

Opportunity Zones 2.0 – Program Summary & Resources

May 2026 - State of Hawai‘i



What Are Opportunity Zones?

Originally created in 2017, Opportunity Zones (OZs) are designed to attract long-term investment into governor-nominated, economically distressed census tracts. The OZ program supports a broad range of residential, commercial, mixed-use, economic development, energy, impact-investment, and other projects in underserved communities.

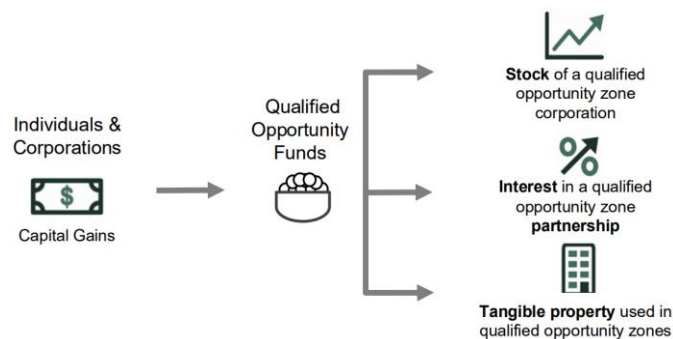
Opportunity Zones 2.0

In 2025, the Opportunity Zone program was updated and made permanent. This updated program, often dubbed OZ 2.0, expanded benefits for investors in [rural areas](#), instituted stricter eligibility and reporting requirements ([see comparison chart](#)). On July 1, 2026, a new designation window will open giving the Governor 90 days to nominate a new set of 25 OZs from a list of [eligible census tracts](#) for Hawai‘i.

OZs under the provisions of OZ 2.0 will be designated every 10 years, with the next round to take effect starting January 1, 2027. Original OZs keep their designation through 2028, so there will be a two-year period (2027 and 2028) with two sets of OZs.

How Opportunity Zones Work

Opportunity Zones benefit projects located within OZ census tracts by providing tax incentives (see OZ Benefits) to project investors and can help develop a project’s capital stack. To receive these incentives, investors must invest through Qualified Opportunity Fund (QOF) or Qualified Rural Opportunity Fund (QROF) certified by the U.S. Treasury Department.



QOFs and QROFs are required to hold at least 90% of their assets in qualified OZ businesses and/or business property. QROFs have additional requirements and benefits for holding property in [rural areas](#). To prevent

land-banking, existing buildings need to be “substantially improved” requiring investment equal to 100% (50% for QROFs) of the building’s adjusted basis (excluding land).

Opportunity Zones Benefits

There are a variety of incentives to make projects located Opportunity Zones more attractive:

- **Deferral:** Investors are eligible for a rolling five-year tax deferral period for eligible capital gains, beginning the day the capital gain is invested.
- **Reduction:** Investments held for five years receive a 10% basis step-up (30% for QROFs), reducing taxable gains.
- **Exclusion:** Investments held for at least 10 years may exclude taxes on new appreciation.

General Resources

[HUD Opportunity Zone Resources](#)

- [HUD: OZ 1.0 – 2.0 Comparison Chart](#)
- [HUD Toolkit: Roadmap to Planning](#)
- [HUD Toolkit: Best Practices and Case Studies](#)
- [OZ Best Practices Report](#)
- [HOME and HTF Funds within OZs](#)
- [EPA: Leveraging Development Finance Tools to Attract Opportunity Zone Investment](#)

[Opportunity Zones Resource Center | Novogradac](#)

- [Opportunity Funds List | Novogradac](#)
- [Opportunity Zones Guidance | Novogradac](#)

[Informing 2026 Opportunity Zone Selections for State and Local Decisionmakers | Urban Institute](#)

- [Insights into Opportunity Zone Project Types | Urban Institute](#)
- [The Geographic Spread of Opportunity Zone Capital | Urban Institute](#)

[Congressional Research Service: Tax Incentives for Opportunity Zones](#)

[Opportunity Zones | Internal Revenue Service](#)

[EIG: Opportunity Zones 2.0: Guidance for Governors and Mayors](#)