



MEMORANDUM

To: Mayor and City Council

Through: Dr. Eric A. Johnson, Assistant City Manager *EAJ*

From: Ann Eaton, Assistant Director, Austin Economic Development *A E*

Date: June 26, 2026

Subject: **Opportunity Zone Nomination Recommendations**

The purpose of this memorandum is to provide an update on the Opportunity Zone Nomination Process in advance of the June 26, 2026, due date to the State of Texas.

Background

The Opportunity Zone program was first established under the ***Tax Cuts and Jobs Act of 2017*** to incentivize private investment in economically distressed communities through capital gains tax deferrals and exclusions. While the program successfully mobilized billions in investment, it faced criticism for limited transparency and reporting requirements, investments not consistently reaching the most distressed communities, and benefits skewed toward real estate rather than operating businesses.

In response, federal policymakers approved updates and made the program permanent in 2025 to refine and extend the program beyond its original sunset provisions. Opportunity Zones are meant to be used as an economic development tool to attract private capital, support real estate and business development, and encourage long-term investment in economically distressed areas. Census Tracts will be designated by the U.S. Department of Treasury based on recommendations from state governors. Census tracts are eligible for nomination if they have a median family income (MFI) less than 70% of the state or metro MFI or a poverty rate greater than or equal to 20% and MFI less than or equal to 125% of state or metro MFI. State governors may nominate 25% of their respective state's eligible census tracts every 10 years for U.S. Treasury certification as Opportunity Zone tracts. The Governor's office intends to submit state recommendations to the U.S. Department of Treasury by August 3, 2026.

Once a Census Tract is designated a Qualified Opportunity Zone (QOZ), effective January 1, 2027, investors may receive capital gains tax deferrals on gains invested in a Qualified Opportunity Zone through specific types of funds called Qualified Opportunity Funds (QOFs). If the investment is retained in eligible QOZ projects for 10 years, the full value of the gains is excluded from capital gains

taxation. Any individual, partnership, or corporation with eligible capital gains can establish a QOF. Opportunity Zones are not equivalent to federal grant funding.

Importantly, once a Census Tract has been designated as a QOZ, municipal, county, or state governments have no additional regulatory control over QOF-funded projects or ability to require specific community benefits in projects. Also, because the program relies upon deferring and excluding capital gains taxes in the context of revenue-generating investment projects, QOF investment cannot generate funding for public infrastructure. Projects in QOZs that receive QOF funding must spend an amount equal to the building's original purchase price (excluding land) on renovations or development in any 30-month period throughout the 10-year investment as part of the Opportunity Zone “substantial improvement” rule, making the program generally most suited to large greenfield projects or industrial investments.

Texas Nomination Process

In early 2026, the State issued nomination instructions that informed the City would be able to submit tracts for eligible opportunity zones consideration to Economic Development & Tourism by June 26, 2026. The State is also accepting nominations from any local economic development organization, including Opportunity Austin and Travis County. The State’s submission to the Federal program will be based on local support, viable and “shovel-ready” projects, project community benefits and a geographic balance including consideration of declared disaster areas. The State has established a nomination template for submission.

Currently, [Austin has 21 QOZs from the first round of the program in 2018](#). In the new round, approximately 70 Census Tracts are eligible in the Austin area, and State guidance suggests up to 90% of these tracts may be recommended. However, as the State may only designate 25% of eligible Census Tracts statewide as QOZs, staff anticipate a final count for Austin of between 10-20 QOZs, closer to our current total. The state will be limited to nominating up to 605 QOZs in the new phase, including QOZs previously designated.

Census Tract Review Process & Methodology

Austin Economic Development (EDD) led review, analysis, and engagement around Opportunity Zone recommendations with internal and external stakeholders. Because of the constrained timeline between State guidance and nomination deadlines and the relative obscurity and complexity of the Opportunity Zone program, EDD’s methodology included focusing on aligning recommendations with established City priorities and programs that have already been grounded in substantial community engagement. These efforts included minimization of residential and cultural displacement risks from enhanced QOZ investments; alignment of priority tracts with major public investments, including Project Connect; consideration of areas with potential for high-wage industrial employment; and focus on eligible QOZs where the City retains meaningful site controls through special planning areas or direct public ownership.

EDD convened a multi-departmental group with staff from Housing, Planning, and Finance Departments to develop general criteria to review and prioritize tracts.

- **Preferred Tracts for Nomination with Positive/Policy-Aligned Outcomes**
 - High presence of major active public private partnership projects

- High percentage of census tract covered by either regulating plans (Equitable Transit-Oriented Development, Planned Unit Development, University Neighborhood Overlay, Highway Commercial, etc.), large-format Commercial zoning, or Industrial zoning
- High percentage of publicly owned land
- **Tracts with Higher Risks for Negative Policy Alignment Outcomes**
 - Significant presence of “Naturally Occurring Affordable Housing”
 - High Displacement Risk Areas based on Housing Department analysis
 - Areas with “Legacy Commercial” districts and concentrations, especially in the live music and arts sectors, that may experience commercial displacement pressure
 - Areas with historic landmark designation and/or zoning

Stakeholder Engagement

Additionally, EDD solicited information from the development community regarding potential “shovel-ready” projects in eligible QOZs, which are necessary to comply with the Opportunity Zone “substantial improvement” rule. Commercial, industrial, mixed-use, and multifamily developers were contacted using their registration information in the City’s vendors listing. EDD also solicited for project information through the Housing Department’s Affordable Housing Developer Newsletter. Information requested was based on a data sheet provided by the State to collect information about existing projects in eligible QOZs.

Utilizing the culmination of this information, staff developed a recommendation with a set of priority census tracts for state Opportunity Zone designation to further City policy goals and initiatives. These are included as Exhibit B to this memo. Final recommendation of QOZs will be made by the Governor’s Office, through the Texas Economic Development & Tourism Office, in early August 2026. Opportunity Austin is submitting a recommendation to the State, and most of the tracts they are nominating strongly align with staff’s recommendation.

Additional Economic Development Recommendations

Staff have explored options for more proactive engagement around QOZ development, given the limited role of municipalities in QOZ project administration. We recommend additional consideration of policies to support the delivery of Opportunity Zone projects that align with community benefits prioritized by the City, including deeply affordable housing, affordable space for creative spaces and legacy, neighborhood-serving retail, and commercial and industrial development that provides high-wage employment with professional development ladders for Austin residents. To achieve this, staff recommend the following strategies:

1. Monitoring of new developments in QOZs using federal reporting data, to manage and mitigate any displacement risks.
2. Incorporating QOZ mapping into site selection support for companies seeking to move to or expand.
3. Consideration for place-based economic incentives targeted to Opportunity Zone projects that deliver substantial community benefits.
4. Developing partnerships with Qualified Opportunity Fund providers focused on community-forward, socially-oriented investments, including QOFs focused on affordable housing.
5. Exploring the potential for establishing a specific QOF for City-supported public-private partnership projects, working with local economic and housing development partners.

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Should you have any questions or concerns, please contact Dr. Eric Anthony Johnson, Assistant City Manager, at eric.a.johnson@austintexas.gov or 512-974-2607.

cc: T.C. Broadnax, City Manager
Erika Brady, City Clerk
Jason Hadavi, City Auditor
Mary Jane Grubb, Municipal Court Clerk
Judge Sherry Statman, Municipal Court
CMO Executive Team
Department Directors

Attachments: Exhibit A - City of Austin Opportunity Zones Recommendations, 2026
Exhibit B - Opportunity Zones Census Tract Recommendations

Exhibit A: City of Austin Opportunity Zone Recommendations, 2026

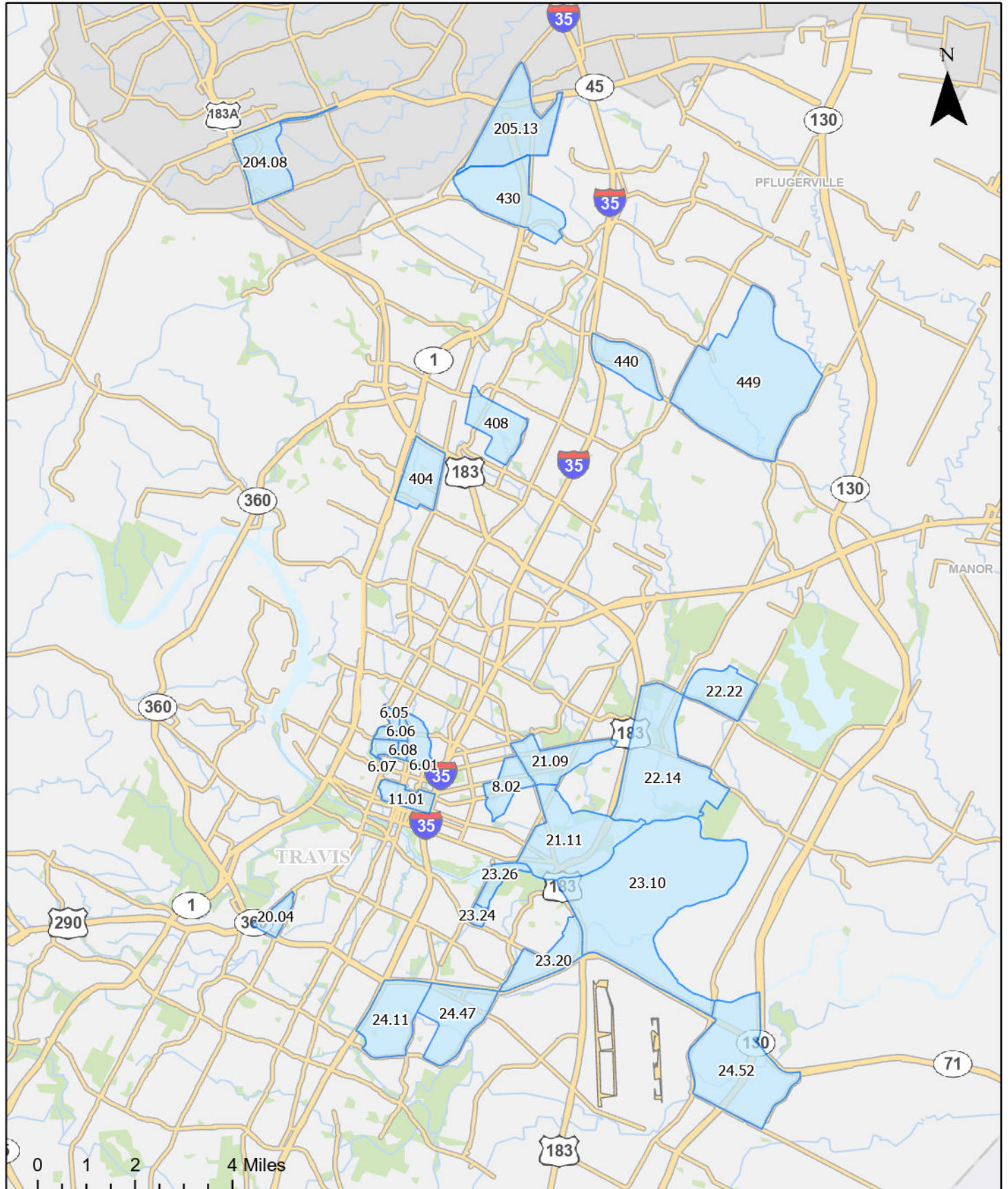
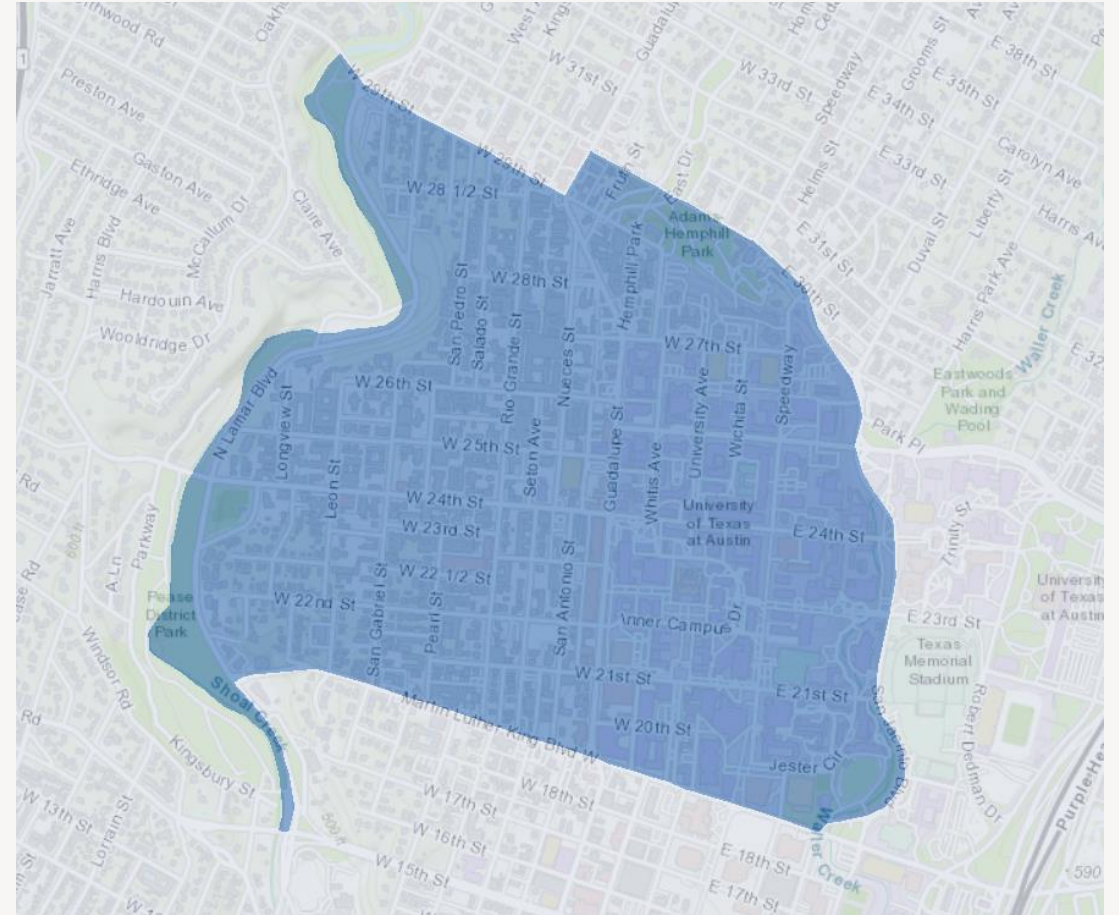


Exhibit B: Opportunity Zone Census Tract Recommendations

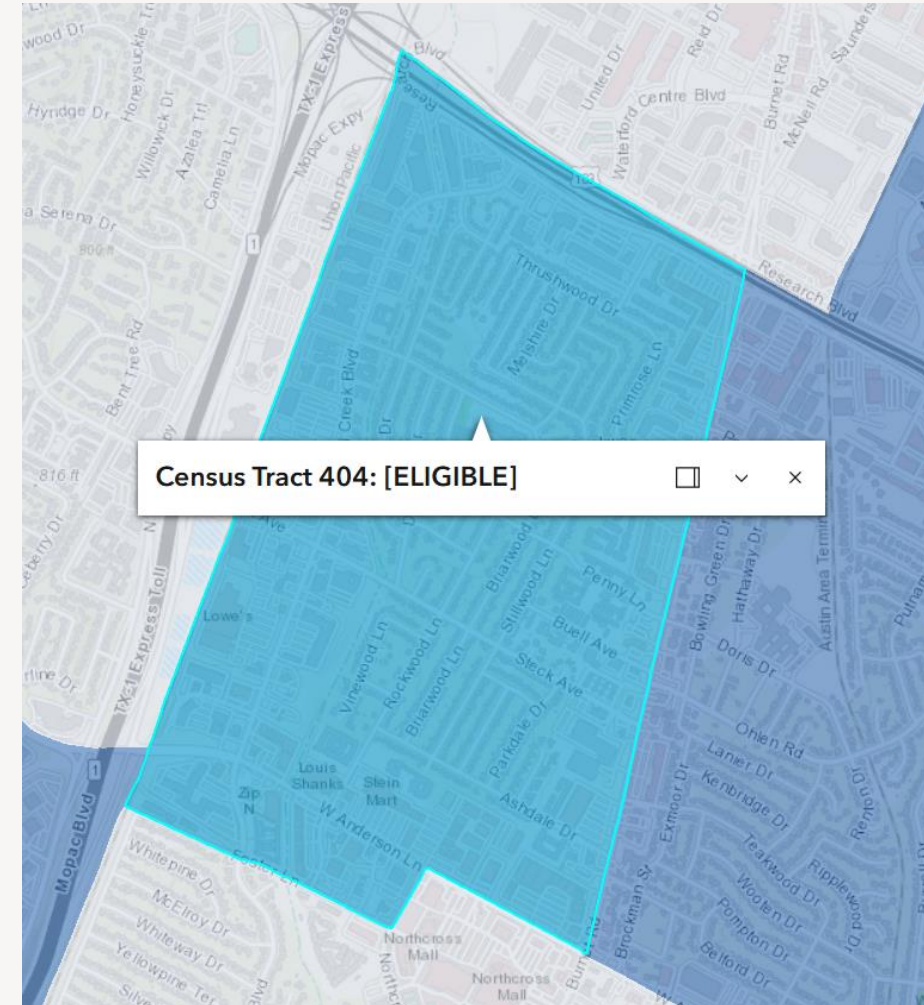
UT and UNO (6.01, 6.05, 6.06, 6.07, 6.08) - New OZs

- **Council District 9**
- **Public Site Control:** UT is major site owner
- **Strong Zoning Guardrails:** University Neighborhood Overlay provides clear, fine-grained regulatory oversight
- **Low Displacement Risks:** Area is not designated a displacement risk area
- **Major Projects:** Area is on the Project Connect Corridor and continues a major focus for both market-rate and affordable student-oriented housing, mixed-use development, and transit-oriented development
- *Note: Recommended by Austin Housing*



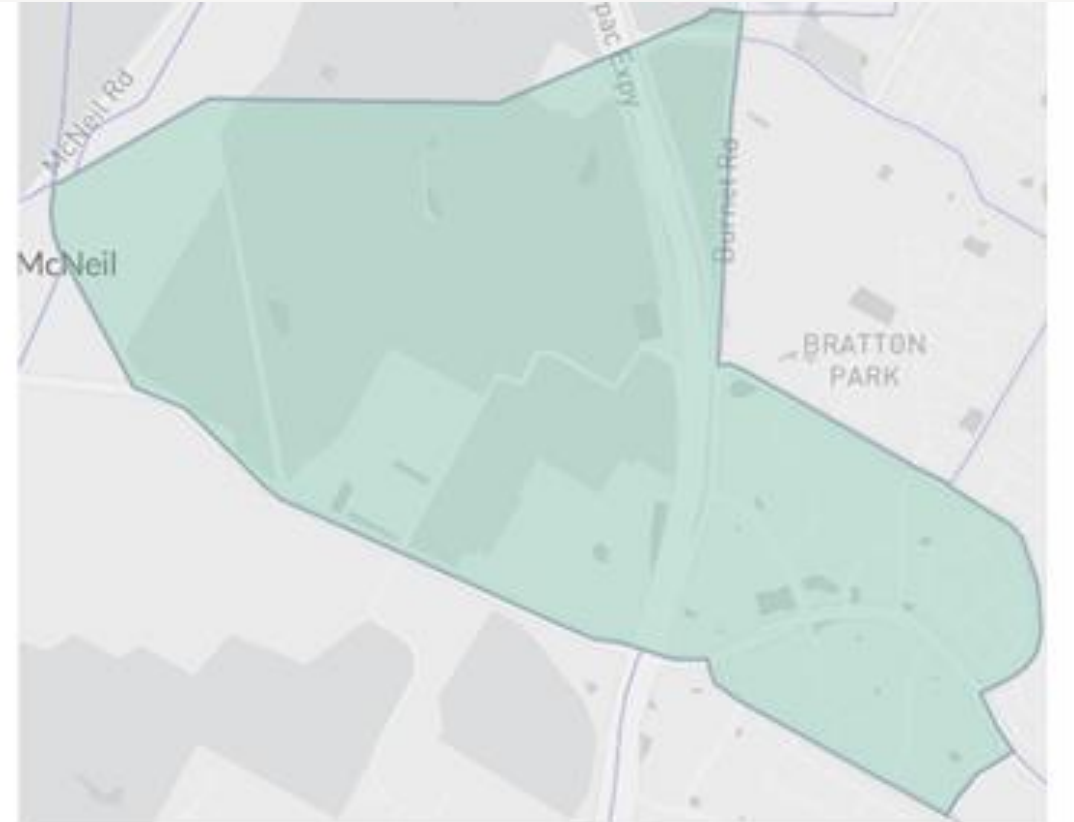
High Opportunity Area (4.04) - New OZ

- **Council District 7**
- **Public Site Control:** AISD site; library site
- **Strong Zoning Guardrails:** North Shoal Creek Neighborhood Plan; High % of SF zoning; **CO** limits building heights to 60 feet
- **Low Displacement Risks:** Area is not designated a displacement risk area; area is a high-opportunity area in the Austin Strategic Housing Blueprint 2017 Opportunity Map
- **Major Projects:** Neighborhood Plan identifies areas along Burnet and Anderson as Mixed Use Activity Corridors
- *Note: Recommended by Austin Housing*



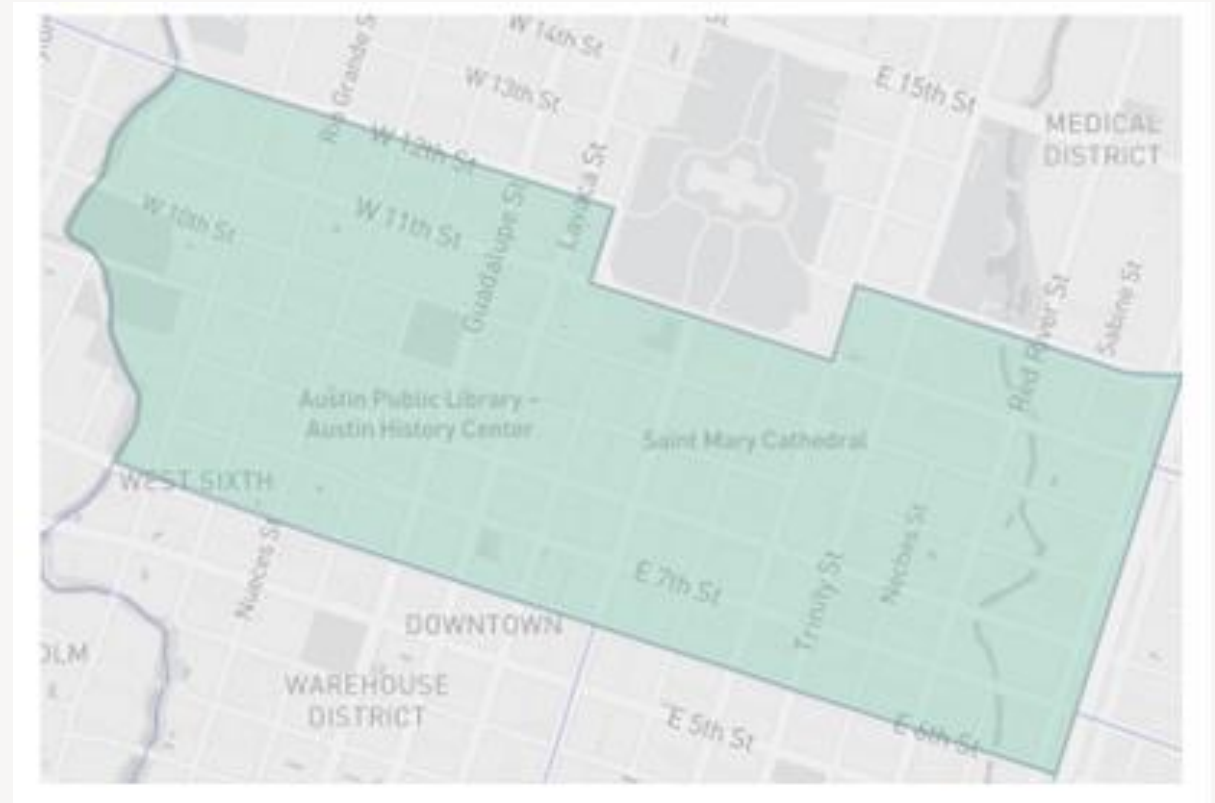
High Opportunity Area (430) - New OZ

- **Council District 7**
- **Public Site Control:** No public sites
- **Strong Zoning Guardrails:** Established PUD for advanced manufacturing district; additional industrial zoning
- **Low Displacement Risks:** Area is not designated a displacement risk area; area is emerging high-opportunity area in the Austin Strategic Housing Blueprint
- **Major Projects:** Established PUD for an advanced manufacturing district whose first phase covers 300 acres and 5 million square feet; project would redevelop a century-old, now-closed limestone mining and processing operation



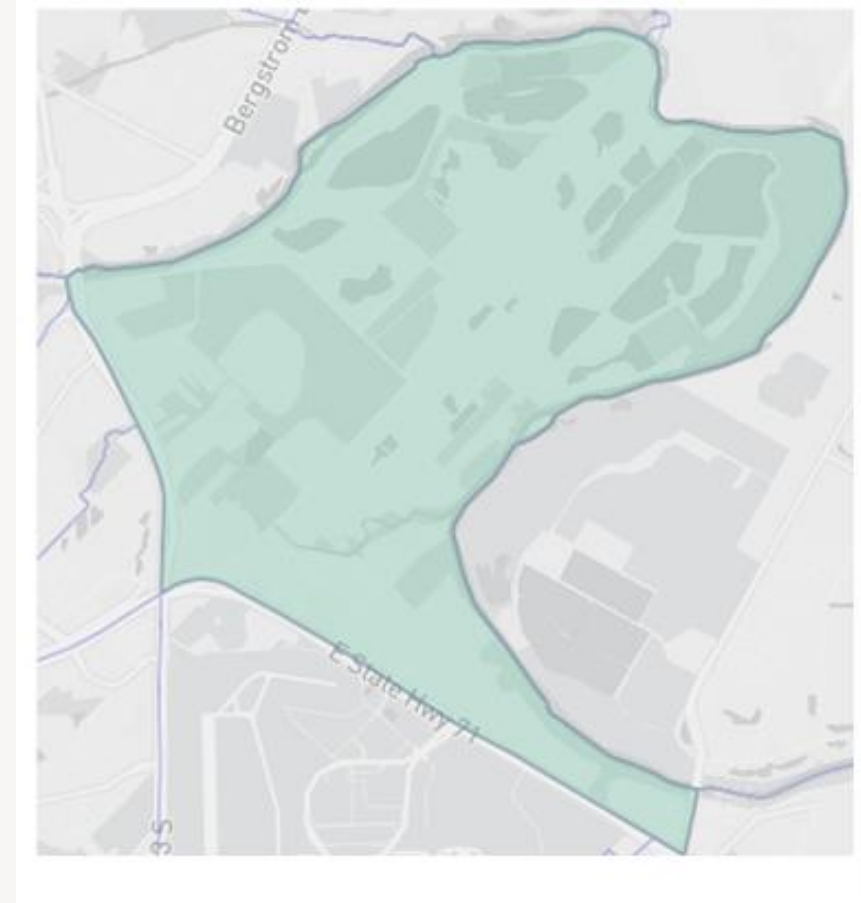
Downtown (11.01) - New OZ

- **Council District 9**
- **Public Site Control:** Major public and civic assets including Waterloo Greenway, City Department HQs, and State properties
- **Strong Zoning Guardrails:** Primarily Central Business District (CBD) and Downtown Mixed Use (DMU) with Downtown Density Bonus framework; western portion of tract includes ETOD zoning
- **Low Displacement Risks:**
 - No NOAH identified in the Census Tract
 - Census Tract includes Red River Cultural District; this should be prioritized for creative space preservation and pedestrian-oriented retail development
- **Major Projects:** Medical Innovation District proximity; City-owned sites with significant redevelopment potential including ARCH, APD HQ, and HealthSouth building
- *Note: Recommended by Austin Housing*



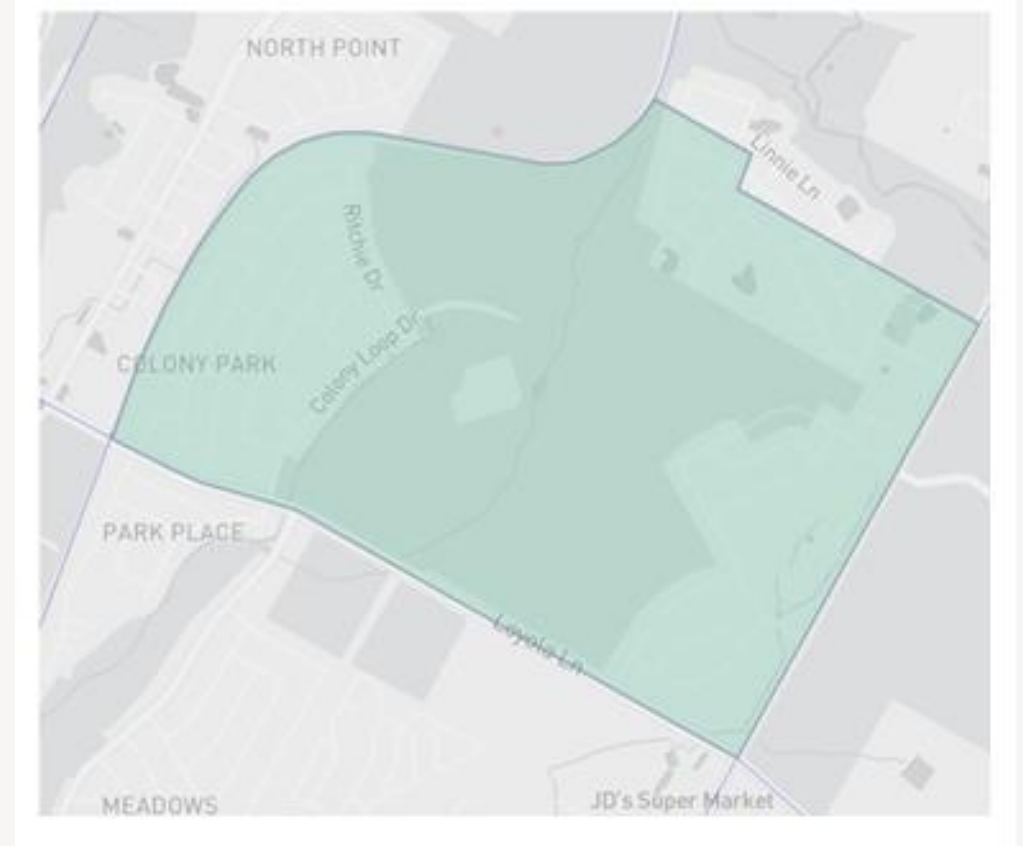
Industrial and Mixed-Use Investment Opportunity (23.10) - Current OZ

- **Council District TBD (Recent Annexation)**
- **Public Site Control:** TIRZ under development, Homestead Preservation District B
- **Strong Zoning Guardrails:** Mostly unzoned; Industrial and Mixed-Use area plan under development
- **Low Displacement Risks:** Area is primarily industrial (quarries) with no existing multifamily; some single-family, with minimal OZ-displacement risk
- **Major Projects:** Major plans for industrial sites from rehabilitated quarry sites; TIRZ under development; high priority to help fund infrastructure for shovel-ready sites; TIRZ elements may include:
 - Advanced manufacturing
 - Affordable housing
 - Trail and open space development
 - Transportation and watershed infrastructure



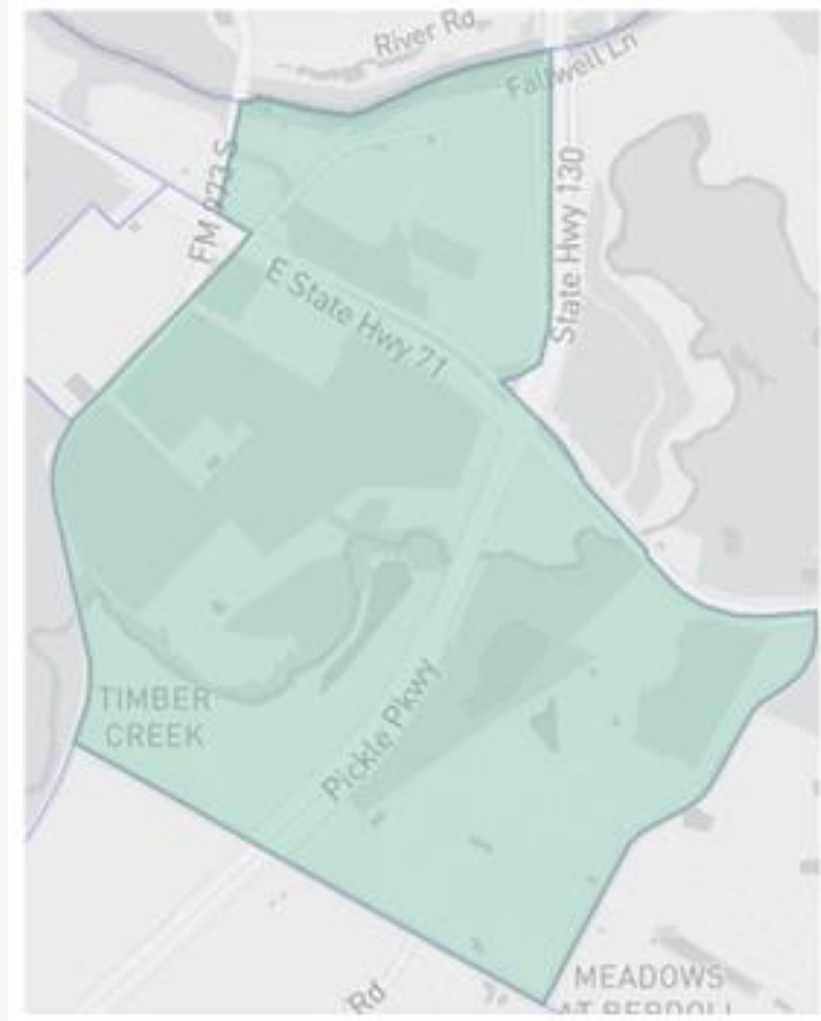
Colony Park (22.22) - New OZ

- **Council District 1**
- **Public Site Control:** City oversees 32% of Tract through Colony Park Master Development Agreement
- **Strong Zoning Guardrails:** Colony Park PUD; single family neighborhoods
- **Low Displacement Risks:**
 - Minimal OZ-related displacement risk for single-family
 - Colony Park PUD provides substantial community oversight of primary opportunity site
 - Two multifamily sites in Tract: [Residences at Decker](#) is owned by County's Strategic HFC; [Huntington Meadows](#) has HUD-based affordability and anti-displacement requirements until 2038; low redevelopment risk over next decade
- **Major Projects:** Colony Park is major City priority initiative, including 2,000–3,000 new single-family and multifamily homes, commercial, mixed-use retail, office, and civic/institutional spaces, and safe streets, parks, greenways, and community spaces. This includes a planned 400 to 600 affordable/workforce units.



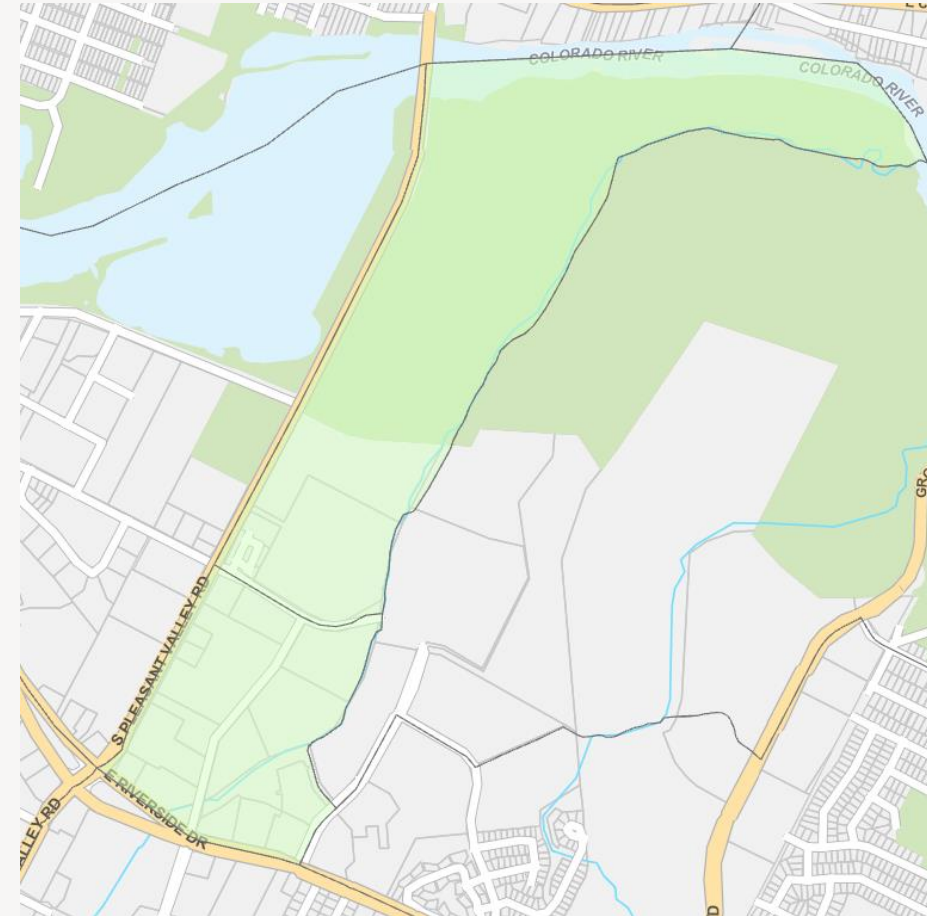
The Row/Velocity Crossing (24.52) - Current OZ

- **Council District 2**
- **Public Site Control:** County Park, DVISD
- **Strong Zoning Guardrails:** Planned Unit Development controls; single-family east of highway; no NOAH multifamily
- **Low Displacement Risks:** Primary opportunity site is ongoing PDA of greenfield; residential areas are zoned SF or Mobile Home, with minimal OZ-displacement risk; Large manufactured home site east of highway has MH zoning with condoized homesites – minimal redevelopment risk
- **Major Projects:** The Row/Velocity Crossing is a 324-acre greenfield development in close proximity to the Airport and Tesla Gigafactory, with community benefits including 100 acres of green space



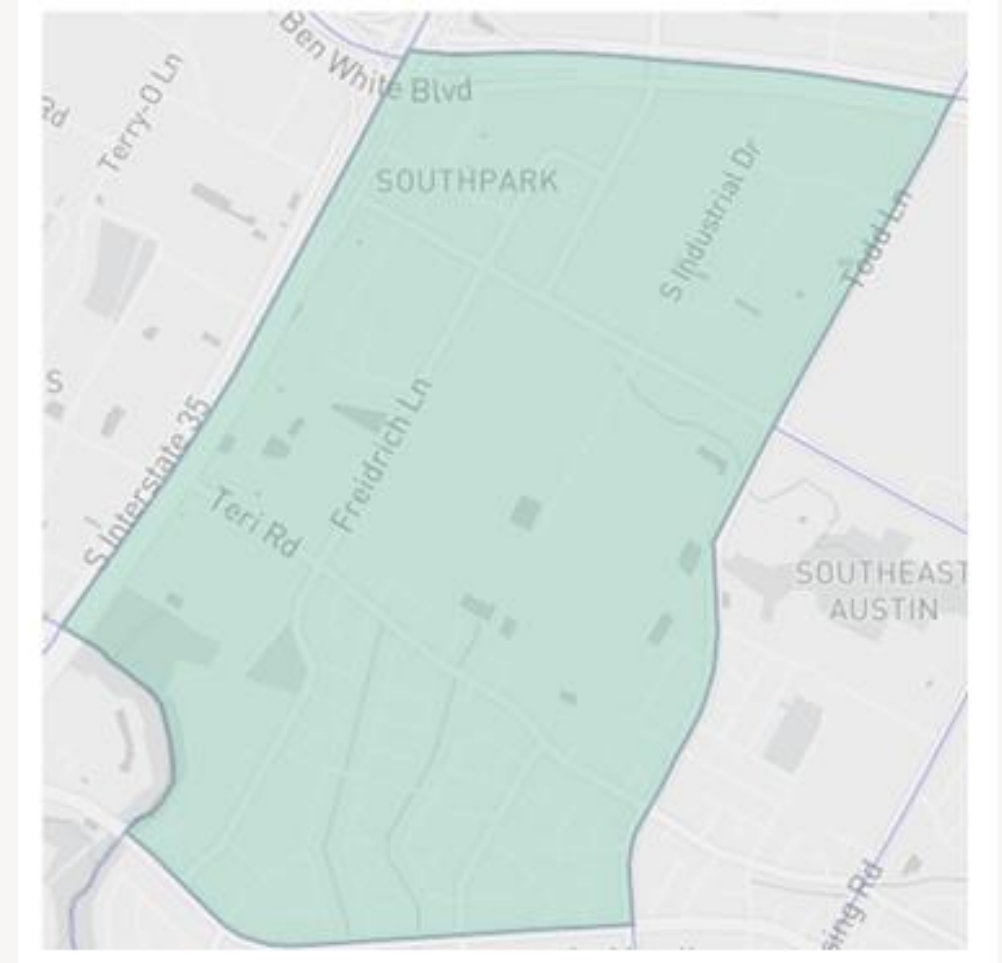
River Park on Riverside (23.24 & 23.26) - New OZs

- **Council District 3**
- **Public Site Control:** Roy Guerrero Park; Homestead Preservation District B
- **Strong Zoning Guardrails:** Planned Unit Development controls; East Riverside Corridor Plan
- **Low Displacement Risks:**
 - Plan for major site has already been approved through PUD ordinance including substantial community benefits, in conformity with East Riverside Corridor Plan
 - Includes two NOAH complexes, 558 units
- **Major Projects:** River Park is a 109-acre master planned development with PUD zoning, including the following features:
 - 400 affordable units at 60% MFI
 - 30 acres of public open space
 - On-site transitional housing
 - \$2.4M donation for Bus Rapid Transit stations



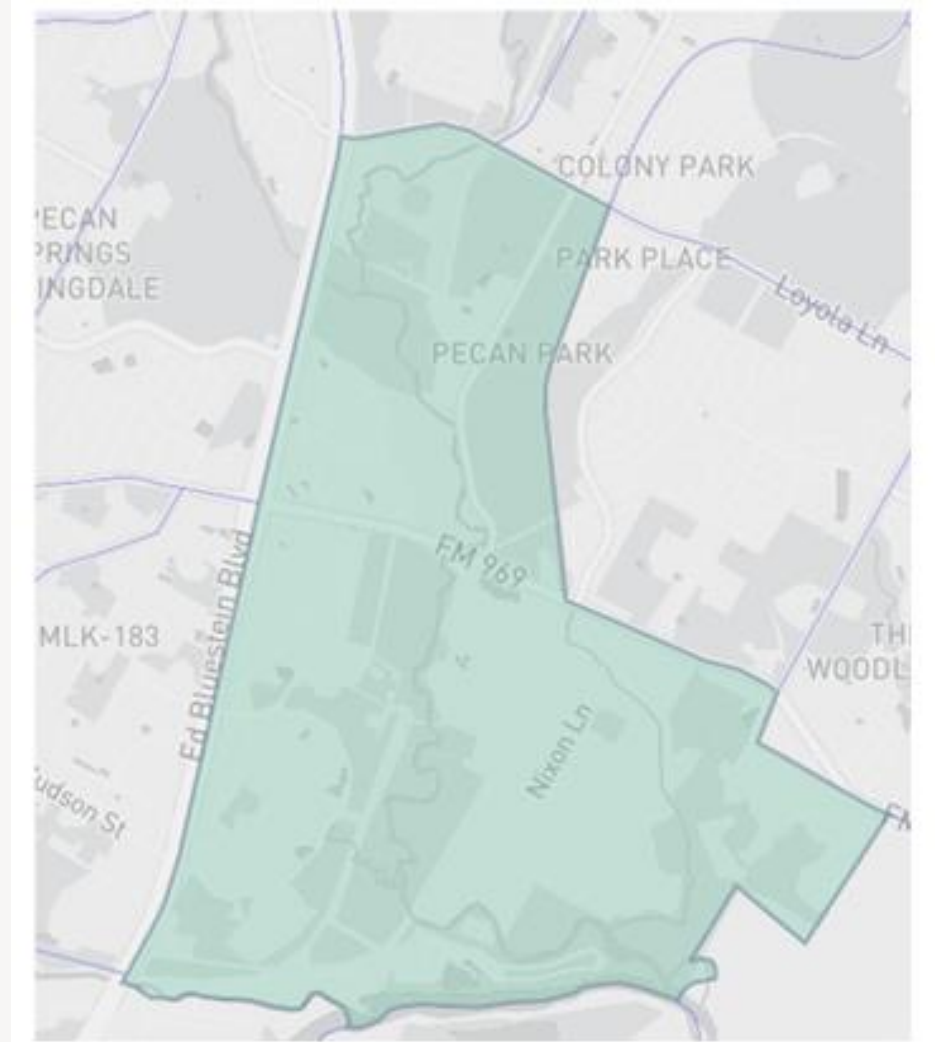
Industrial and Commercial (24.11) - Current OZ

- **Council District 2**
- **Public Site Control:** Some Parkland, AISD, IRS, AE, ARR; Homestead Preservation District B
- **Strong Zoning Guardrails:** Primarily industrial and highway-adjacent commercial; single-family in southeast of tract, with minimal OZ-displacement risk; no NOAH multifamily
- **Low Displacement Risks:**
 - Highway-adjacent commercial (hotels and motels, auto parks, etc.) and industrial present low displacement risks
 - No NOAH identified in the Census Tract
 - One LIHTC multifamily completed in 2023 with affordability requirements until 2038, build out to total zoning entitlement of 40 feet high
- **Major Projects:** Hundreds of acres of industrial and warehouse sites amenable to industrial investment for job creation



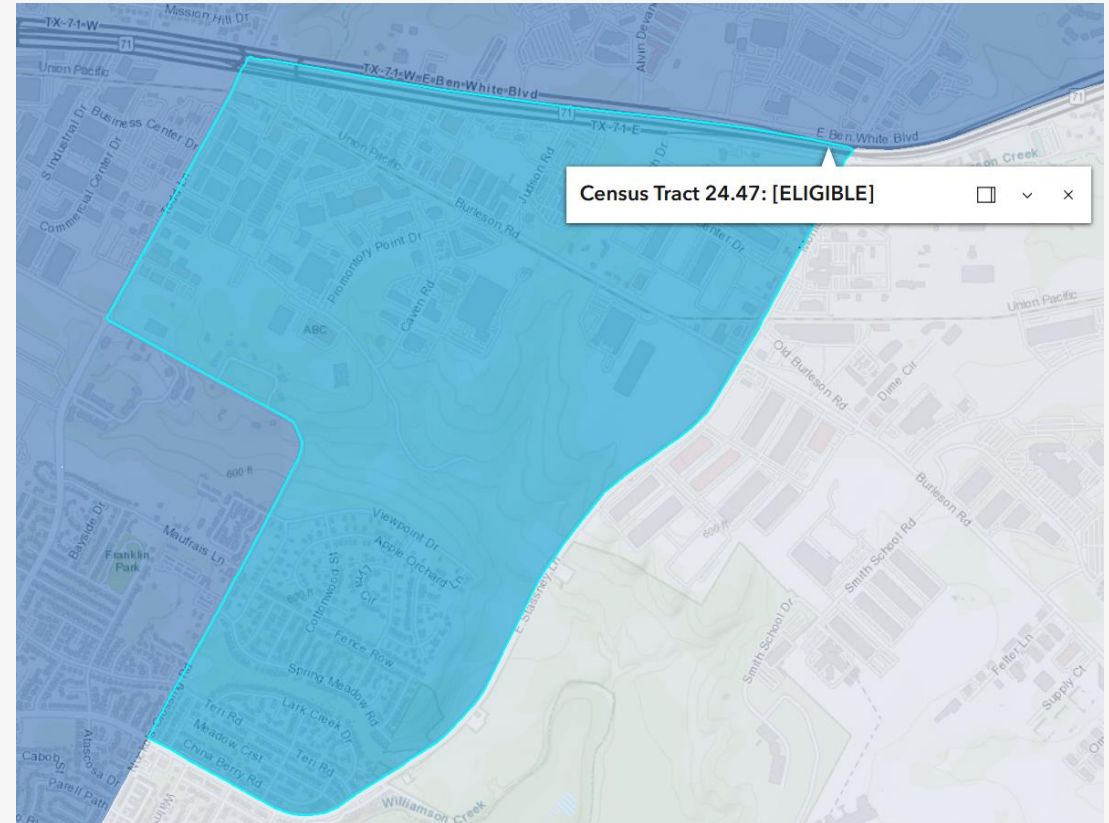
Ed Bluestein Opportunity Sites (22.14) - New OZ

- **Council District 1**
- **Public Site Control:** Major public including Walnut Creek and Trail, Walnut Creek Wastewater Plant, and APD at TechniCenter
- **Strong Zoning Guardrails:** Major Industrial and Planned Development Area (PDA) sites; single-family in southeast of tract, with negligible OZ-displacement risk; no multifamily or NOAH multifamily
- **Low Displacement Risks:** Area is primarily industrial and PDA with established tech campuses, with no existing multifamily; single-family, with minimal OZ-displacement risk; one manufactured home area with MH zoning
- **Major Projects:**
 - Major area long under consideration for mixed use tech hubs on Ed Bluestein (PDA zoned for 4.8M GSF)
 - Planned affordable housing project, 80 units, at 30% and 50% MFI, with potential funding needs



Industrial Opportunity Sites (24.47) - New OZ

- **Council District 2**
- **Public Site Control:** Major public including Walnut Creek and Trail, Walnut Creek Wastewater Plant, and APD at TechniCenter
- **Strong Zoning Guardrails:** Primarily industrial zoned properties and land, with single-family neighborhoods in south of Census Tract
- **Low Displacement Risks:** Area is primarily industrial; one multifamily project built in 2022 (too recent for redevelopment) and single-family, with minimal OZ-displacement risk in both cases
- **Major Projects:**
 - Over 250 acres of greenfield industrial and commercial site potential



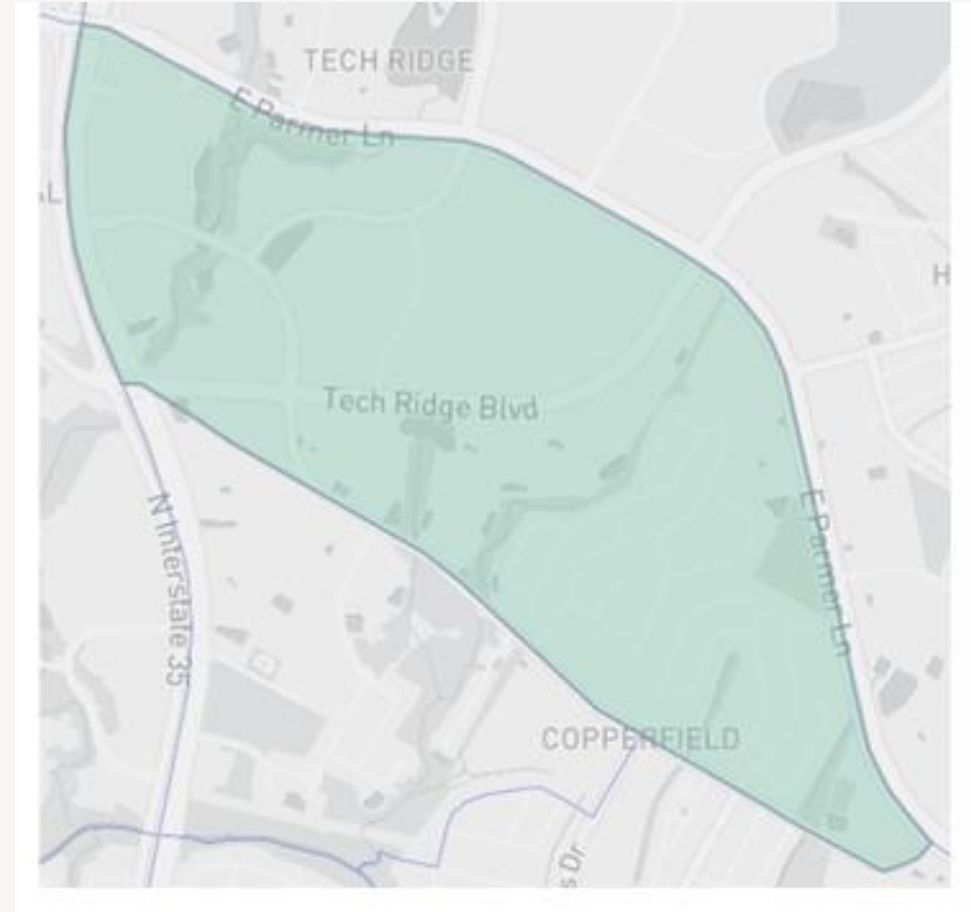
Lakeline Station Area (204.08) - New OZ

- **Council District 6**
- **Public Site Control:** No major public sector ownership but close proximity to Lakeline Rail Station
- **Strong Zoning Guardrails:** Primarily highway oriented commercial strips including PDA zoning, with single-family neighborhoods in south of Census Tract
- **Low Displacement Risks:** Area not considered Displacement Risk by Housing; High Opportunity area; some NOAH, though not in most viable opportunity sites
- **Major Projects:**
 - Proximity to Lakeline Station and Lakeline Mall will facilitate redevelopment opportunities



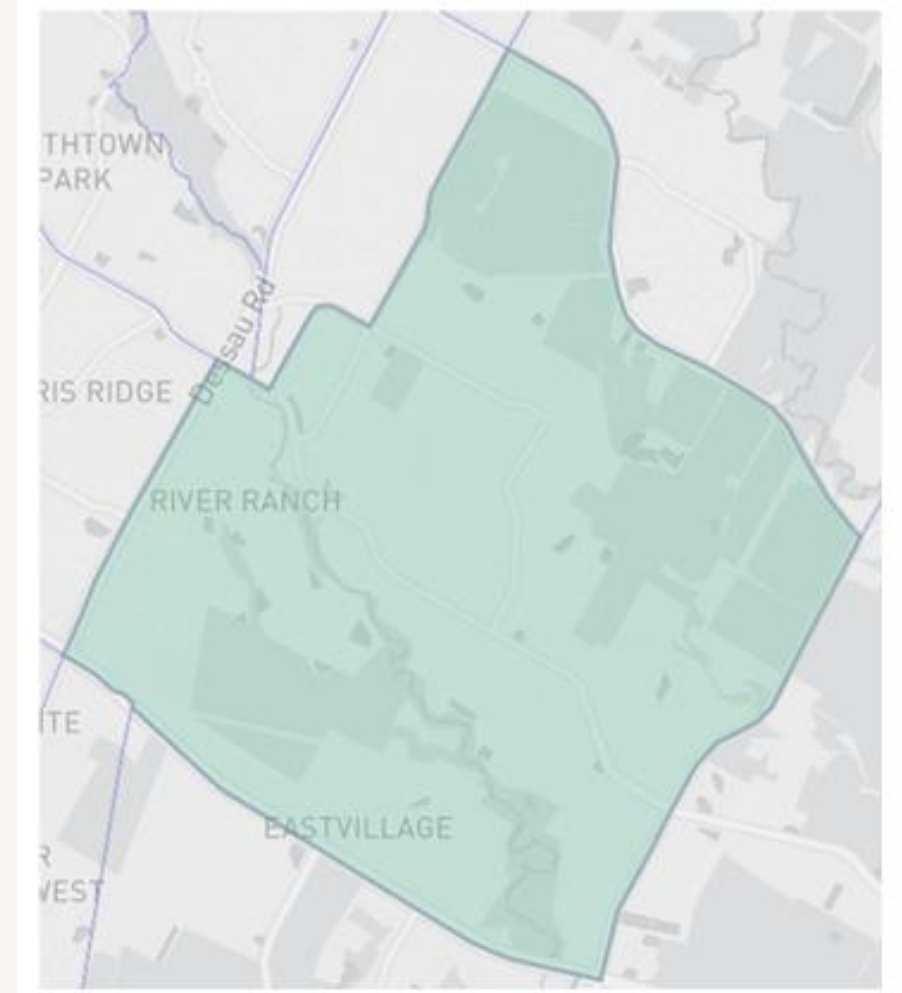
Tech Ridge (440) - New OZ

- **Council District 1**
- **Public Site Control:** No major public sector ownership
- **Strong Zoning Guardrails:** Primarily office, industrial (Planned Development Area), highway-oriented commercial zoning, with some single neighborhoods with minimal OZ-related displacement risk
- **Low Displacement Risks:** Area considered Vulnerable for potential displacement risk; one NOAH complex; limited multifamily generally
- **Major Projects:**
 - Industrial/tech hub site potential for new investment or redevelopment



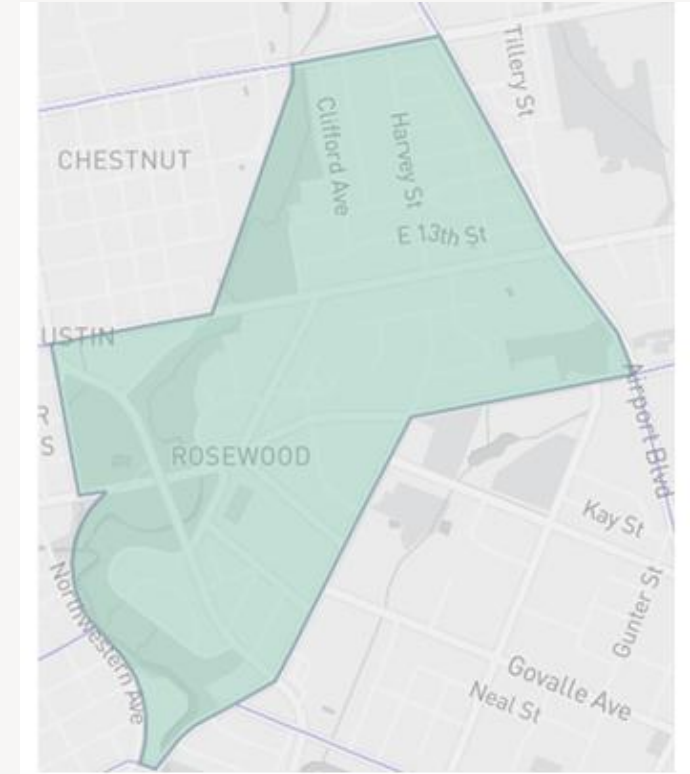
EastVillage and Samsung (449) - Current OZ

- **Council District 1**
- **Public Site Control:** No major public sector ownership
- **Strong Zoning Guardrails:** Primarily office, industrial (Planned Development Area), highway-oriented commercial zoning, with some single neighborhoods with minimal OZ-related displacement risk
- **Low Displacement Risks:**
 - Area considered Active for displacement risk; however, developed areas are entirely single-family, with negligible displacement risk from OZ investment
 - No NOAH in tract
 - Multifamily with affordable housing anti-displacement protections until 2064
- **Major Projects:**
 - EastVillage, a 425-acre mixed use residential community under long-term development, with established PUD zoning
 - Substantial greenfield proximity to Samsung plant
 - Crystal Bend – 390 affordable units, may benefit from OZ funding



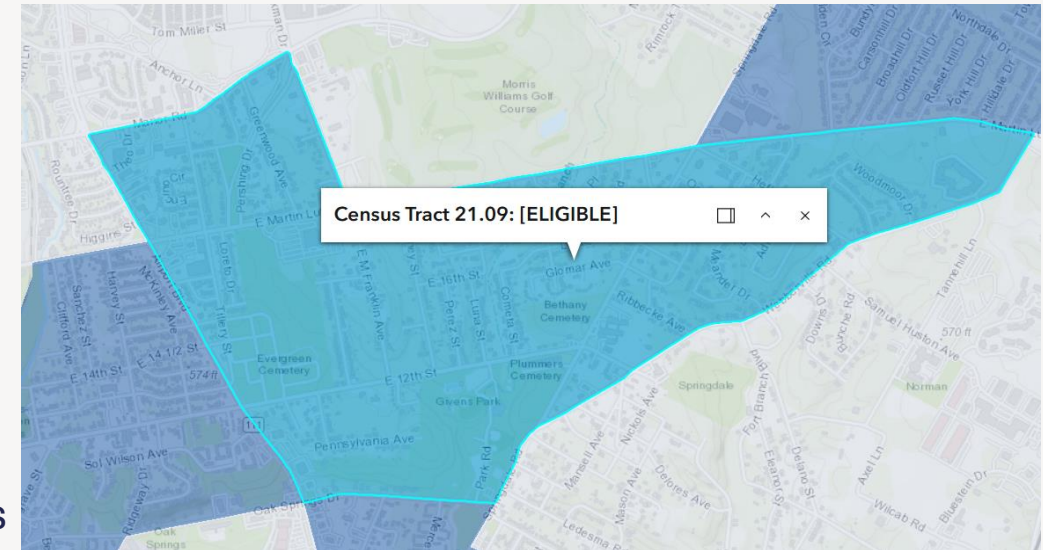
Central East Austin (8.02) - New OZ

- **Council District 1**
- **Public Site Control:** Major City site ownership including Millenium Youth Complex, Fleet site at Hargrave, Boggy Creek Greenbelt, Downs Field, Booker T Washington Terrace Apartments (HACA), Homestead Preservation District A
- **Strong Zoning Guardrails:** Single family neighborhoods with Neighborhood Plans and active neighborhood associations; substantial public ownership; multifamily with affordability constraints
- **Low Displacement Risks:**
 - No NOAH currently in tract
 - Multifamily with affordability and anti-displacement requirements:
 - Booker T Washington Terrace: Owned by Housing Authority
 - Elm Ridge Apartments: 130 deeply affordable units, 99-year term (ends 2109)
 - Anderson Village: 24 affordable units, 99-year term (ends 2112)
 - Site for awareness: Mount Carmel Apartments, losing HUD protections soon (date unknown)
- **Major Projects:**
 - Potential repositioning of Fleet site at Hargrave
 - Site assemblage by major developer
 - Two projects under development with affordable housing components, Eden Gardens and Oak Springs Multifamily



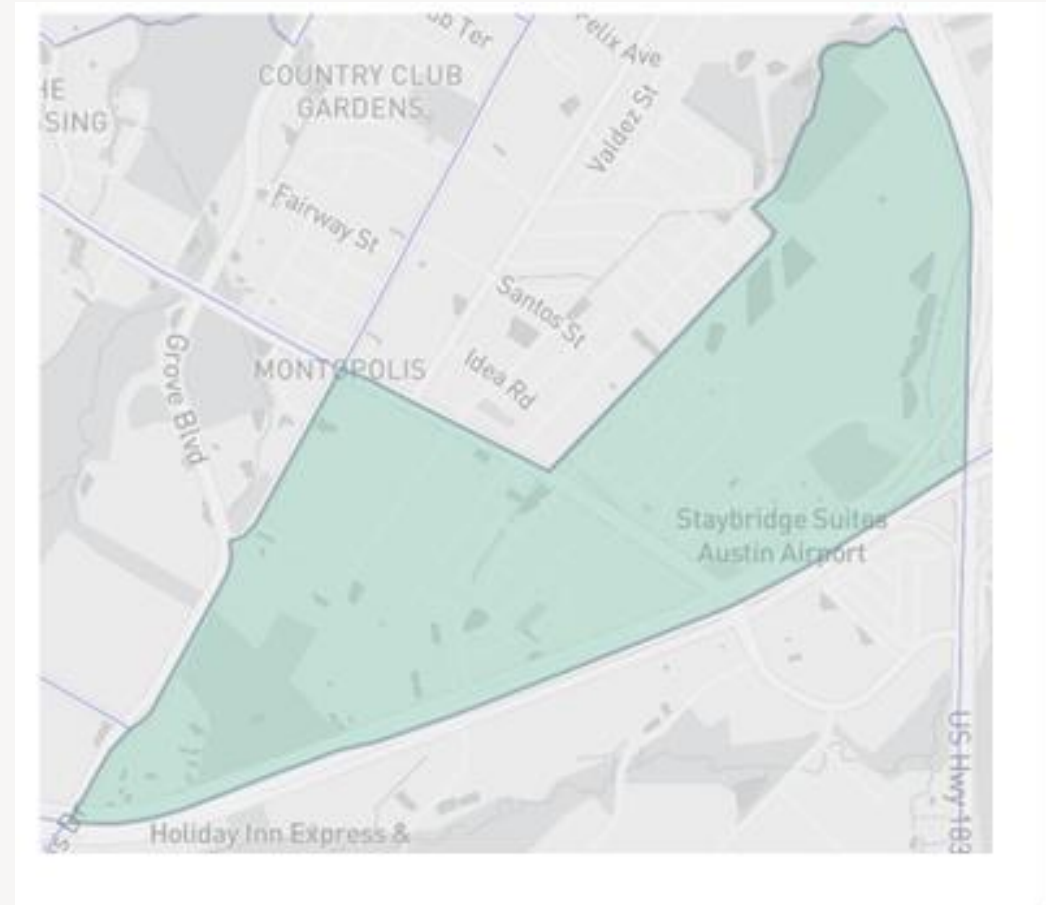
St. James and Aff. Housing (21.09) - Current OZ

- **Council District 1**
- **Public Site Control:** Evergreen Cemetary, Givens Park, Bethany Cemetary
- **Strong Zoning Guardrails:** Single family neighborhoods with Neighborhood Plans and active neighborhood associations; multifamily with affordability constraints
- **Low Displacement Risks:**
 - No NOAH currently in tract
 - Multifamily with affordability and anti-displacement requirements:
 - Franklin Gardens: 22 units at 50% MFI, 40-year term (ends 2059)
 - Seabrook Square: 204 affordable units at 30% and 60% MFI, 40-year term (not yet initiated)
- **Major Projects:**
 - Major affordable housing project under development, 12th and Springdale (Phase I & II), 296 units at 50%, 60%, and 80% MFI
 - Major planned redevelopment of faith community property with affordable housing and community-focused businesses



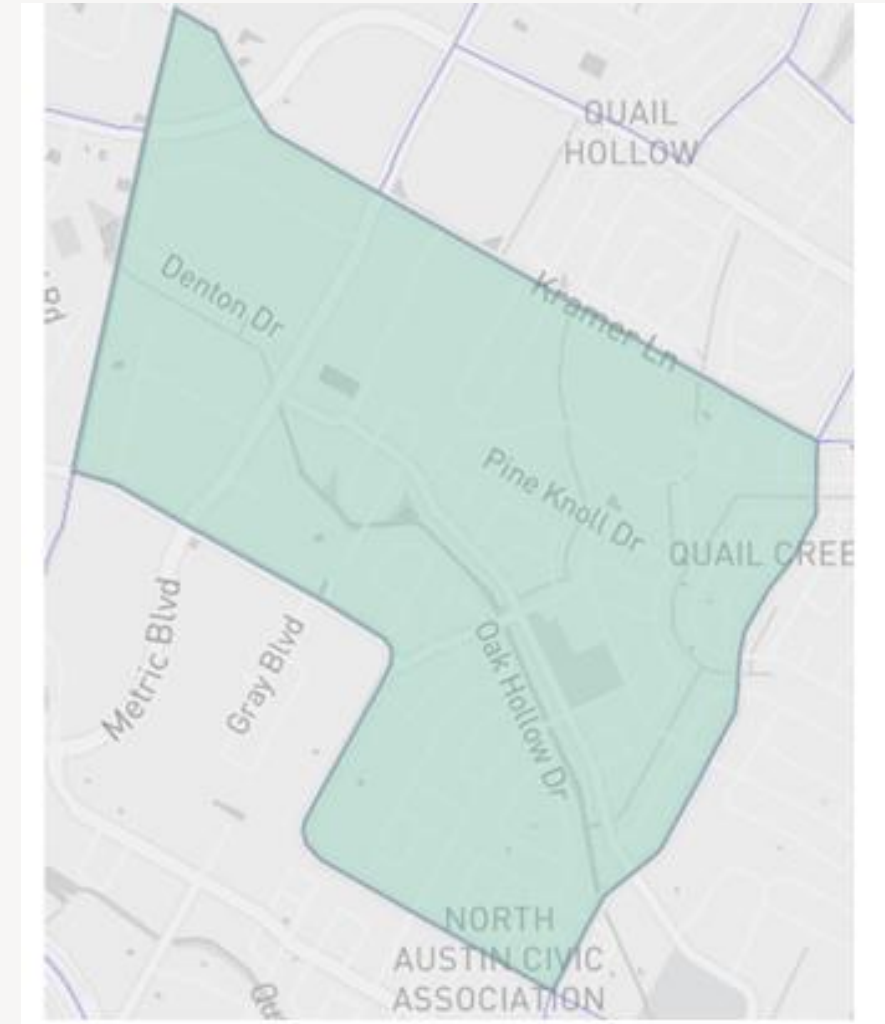
Ben White, 183, and ABIA (23.20) - Current OZ

- **Council District 3**
- **Public Site Control:** Marshalling Yard
- **Strong Zoning Guardrails:** Single family neighborhoods with Neighborhood Plans and active neighborhood associations; multifamily with affordability constraints
- **Low Displacement Risks:**
 - No NOAH currently in tract
 - Single family neighborhoods with low OZ-related displacement risks
 - Multifamily with affordability and anti-displacement requirements:
 - Airport Commerce Affordable Multifamily: 328 units at 50%, 60%, and 70% MFI, 40-year term (not yet initiated)
 - Multifamily built recently (last 10 years), minimal risk
- **Major Projects:**
 - East Riverside Corridor Light Rail Station area



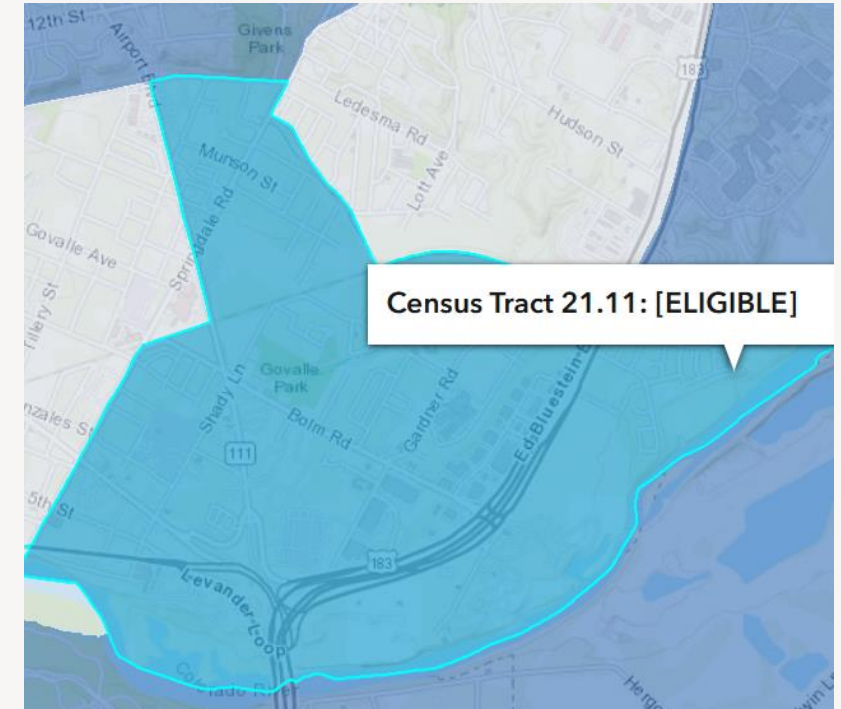
North Burnet Gateway (408) - New OZ

- **Council District 4**
- **Public Site Control:** North Burnet Gateway Regulating Plan, Homestead Preservation District C
- **Strong Zoning Guardrails:** North Burnet Gateway (NBG) special planning area, substantial industrial zoning,
- **Low Displacement Risks:**
 - Limited multifamily
 - Primarily NBG, industrial, and single family with low OZ-related displacement risk
 - Includes two NOAH complexes, 418 units
- **Major Projects:**
 - North Burnet Gateway affiliated development, in proximity to Q2 stadium, including industrial and mixed use development



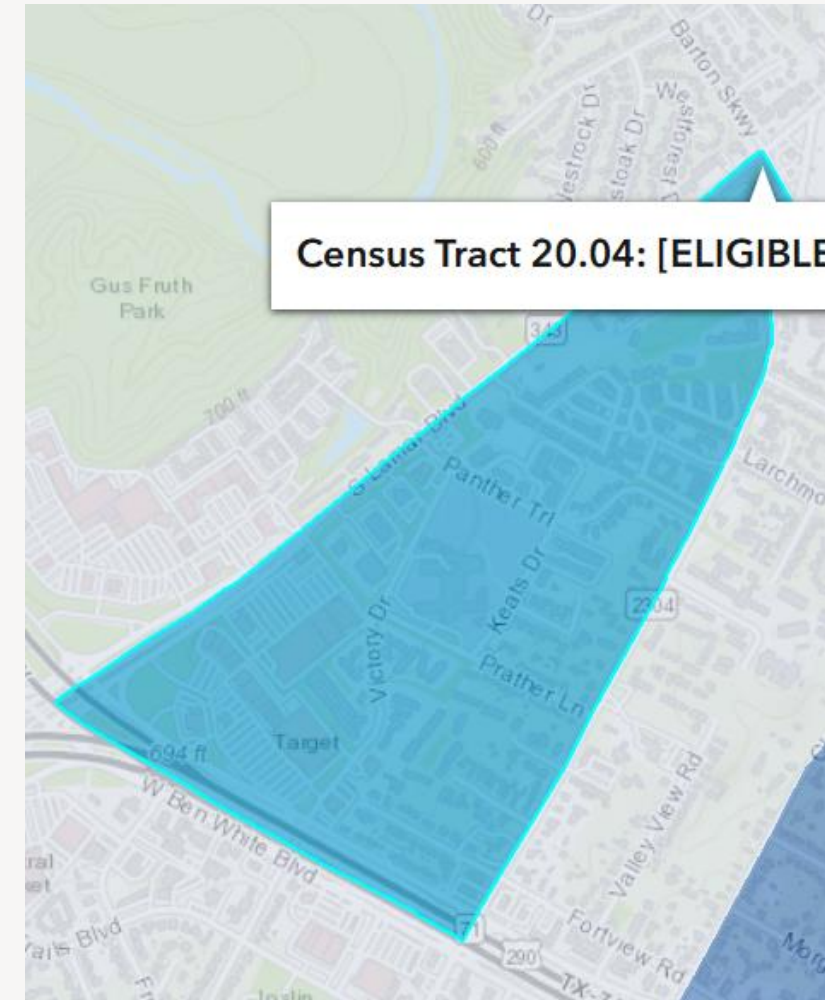
Bolm Road (21.11) - Current OZ

- **Council District 3**
- **Public Site Control:** Colorado River Park, Public Health and Austin Animal Services centers, Govalle Neighborhood Park, East Boggy Creek Greenbelt, Bolm Road site
- **Strong Zoning Guardrails:** Single family neighborhoods with Neighborhood Plans and active neighborhood associations; multifamily with affordability constraints; significant industrial, including inactive industrial space
- **Low Displacement Risks:**
 - No NOAH currently in tract
 - Multifamily with affordability and anti-displacement requirements:
 - The Goodwin: 363-units with 37 affordable at 60% MFI, 40-year term (ends 2065)
 - Libertad Austin: AHFC-led project, 198 affordable units at 30%-60% MFI, 40-year affordability term (ends 2066)
- **Major Projects:**
 - ThinkEast: 24-acre affordable housing and artist space PUD, with approximately 450 affordable units
 - Anita Ferrales Coy Project: AISD-led workforce housing, 700 units, 350 affordable at 60% and 80% MFI
 - Bolm/Borden Project: 22-acre redevelopment with 1,200 multifamily units, 400,000 SF of office, 100,000 SF of retail, and 220 hotel keys, providing direct access to the Colorado River and the Daniel Llanes Wildlife Sanctuary



South Lamar (20.04) - New OZ

- **Council District 5**
- **Public and Civic Site Control:** Ann Richards School For Young Women Leaders, Pathways at Manchaca Village (HACA)
- **Strong Zoning Guardrails:** Auto-oriented commercial sites with active redevelopment
- **Low Displacement Risks:**
 - Most existing multifamily built to full entitlement allowance
 - Includes two NOAH complexes, 346 units
- **Major Projects:**
 - Shovel-ready project for 319-unit mixed-use at 4211 South Lamar



Robinson Ranch (205.13) - New OZ

- **Council District 6**
- **Public and Civic Site Control:** None
- **Strong Zoning Guardrails:** Robinson Ranch Advanced Manufacturing District PUD
- **Low Displacement Risks:**
 - No NOAH identified in tract
 - Not identified as high-displacement risk area
 - Primarily greenfield and commercial/light industrial sites
 - Multifamily in tract built recently, low redevelopment likelihood in the nearterm
- **Major Projects:**
 - Established PUD for an advanced manufacturing district whose first phase covers 300 acres and 5 million square feet; project would redevelop a century-old, now-closed limestone mining and processing operation

