investment in the tract would benefit the surrounding community, county, READI region, or broader economic corridor.
- **Credible community benefit.**
Submissions should describe expected outcomes, such as housing units, jobs, business growth, site redevelopment, increased tax base, improved community assets, or other measurable impacts.

WHAT MAKES A STRONG NOMINATION

A strong nomination will be specific, realistic, and evidence-backed. Submissions should clearly connect the designation to plausible investment activity and community outcomes.

STRONGER SUBMISSION

- Identifies specific sites, projects, businesses, or investment opportunities.
- Explains whether (and how) zoning, infrastructure, site control, or permitting issues have been addressed.
- Shows alignment with READI, local plans, housing strategies, or other public investments.
- Provides estimates for jobs, housing units, or investment with a clear methodology.
- Includes evidence of local support, coordination, or investor/developer interest.

WEAKER SUBMISSION

- States generally that the community needs investment.
- Lists a development idea without explaining feasibility or readiness.
- Does not connect designation to regional or local strategy.
- Provides aspirational numbers without explaining how they were estimated.
- Relies only on general support or broad statements.

HOW TO DESCRIBE ECONOMIC CHALLENGES AND ASSETS

The nomination form asks submitters to identify economic challenges and existing assets in the census tract. Submitters should avoid overly generic descriptions and should instead describe conditions that are specific to the tract. Note that the State is gathering detailed demographic and economic data on each census tract independently of the public input process, so it is not necessary for submitters to collect traditional census tract data available through U.S. Census or other federal or State datasets.

When describing assets, useful information may include available land or parcels, infrastructure capacity, transportation access, broadband, anchor employers, hospitals, colleges or universities, business clusters, industrial parks, innovation assets, agricultural facilities, or other institutions that could support investment.

HOW TO DESCRIBE INVESTMENT POTENTIAL

The State is especially interested in whether OZ designation is likely to facilitate investments that would not otherwise occur, would occur more slowly, or would be smaller in scale without the incentive. Submitters should identify and describe specific projects or investment opportunities that could plausibly benefit from OZ designation and provide information on their current stage of readiness.

For real estate projects, submitters should describe the project type, location, likely scale, site ownership or control if known, zoning status, infrastructure availability, permitting status, and level of developer or investor interest. For business or non-real-estate investments, submitters should describe the business activity or investment opportunity, the stage of development, likely capital needs, potential job creation, and any known entrepreneur, investor, lender, or institutional interest.

If the census tract was designated as an Opportunity Zone in 2018, submitters should also identify any known

investments made through Qualified Opportunity Funds or other investment activity that may have been influenced by the designation. This information is important because federal reporting from the first version of the program was limited, and the State is seeking local insight into where OZ designation has previously influenced investment.

HOW TO ADDRESS BARRIERS AND READINESS

A strong submission should be candid about barriers. The State does not expect every nominated tract to be free of challenges. In fact, many eligible tracts will have barriers, which is precisely why public attention and investment tools matter. However, reviewers will look for evidence that local stakeholders understand those barriers and have a realistic plan to address them.

Submitters should describe any financing gaps, site issues, environmental conditions, zoning or permitting constraints, infrastructure limitations, market risks, political or community concerns, or other obstacles that may slow investment. The most helpful responses will also describe what local or regional partners are doing to overcome those barriers, such as updating zoning, preparing sites, investing in infrastructure, coordinating public incentives, pursuing brownfield support, or engaging developers and lenders.

HOW TO ESTIMATE JOBS, HOUSING, AND INVESTMENT

The portal asks for estimates of jobs, housing units, and total investment expected during the 10-year designation period. These estimates do not need to be perfect, but they should be grounded in a clear methodology. Reviewers will place more value on reasonable estimates with transparent assumptions than on large numbers that are not explained. Submitters should be careful not to attribute all possible investment in a tract to OZ designation. The most persuasive responses will explain how OZ designation could help make specific projects more feasible, accelerate investment, fill financing gaps, or attract capital that would otherwise be difficult to secure.

SPECIAL GUIDANCE FOR READI REGIONS AND LOCAL OFFICIALS

READI regions and local officials are encouraged to use the portal not simply to advocate for individual tracts, but to help the State understand how proposed designations fit into broader regional strategy. Because READI regions have already organized local stakeholders around economic development priorities, their recommendations can provide important context about where OZ designation would reinforce existing plans and investments.

READI regions should consider developing a regional prioritization process before submitting recommendations. This may include reviewing all eligible tracts in the region, consulting with other regional and local stakeholders, considering existing and proposed READI projects, and ranking tracts based on likely impact. The State will give significant consideration to READI region recommendations that demonstrate thoughtful prioritization and alignment with regional strategy.

RECOMMENDED PREPARATION CHECKLIST

- Use the State [OZ map](#) to confirm that the census tract is eligible for OZ 2.0 designation.
- Identify whether the tract was previously designated as an Opportunity Zone in 2018 and whether any known OZ investment occurred there.
- Gather local background, project/site information, and evidence of investor or developer interest.
- Coordinate with relevant local and regional partners, as appropriate.
- Prepare concise but specific responses before entering the portal, because the form will need to be completed in one sitting.
- Rank the tract relative to other tracts you or your organization may recommend, if applicable.

SUBMISSION REMINDER

Recommendations must be submitted through the public portal by the July 17 deadline. Submitters should review all responses for accuracy before submitting. The State may follow up with submitters if clarification is needed, but submission of a recommendation does not guarantee further contact or selection of a census tract.