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PUBLISHED: NOVEMBER 10, 2026

Opportunity Zones 2.0: What Dallas Business Leaders Need to Know

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STEVEN P. KATKOV
DALLAS:
214.999.6118
MINNEAPOLIS:
612.852.2700
STEVE.KATKOV@
HUSCHBLACKWELL.COM

Opportunity Zones are becoming a permanent part of the real estate investment landscape. For Dallas developers and investors, that means more time to plan projects around the incentive and a potential expansion of the neighborhoods where it can be used.[1]

The One Big Beautiful Bill Act, signed July 4, 2025, replaces the original temporary program with a permanent framework. The revised program, commonly called "OZ 2.0," begins January 1, 2027. Its significance is straightforward: Opportunity Zone financing can become part of a long-term investment strategy rather than a race against an expiring deadline.[1]

What changes under OZ 2.0?

Created in 2017, the Opportunity Zone program encourages investors to put capital gains into Qualified Opportunity Funds, which invest in designated communities. Treasury reports $112 billion in cumulative qualified investment through 2024, demonstrating the program's ability to attract capital.[2]

OZ 2.0 introduces successive 10-year designation cycles and tighter eligibility criteria intended to focus the incentive on more economically distressed communities. Existing designations should not be treated as a reliable guide to where new investments will qualify.[1]

For developers, permanence is especially important because acquisitions, financing, and construction often take years. A continuing program offers a longer planning horizon, although qualification still depends on the applicable investment rules and designated tract.

Which communities qualify?

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For designations beginning after December 31, 2026, a census tract must meet one of two tests: median family income no greater than 70% of the area median, down from 80% under the original framework; or a poverty rate of at least 20%, with median family income capped at 125% of the area median.[3]

The law also repeals the contiguous-tract rule and Puerto Rico's special low-income designation. Together, these changes narrow the eligibility rules, reinforcing the need to check a project's specific tract rather than assume an existing designation will carry forward.[3]

The tax benefits, in plain English

The program offers three principal benefits, subject to eligibility and holding-period requirements:

Deferral of the original gain. Investors generally can defer federal tax on a capital gain by reinvesting it in a Qualified Opportunity Fund within 180 days.[4]

A reduction in the taxable gain. Under the new framework, a standard qualifying investment held for at least five years receives a 10% basis step-up, reducing the portion of the original deferred gain subject to tax.[4]

Potential exclusion of investment appreciation. Investors who satisfy the 10-year holding requirement and other applicable conditions can exclude qualifying appreciation in the fund investment from federal tax. Rolling 30-year windows replace the original framework's fixed 2047 sunset for this benefit.[4]

For investors considering opportunities beyond urban Dallas, OZ 2.0 also offers enhanced rural incentives. A new Qualified Rural Opportunity Fund category provides a 30% basis step-up for qualifying rural investments held at least five years, compared with the standard 10%. The substantial-improvement threshold for qualifying rural investments is reduced to 50% of basis rather than 100%, potentially making rehabilitation projects more accessible.[3]

These benefits reward patient capital. For developers, the opportunity is to match a project's financing needs with investors prepared to make a long-term commitment. The tax advantages should support the investment case, not become the investment case.

Why Dallas deserves attention

Dallas has 15 Opportunity Zones under the original program. For the new cycle, 44 Dallas tracts were submitted to Treasury. Treasury and the IRS announced the final national designations on November

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5, 2026, designating all nominated eligible tracts; the new designations take effect January 1, 2027, and run through December 31, 2036.[5]

Explore the new Opportunity Zone designations: View the official Treasury/CDFI Fund Opportunity Zones Public Viewer to search Dallas-area census tracts and explore the new Opportunity Zone designations.

That makes tract-level diligence essential. Before building Opportunity Zone benefits into a financing plan, developers should consult the final designations rather than rely on the city's existing map.[5]

The underlying market also matters. Dallas-Fort Worth recorded 17.9 million square feet of industrial net absorption in the first half of 2026, according to JLL. Southern Dallas' proximity to the International Inland Port of Dallas provides a logistics setting worth examining.[6]

Downtown office projects face a different picture. Kidder Mathews reported central business district office vacancy of 32.2% in the second quarter of 2026. An Opportunity Zone designation does not eliminate leasing risk or make every redevelopment financially viable.[7]

SoGood, Hoque Global's 14-acre redevelopment south of downtown, illustrates how Opportunity Zone capital can fit into a local project. The multiphase development is expected to include more than 700 residential units, retail space, and an innovation center.[8]

Community impact belongs in the business analysis

The program's investment totals do not tell the whole story. Treasury reports that the top 20% of zones by investment received approximately 90% of qualifying investment. Critics have questioned whether the incentive consistently reaches the communities that need it most.[9]

For Dallas business leaders, the practical response is to consider community outcomes alongside financial returns. Housing, employment opportunities, and displacement risks deserve attention early in project planning. A development can qualify for favorable tax treatment without necessarily improving conditions for existing residents.

The bottom line

OZ 2.0 gives Dallas developers and investors a reason to revisit projects in underserved areas, but not a reason to relax their underwriting. The most useful questions are practical: Is the tract designated? Does the project work on its own merits? Can the financing accommodate a long-term investment? How will the surrounding community benefit?

A permanent incentive can help bring capital to a promising project. It cannot substitute for a sound project, disciplined financing, or a clear understanding of local conditions.

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