



July 13, 2026

Understanding Opportunity Zones 2.0

Why Congress Created a New Generation of Tax Incentives for Long-Term Real Estate Investment

Investor Memorandum

Executive Summary

Opportunity Zones have been one of the most successful economic development programs ever enacted by Congress.

Since their creation in 2017, billions of dollars have been invested into underserved communities throughout the United States, creating new housing, businesses, employment opportunities, and economic growth.

However, the original Opportunity Zone legislation contained one significant limitation:

The most valuable tax benefits were tied to capital gains realized before December 31, 2026. As that deadline approached, investor interest naturally slowed because there was insufficient time remaining to enjoy the full benefits.

Recognizing both the success of the original program and the need to encourage continued long-term investment, Congress enacted **Opportunity Zones 2.0** as part of the **One Big Beautiful Bill Act of 2025**.

The new legislation modernizes the program and provides a new generation of tax incentives designed to encourage investment well into the 2030s.

For investors considering real estate development, Opportunity Zones 2.0 may represent one of the most attractive tax-efficient investment structures currently available.



The Purpose of Opportunity Zones

The program has two primary goals:

- Encourage private investment into underserved communities
 - Stimulate long-term economic development rather than short-term speculation
 - Instead of relying on government grants, Congress chose to encourage private investors by allowing them to retain more of their investment returns through favorable tax treatment.
 - The result is a program where both investors and communities' benefit.

What Changed Under Opportunity Zones 2.0?

The new legislation simplifies the program while increasing the value of the incentives for long-term investors.

Key improvements include:

1. Permanent Opportunity Zone Program

Rather than ending after a few years, Opportunity Zones are now intended to become a permanent part of the federal tax code.

This provides investors with greater certainty when making long-term investment decisions.

2. New Rolling Deferral Period

Instead of being tied to a single 2026 deadline, investors may continue to defer eligible capital gains through a rolling timetable established under the new legislation.

This removes one of the largest barriers to new investment.

3. Enhanced Long-Term Tax Benefits

Investors who remain invested for extended periods receive increasingly favorable tax treatment.

Congress intentionally designed the legislation to reward patient, long-term investors rather than short-term trading.



4. Continued Elimination of Future Capital Gains

Perhaps the most significant benefit remains unchanged.

If an Opportunity Zone investment is held for the required holding period under the new law, future appreciation may be excluded from federal capital gains tax, subject to the specific requirements of the Internal Revenue Code.

For investors expecting substantial long-term appreciation, this benefit alone can be extraordinarily valuable.

How Does an Investor Qualify?

The process is relatively straightforward.

Step 1

An investor realizes a capital gain from the sale of an asset, such as:

- Stock
- Real estate
- A business
- Investment property
- Other qualifying capital assets

Step 2

Rather than immediately paying capital gains tax, the investor reinvests the qualifying gain into a Qualified Opportunity Fund (QOF).

Step 3

The Qualified Opportunity Fund invests in eligible Opportunity Zone projects.

Examples include:

- Workforce housing
- Mixed-use developments
- Commercial properties
- Industrial facilities
- Community infrastructure
- Redevelopment projects



Step 4

Provided the investment satisfies the statutory requirements and applicable holding periods, the investor receives the tax benefits established under Opportunity Zones 2.0.

Why Developers Like Opportunity Zones

Opportunity Zone projects often attract investors who are specifically seeking tax-efficient investments.

This creates several advantages:

- Broader investor interest
- Lower effective cost of capital
- Longer investment horizons
- Reduced pressure for early exits
- Better alignment between developers and investors

Why Investors Like Opportunity Zones

Opportunity Zones combine several attractive characteristics:

Tax Efficiency

Potential deferral of qualifying capital gains.

Long-Term Wealth Creation

Potential elimination of tax on future appreciation if statutory requirements are met.

Real Estate Ownership

Investments are backed by tangible real estate assets rather than purely financial instruments.

Community Impact

Investments help create housing, jobs, businesses, and neighborhood revitalization.

Many investors appreciate the opportunity to generate competitive returns while supporting meaningful economic development.

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How Elevare Uses Opportunity Zones

Elevare Communities develops workforce housing and mixed-use community projects within qualified Opportunity Zones.

Our projects are designed to generate value from multiple sources:

- Residential rental income
- Commercial leasing
- Property appreciation
- Long-term community development
- Tax advantages available under Opportunity Zones 2.0

Rather than developing isolated buildings, Elevare seeks to create resilient, mixed-use neighborhoods that provide housing, services, employment opportunities, and lasting economic benefits for the surrounding community.

Is Opportunity Zones 2.0 Right for Every Investor?

Not necessarily.

The program is generally best suited for investors who:

- Have realized (or expect to realize) significant capital gains.
- Are comfortable with long-term investment horizons.
- Seek tax-efficient real estate investments.
- Value both financial returns and measurable community impact.

Investors should consult their own tax and legal advisors to determine whether an Opportunity Zone investment is appropriate for their individual circumstances.

Conclusion

Opportunity Zones 2.0 represents the next evolution of one of the most significant real estate investment incentives enacted in recent decades.

By encouraging long-term investment in growing communities, the program aligns the interests of investors, developers, local governments, and residents.

For qualified investors, Opportunity Zones 2.0 offers the potential to combine attractive real estate returns with meaningful federal tax advantages while participating in projects that create lasting economic value for the communities they serve.



July 2026

Opportunity Zones 2.0

Frequently Asked Questions (FAQ)

A Practical Guide for Investors

Introduction

Opportunity Zones have become one of the most significant economic development initiatives enacted by Congress in recent decades. By encouraging private investment into underserved communities, the program seeks to generate long-term economic growth while offering qualifying investors valuable federal tax incentives.

Opportunity Zones 2.0 builds upon the success of the original program by extending and modernizing the framework to encourage continued investment in housing, businesses, infrastructure, and community development.

This guide answers many of the questions prospective investors ask before making an Opportunity Zone investment.

What is an Opportunity Zone?

An Opportunity Zone (OZ) is a designated geographic area certified by the U.S. Department of the Treasury after being nominated by each state's governor.

These communities were selected because they would benefit from additional private investment to support economic growth, create jobs, expand housing, and improve local infrastructure.

Opportunity Zones exist throughout the United States, including urban neighborhoods, small cities, rural communities, coastal regions, and U.S. territories.

What is Opportunity Zones 2.0?

Opportunity Zones 2.0 is the next generation of the federal Opportunity Zone program. Congress updated the original legislation to encourage continued private investment while modernizing the program for future economic development.

The revised framework is intended to provide investors and developers with greater certainty, more flexibility, and a renewed focus on long-term investment.

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What's New in Opportunity Zones 2.0?

Congress refined the Opportunity Zone program after seeing the positive impact of the original legislation.

Among the most important enhancements are:

Greater Long-Term Certainty

The updated legislation is intended to support long-term investment planning by extending the Opportunity Zone framework and encouraging continued capital formation in qualifying communities.

Rolling Investment Framework

Instead of relying on a single statutory investment deadline, Opportunity Zones 2.0 introduces a framework that allows qualifying investments to continue under updated rules, reducing the urgency that existed under the original program.

Expanded Rural and Agricultural Opportunities

Congress recognized that many rural communities face challenges including:

- Housing shortages
- Population decline
- Aging infrastructure
- Limited access to investment capital
- Workforce shortages

Opportunity Zones 2.0 encourages additional private investment into qualifying rural and agricultural communities through projects such as:

- Workforce housing
- Agricultural processing
- Food production
- Renewable energy
- Cold storage facilities
- Rural healthcare
- Broadband infrastructure
- Community commercial centers
- Logistics and distribution



Continued Focus on Long-Term Investment

Opportunity Zones remain designed to reward patient capital rather than short-term speculation.

The greatest tax benefits are generally available to investors who remain invested over longer holding periods while supporting sustainable community development.

Potential Tax Advantages

Subject to the requirements of applicable tax law, qualifying Opportunity Zone investments may provide significant federal tax advantages, including the potential for favorable treatment of eligible capital gains and future appreciation.

Investors should consult their own tax advisors regarding their specific circumstances.

Why did Congress create Opportunity Zones?

Congress wanted to encourage private capital—not government spending alone—to help revitalize underserved communities.

By providing tax incentives, the program encourages investors to finance projects that create:

- Housing
- Employment
- New businesses
- Infrastructure
- Economic opportunity

The objective is to benefit both investors and local communities.

What is a capital gain?

A capital gain generally occurs when an investment is sold for more than its original purchase price.

Common examples include:

- Stocks
- Bonds
- Mutual funds
- Exchange-traded funds (ETFs)
- Investment real estate
- Commercial property
- Businesses
- Partnership interests



Only qualifying capital gains are generally eligible for Opportunity Zone tax treatment.

Do I have to sell real estate to qualify?

No.

Many investors generate qualifying capital gains from the sale of publicly traded securities.

Others may qualify through the sale of:

- Businesses
- Investment property
- Commercial real estate
- Partnership interests
- Other capital assets

Do I invest all of the sale proceeds?

Generally, investors reinvest the eligible capital gain rather than the entire amount received from the sale of an asset.

Your tax advisor can determine the amount that may qualify.

What is a Qualified Opportunity Fund?

A Qualified Opportunity Fund (QOF) is an investment vehicle organized specifically to invest in eligible Opportunity Zone businesses and real estate.

Most investors participate through professionally managed Opportunity Funds rather than purchasing individual properties directly.

What types of projects qualify?

Opportunity Zone investments may include

- Workforce housing
- Mixed-use developments
- Apartment communities
- Commercial buildings
- Industrial facilities
- Hotels
- Medical offices

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- Manufacturing
- Business incubators
- Community redevelopment
- Infrastructure projects

Each investment must satisfy the applicable statutory requirements.

Where are Opportunity Zones located?

Opportunity Zones are located throughout:

- All 50 states
- The District of Columbia
- Puerto Rico
- U.S. Virgin Islands
- Guam
- Northern Mariana Islands
- American Samoa

There are thousands of designated Opportunity Zones nationwide.

Some are located in major metropolitan areas, while many others are found in small towns, rural counties, coastal communities, and former industrial regions.

How do I know if a property is inside an Opportunity Zone?

Opportunity Zone boundaries are publicly available through federal and state mapping resources.

Before investing, developers and investors confirm that a project lies within an officially designated Opportunity Zone.

What are the new agricultural Opportunity Zone opportunities?

One of the most exciting aspects of Opportunity Zones 2.0 is the increased emphasis on rural America.

Potential qualifying investments include:

- Agricultural processing facilities
- Food manufacturing
- Cold storage
- Grain handling
- Farm-to-market logistics
- Renewable energy
- Rural workforce housing

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- Agribusiness support facilities
- Agricultural technology
- Rural commercial redevelopment

These investments recognize the importance of agriculture and rural economies to America's future growth.

Can farms qualify?

Yes—provided they are located within a qualifying Opportunity Zone and meet the applicable legal requirements.

Opportunity Zone eligibility depends on location and compliance with the governing rules rather than the type of business alone.

Can trusts participate?

In many situations, yes.

Trusts that realize eligible capital gains may invest through Qualified Opportunity Funds, subject to applicable tax rules.

Because trust taxation varies considerably, trustees should consult qualified legal and tax advisors.

Can estates participate?

Potentially.

Estates that realize qualifying capital gains may also be eligible to participate through Qualified Opportunity Funds.

Professional advice should always be obtained.

Can IRAs or retirement accounts invest?

Retirement accounts present unique tax considerations.

Because many retirement accounts already receive tax-deferred treatment, Opportunity Zone tax benefits may not apply in the same manner.

Certain self-directed retirement accounts may be able to invest in Opportunity Zone projects, but investors should consult advisors experienced in both retirement planning and Opportunity Zone taxation.



How long should I plan to keep my investment?

Opportunity Zone investments are designed for long-term ownership.

Generally speaking, investors who remain invested longer may receive more favorable tax treatment than those who exit early.

What happens if I sell early?

Selling before satisfying the applicable holding period may reduce or eliminate some of the available tax benefits.

Investors should consult their tax advisors before making an early disposition.

How are cash distributions taxed?

Distributions may originate from several sources, including:

- Operating income
- Refinancing proceeds
- Return of capital
- Property sales
- Fund liquidation

The tax treatment depends upon both the source of the distribution and the investor's individual tax situation.

Can I invest more than once?

Yes.

Many investors make multiple Opportunity Zone investments over time as they realize additional qualifying capital gains.

Can I invest in more than one Opportunity Zone project?

Absolutely.

Many investors diversify among several Qualified Opportunity Funds or multiple development projects.



Are Opportunity Zone investments guaranteed?

No.

Opportunity Zone investments involve the same market, financing, operational, and real estate risks associated with other private real estate investments.

Tax incentives enhance potential after-tax returns but do not eliminate investment risk.

Every investment should be evaluated on its own merits.

How does Elevare Communities use Opportunity Zones?

Elevare Communities develops workforce housing and mixed-use community projects designed to strengthen neighborhoods while creating long-term value for investors.

Our strategy focuses on developing resilient communities that combine:

- Quality workforce housing
- Neighborhood retail
- Community services
- Walkable design
- Long-term ownership
- Responsible capital stewardship

Where appropriate, we seek to develop projects located within qualifying Opportunity Zones so that eligible investors may benefit from the incentives available under Opportunity Zones 2.0.

Our long-term vision extends beyond individual buildings. We believe successful communities integrate housing, employment, services, and infrastructure into sustainable neighborhoods that generate lasting economic and social value.



Should I consult my own tax advisor?

Yes.

Opportunity Zone investing involves federal tax law, and each investor's circumstances are unique.

Before investing, prospective investors should consult qualified legal, tax, and financial advisors regarding:

- Eligibility
- Tax consequences
- Holding periods
- Estate planning
- Trust planning
- Retirement account considerations
- State tax treatment

Where can I learn more?

Elevare Communities welcomes the opportunity to discuss:

- Current investment opportunities
- Qualified Opportunity Zone developments
- Workforce housing projects
- Development strategy
- Investment structures
- Community impact
- Long-term growth plans

Additional project information, offering materials, and investor documentation are available upon request.

Disclaimer

This document is provided for general informational purposes only and is not intended as legal, tax, accounting, or investment advice. Opportunity Zone investments are subject to federal and state laws, regulations, and Internal Revenue Service guidance, all of which may change over time. Prospective investors should consult their own legal, tax, and financial advisors before making any investment decision. Any investment in securities will be made only pursuant to the applicable offering documents and should be considered in light of the investor's individual financial circumstances and objectives.