



# Opportunity Zones in California

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# Background



Authorized by the Investing in Opportunity Act in 2017



Certified by U.S. Treasury on 4/9/18



879 Opportunity Zone designations in California



Opportunity Zone certifications are valid for 10 years



Federal program is managed by the U.S. Department of Treasury, Community Development Financial Institutions Fund and the Internal Revenue Service

# What are Opportunity Zones?



Tool for economic development

Designed to spur economic progress through new investment



Economically distressed community where new investments that certify certain conditions, may be eligible for preferential tax treatment

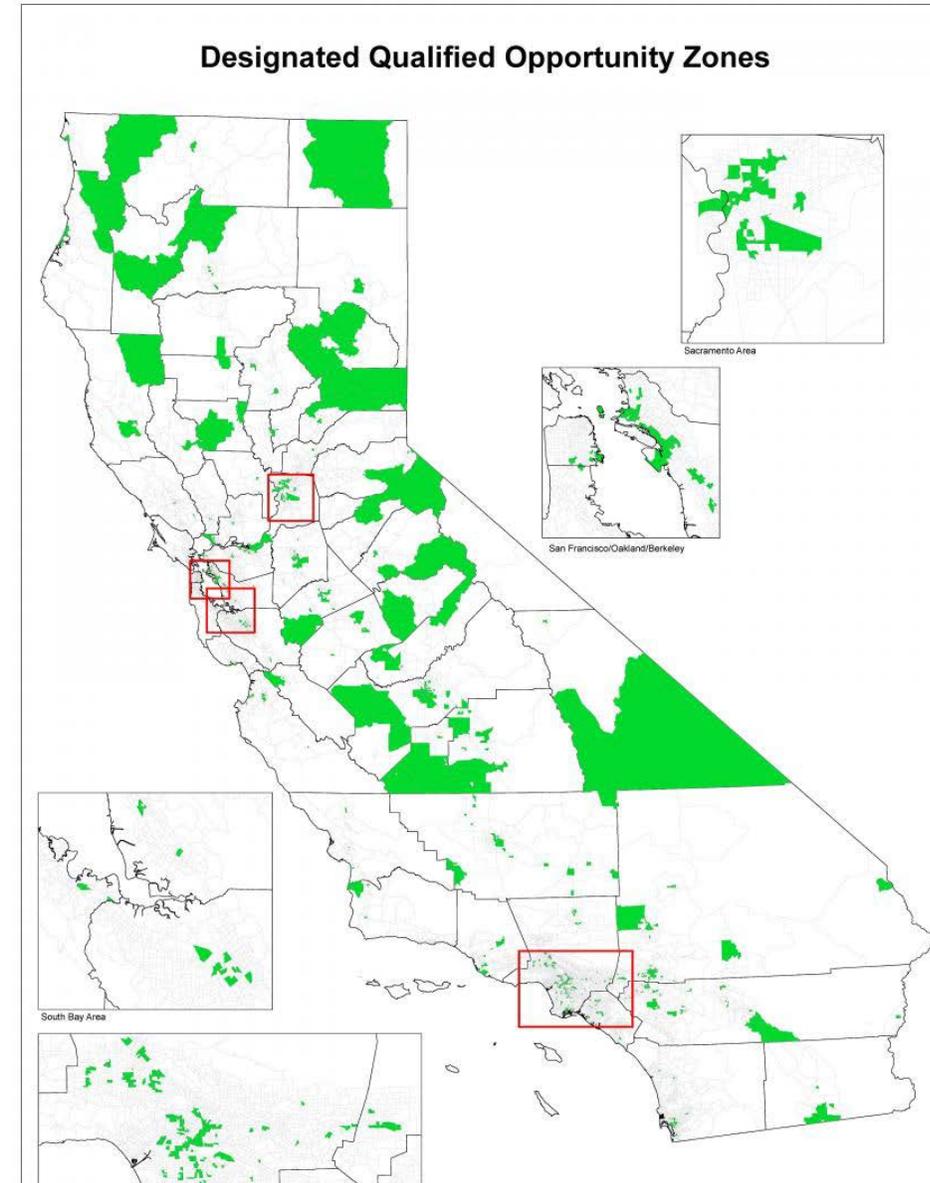


Three tax benefits for capital gains = 5/7/10 years

Tax deferral  
Tax reduction  
Tax Exemption

# Where are Opportunity Zones in California?

- ▶ 879 Census Tracts in California
- ▶ 57 out of 58 counties in state
- ▶ Urban and rural
- ▶ Spread throughout state
- ▶ Strong alignment with Disadvantaged Communities identified through CalEnviroScreen
- ▶ Range of needs, assets, and community desires



# What is the benefit?

- ▶ **Capital Gains Tax Deferral:** An investor that re-invests capital gains into a Qualified Opportunity Fund can defer the payment of federal taxes on the realized gains of the investment as late as December 31, 2026
- ▶ **Capital Gains Tax Reduction:** An investor that holds their investment in a Qualified Opportunity Fund for at least five years can reduce their tax bill on the capital gains deferred by 10%. If the investor holds their investment for at least seven years, the reduction increases to 15%.
- ▶ **Elimination of Taxes on Future Gains:** An investor that holds their investment in a Qualified Opportunity Fund for at least ten years will not be required to pay federal capital gains taxes on any realized gains from the investment.

# Requirements

## How do I invest?

- Investments in Opportunity Zones are made through Qualified Opportunity Funds. You must make your investment through a Qualified Opportunity Fund in order to qualify for any benefit.

## What is a Qualified Opportunity Fund?

- A Qualified Opportunity Fund is any investment vehicle that files either a corporate or partnership federal income tax return and is organized for the specific purpose of investing in Opportunity Zone assets.

## What are the requirements for the Qualified Opportunity Fund?

- To become a Qualified Opportunity Fund, an eligible investment vehicle must self-certify by filing [IRS Form 8996](#) with its federal income tax return.
- If the Qualified Opportunity Fund holds at least 90% of its assets in Opportunity Zone property, the fund can invest in as many qualified Opportunity Zones as it desires.

# Opportunity Zones & Businesses

## Opportunity Zones can be used for a variety of purposes

- Commercial real estate and renovation
- Opening a new business in an Opportunity Zone
- Expanding an existing business in an Opportunity Zone
- Affordable housing, renewable energy, waste management, small businesses, farming operations, retail stores

## To qualify as a Qualified Opportunity Zone Business (QOZB) the business must:

- Have at least 50 percent of gross income of OZ business be derived from trade or business conduct within the OZ
  - 50% of services performed by employees & contractors are within OZ (based on hours)
  - 50% of services performed by employees & contractors are within OZ (based on pay)
- Tangible property of the business that is in a qualified OZ is necessary to generate 50% of the business income

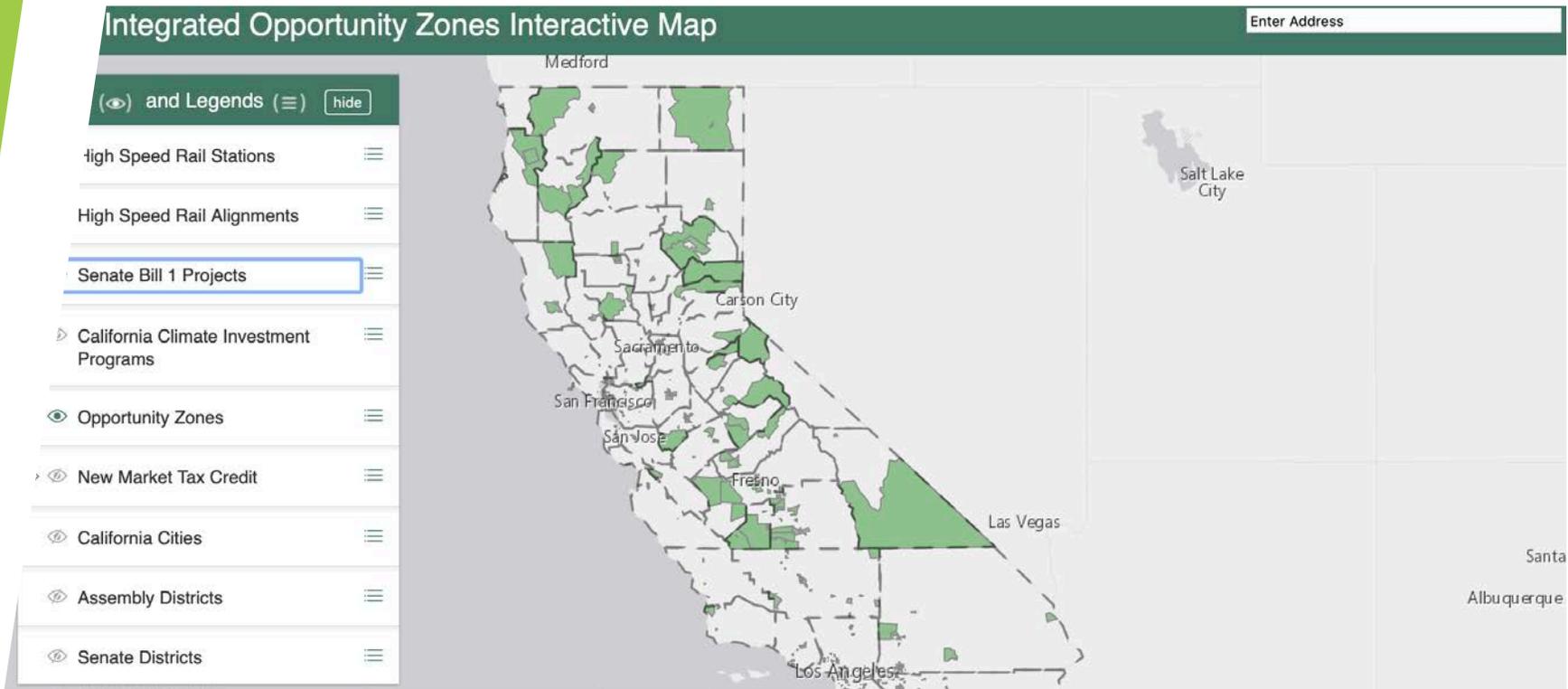


**Executive Director Turner leads an Opportunity Zone visit**

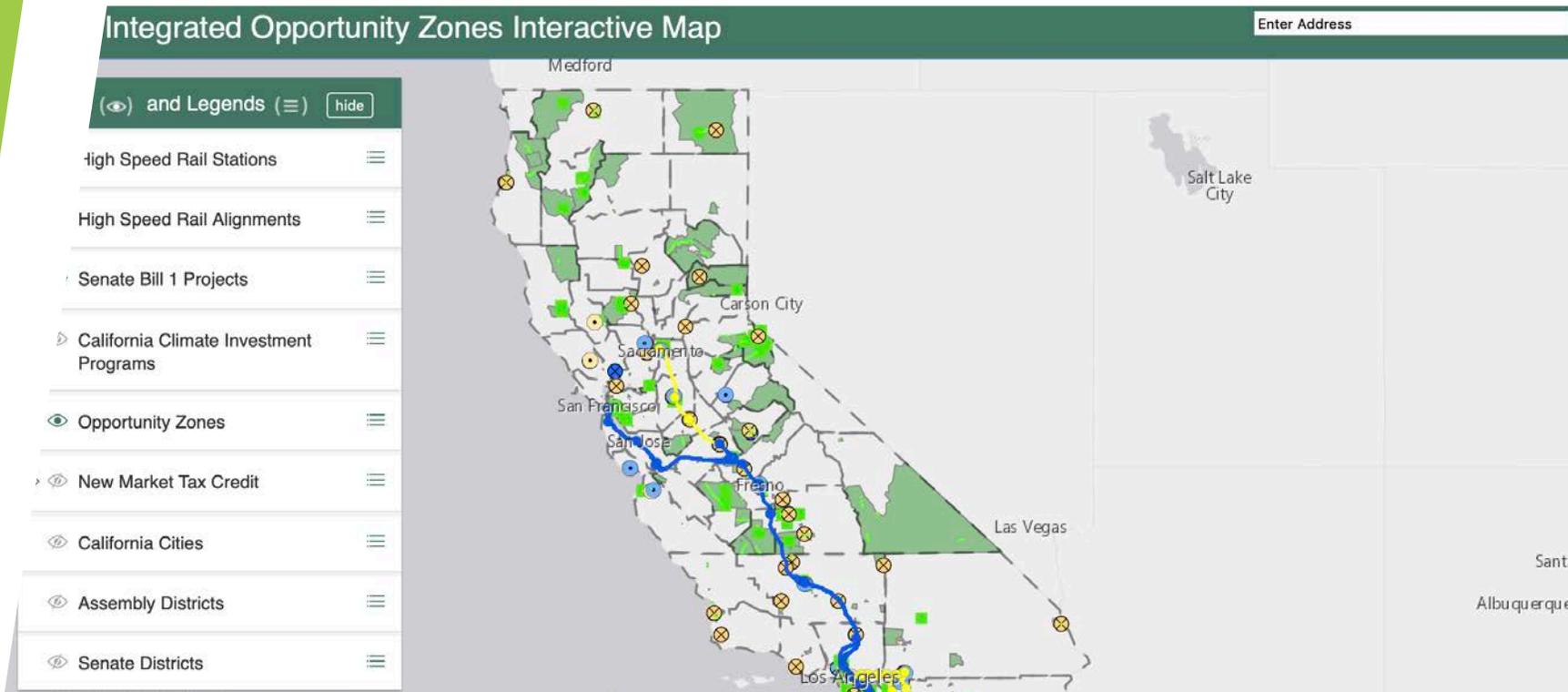
[opportunityzones.gov](https://opportunityzones.gov)



[opzones.ca.gov](https://opzones.ca.gov)



## State Integrated Opportunity Zone Map



## State Integrated Opportunity Zone Map



Ask the Wizard



## Contact us

Name \*

First

Last

E-mail \*

Company/Organization

I am a

- City/county leader
- Investor
- Community leader
- Business owner
- Concerned citizen
- Other

# Ask the Wizard

# Communities in California

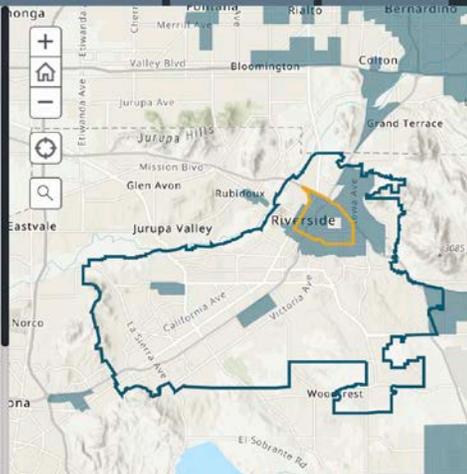
*Cities across the State are developing portfolios & fund prospects*

## City of Riverside - Inland Empire

**City of Riverside Opportunity Zones**

Overview Innovation District / Hunter Park Casa Blanca / Auto Center Arlanza / La Sierra Canyon Springs

The City of Riverside has four designated Opportunity Zones – Innovation District & Hunter Park, Casa Blanca, Arlanza & La Sierra, and Canyon Springs. These zones provide investors distinct advantages to spur investment and promote economic growth in these underdeveloped areas of our City. Our urban Opportunity Zones allow investors to take advantage of the surrounding amenities within the City of Riverside, promoting return on investment while advancing growth of these underserved areas. The City of Riverside's business-friendly ecosystem seeks to work with investors and take full advantage of this federal, time-sensitive program. As mandated by the Tax Cuts and Jobs Act of 2017, Opportunity Zones and their benefits will percolate the City of Riverside until the program expires in 2026. Investors are strongly urged to take advantage of the deferred capital gains taxes in a timely manner, as the end of 2019 and the end of 2021 close the potential financial gains that Opportunity Zones provide. Local and state incentives can be added in addition to this program to benefit investors' bottom line. Most importantly, the projects implemented in these zones enhance our community and strengthen our workforce, benefiting both the investor and Riversideans at large.

A map of Riverside, California, showing four designated Opportunity Zones highlighted in different colors: Innovation District & Hunter Park (orange), Casa Blanca (blue), Arlanza & La Sierra (green), and Canyon Springs (yellow). The map includes street names and neighborhood labels like Jurupa Hills, Jurupa Valley, and Woodcrest.

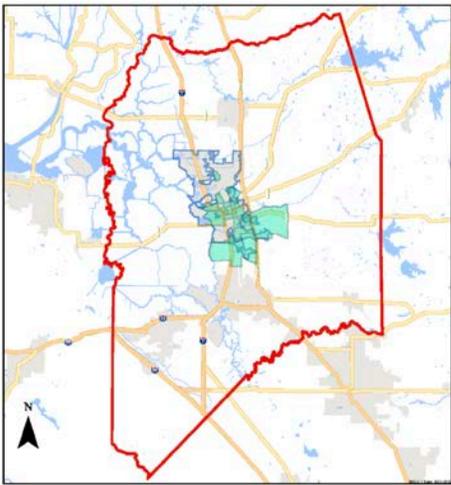
## City of Stockton - San Joaquin Valley

**Opportunity Zones Overview**

- 19 O-Zones tracts
- 20 San Joaquin County tracts
- 95% of all tracts

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- 88,623 O-Zones population
- 714,860 San Joaquin County population
- 12% of the population

A map of Stockton, California, showing Opportunity Zones highlighted in green and yellow. The map includes a red outline of the city boundary and a north arrow.

Thank you!

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