



Opportunity Zones 2.0

Nomination and Redesignation Update

City Council Briefing

May 21, 2026



CLEARWATER
BRIGHT AND BEAUTIFUL • BAY TO BEACH

Opportunity Zone Presentation Overview

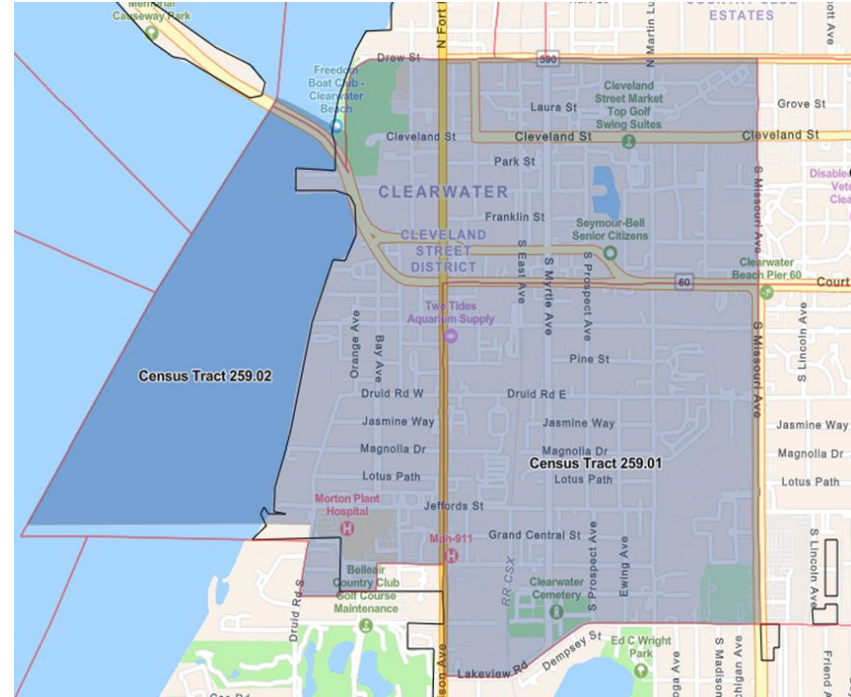
- Opportunity Zone Program Overview
- Why most of downtown Clearwater was not renominated?
- Opportunity Zone 1.0 vs. Opportunity Zone 2.0
- Why Opportunity Zone Redesignation Matters?
- Opportunity Zone nomination process and timeline
- Selected Census Tract Overview
- Potential Opportunity Zone Investment Areas
- Next steps pending state review and determination



Opportunity Zone Program Overview

- First introduced as part of the 2017 Federal Tax Cuts and Jobs Act as a federal government economic development program to encourage investors to re-invest capital gains in economically distressed communities
- Opportunity Zones provide federal tax incentives intended to encourage reinvestment of capital gains into qualified redevelopment, business, housing, and economic development projects
- The City of Clearwater currently has an existing Opportunity Zone designation that includes portions of Downtown Clearwater within Census Tracts 259.01 and 259.02

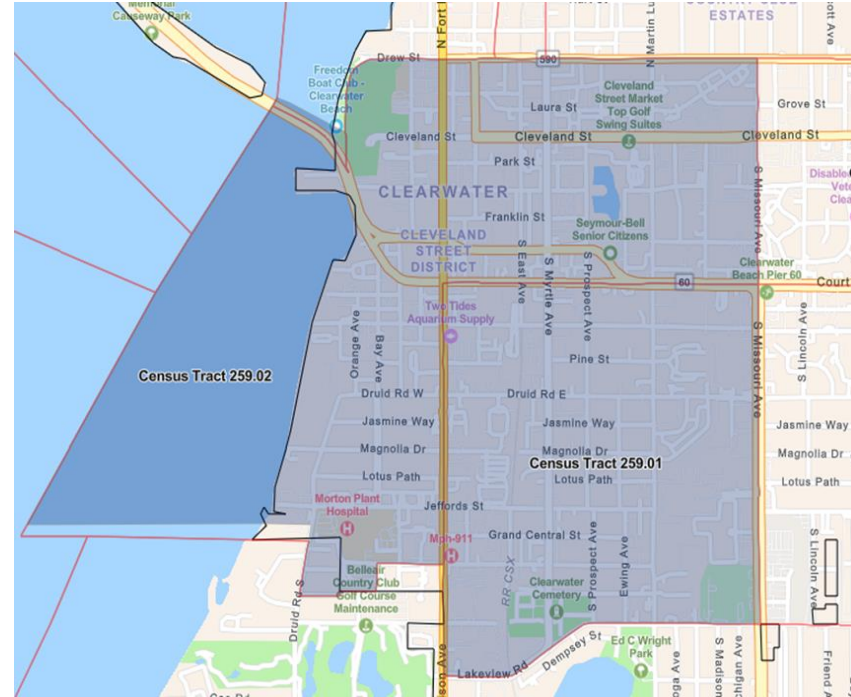
Existing Federally Designated Opportunity Zone (Census Tract 259)



Opportunity Zone Program Overview

- Under the updated federal Opportunity Zone (OZ) 2.0 framework established in 2025, existing Opportunity Zones must be redesignated under revised federal eligibility criteria and updated US Census Bureau data
- The City's existing Downtown Clearwater's OZ designation transitions out under the original program through 2028 and is not eligible for redesignation under the updated federal criteria

Existing Federally Designated Opportunity Zone (Census Tract 259)



Opportunity Zone Program Overview

How Qualified Opportunity Zone Processes Generally Work?

Qualified Opportunity Zones (QOZ)

- Governor nominates Opportunity Zones for designation
- US Treasury Confirms

Qualified Opportunity Funds

- Raise equity from capital gains
- Form a QOF
- Investment restrictions apply

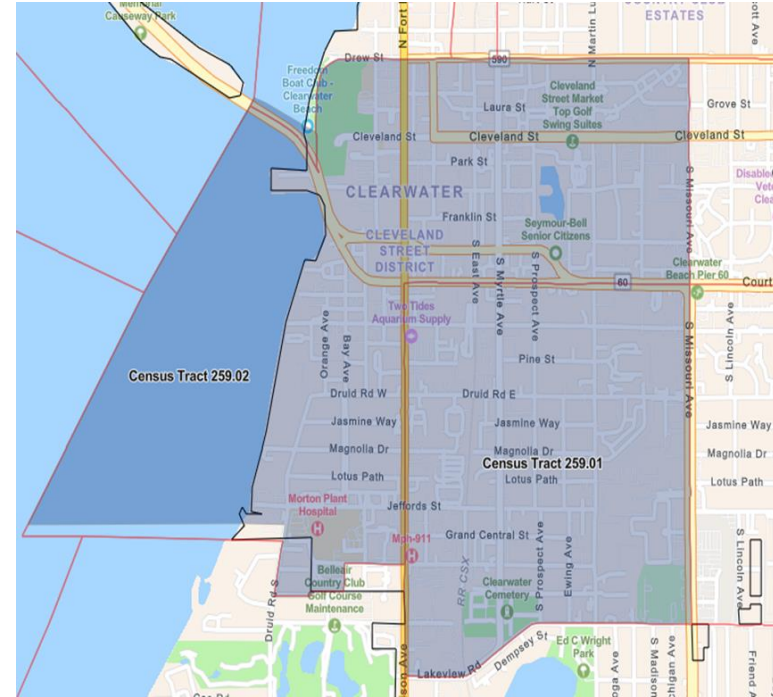
Business & Real Estate Project Investments

- Must be in QOZs
- Capital gains reinvested into QOZ
- Long-term investments

Why Most of Downtown Clearwater Was Not Renominated

- Existing Downtown Clearwater Opportunity Zones were evaluated under updated federal eligibility criteria
- Revised census and economic indicator data no longer qualified the existing tracts for redesignation consideration
- Increased private investment, increased redevelopment activity, updated income data etc. impacted eligibility states
- New nominations focused on census tracts meeting current federal qualification thresholds

Existing Federally Designated Opportunity Zone (Census Tract 259)

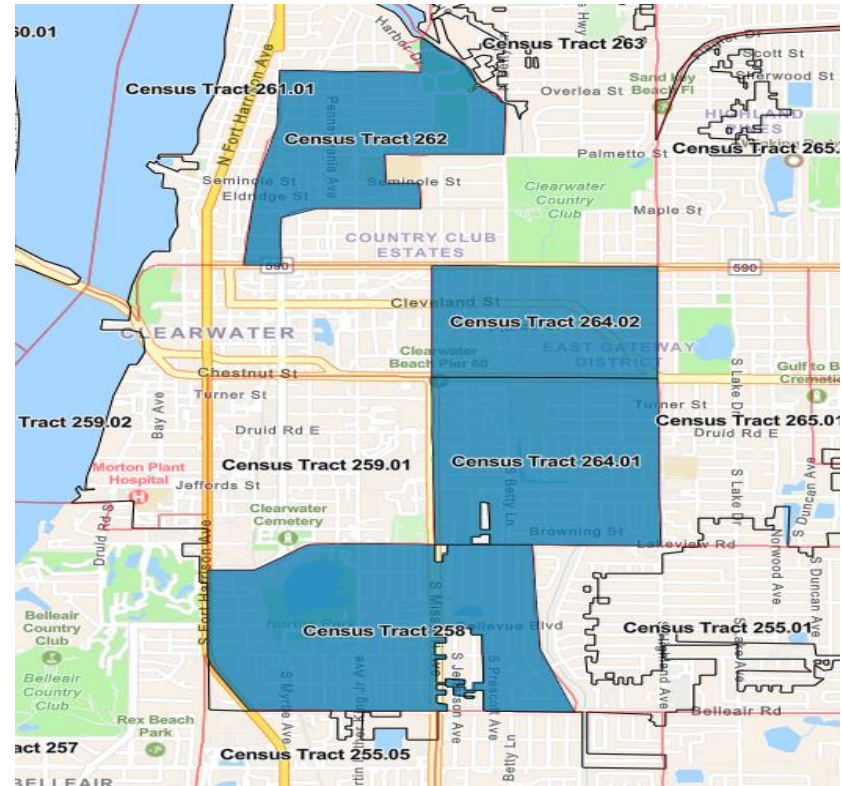


Opportunity Zones 1.0 vs. 2.0 Key Differences

Category	QOZ- 1.0	QOZ – 2.0
Applicability	OZ 1.0 (2017-2028)	OZ 2.0 (2027-)
Permanence	Temporary (until 2028)	Permanent federal economic development program (requires redesignation every 10 years) per 2025 One Big Beautiful Bill
Deferral on Capital Gains	Until December 31, 2026	Rolling 5-year deferral from investment date
Basis Step-Up	10% at 5 years, 15% at 7years	10% at 5 years (standard)
Geographic Eligibility	Broader, based on 2010 Census data	Revised eligibility standards focus on higher-need census tracts
Transparency and Reporting	Limited	Stricter Requirements
Eligible Investments	Primarily commercial, residential, and mixed-use real estate investments	Includes real estate and commercial business investment

Why Opportunity Zone Redesignation Matters

- Helps maintain Clearwater's competitiveness for private investment
- Encourages redevelopment in targeted areas or census tracts
- Supports workforce housing and economic revitalization
- Creates opportunities for Qualified Opportunity Fund Investment
- Aligns with the City's economic development and strategic planning goals
- Provides another tool to support long-term community investment

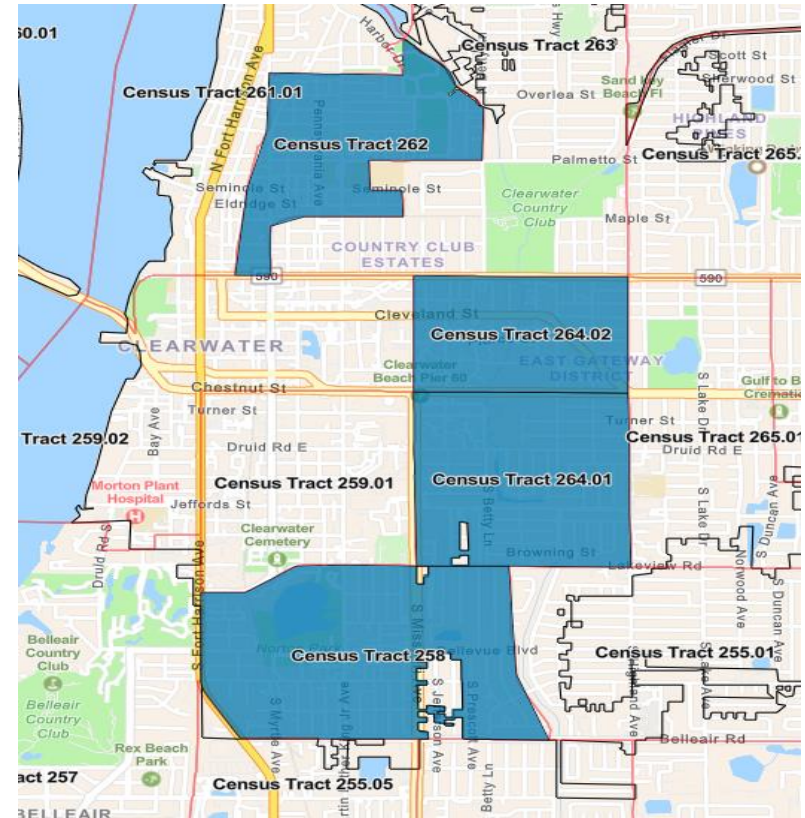


Nominated OZ 2.0

Census Tracts 258, 262, 264.01, 264.02

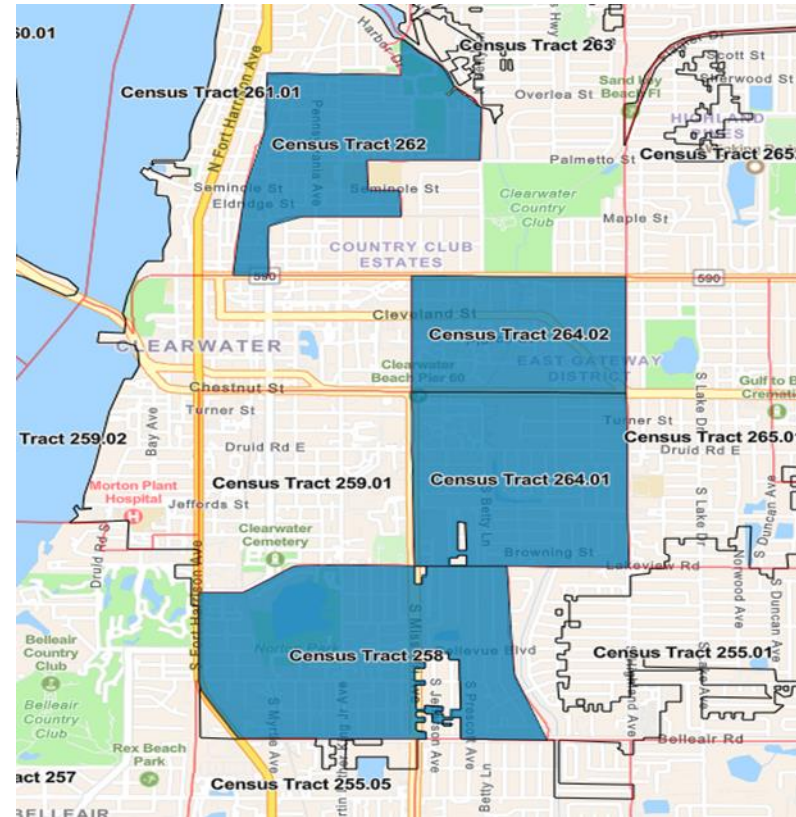
Opportunity Zone Nomination Process and Timeline

- Updated federal eligibility criteria and revised census data required reevaluation of existing Opportunity Zone
 - Existing Downtown Clearwater Opportunity Zone census tracts no longer meet updated federal qualification thresholds
- City ED staff worked with PCED staff to evaluate eligible census tracts based on economic distress indicators, redevelopment potential, and strategic investment opportunities
- (4) census tracts identified and submitted to Florida Commerce for consideration
 - Census Tracts 258, 262, 264.01, and 264.02
- More than 500 nominations were submitted statewide
 - Making the process highly competitive



Selected Census Tracts Overview

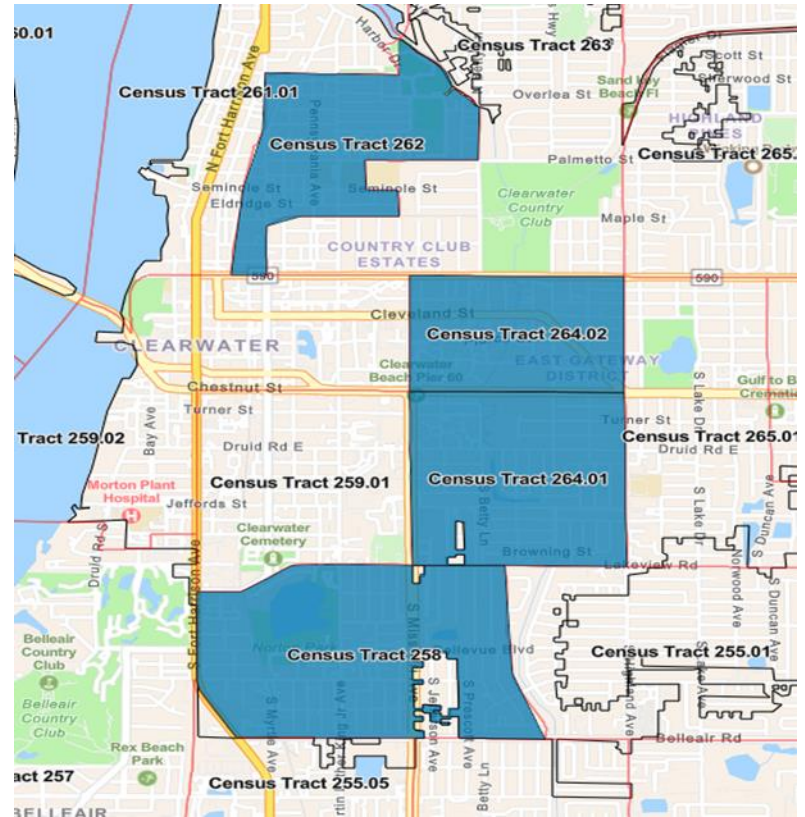
- Census Tract 258: includes Ross Norton Park Area
- Census Tract 262: includes the majority of the North Greenwood Area
- Census Tract 264.01: bordered on the north by Court Street, to the east by South Highland Avenue, to the south by Lakeview Avenue, and to the west by S. Missouri Avenue
- Census Tract 264.02: includes Downtown Gateway area



Selected Census Tract Overview

Census Tract Eligibility and Selection Factors

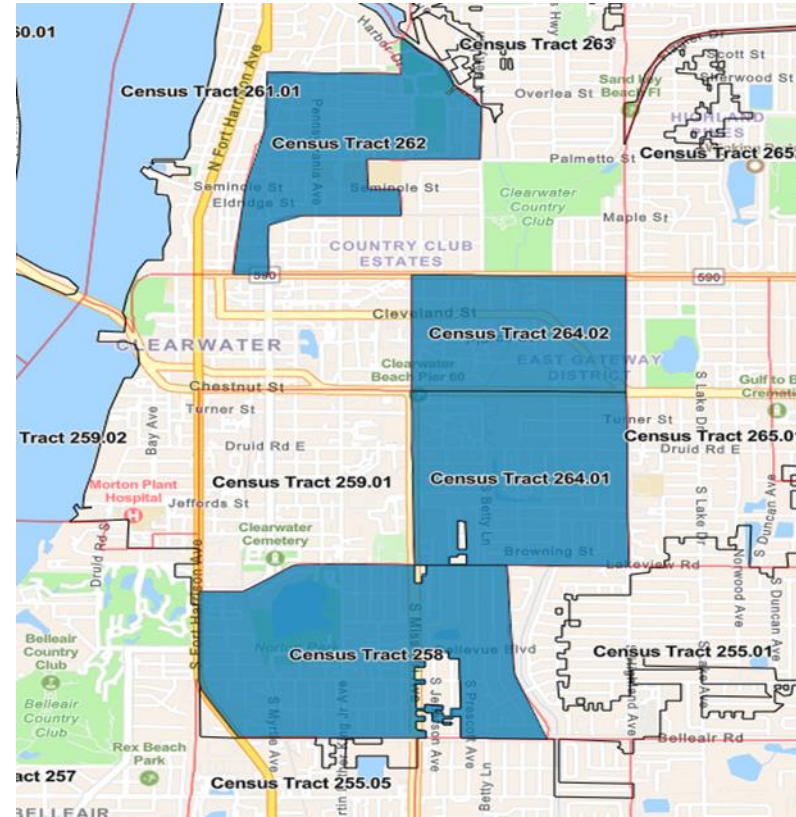
- Poverty and income thresholds
- Median household income disparities
- Economic distress indicators
- Workforce and housing challenges
- Transportation and mobility considerations
- Redevelopment and investment potential
- Infrastructure planning and community needs
 - Data Sources: US Census Bureau, American Community Survey (ACS), ESRI, and related data sets – Pinellas County Economic Development



Potential Opportunity Zone Investment Areas

- Example proposed projects submitted:
 - The Grove Business Container Village Project
 - Yo Mama's Foods
 - Workforce/Affordable Housing Projects across the (4) Census Tracts
 - City public infrastructure capital improvement projects (over 5 years) across Public Utilities, Public Works etc.

*** Projects are representative of potential investment and redevelopment opportunities associated with the Opportunity Zone (OZ) competitive nomination and redesignation process. Inclusion does not guarantee project approval, funding or OZ designation



Next Steps pending state review and determination

May –July 2026: Florida Commerce and Governor's Office reviews statewide nominations submitted Governor submits final federal recommendation beginning **July 2026**

January 1, 2027: Opportunity Zone 2.0 becomes effective

Transition period allows overlap between existing and new Opportunity Zone designations through **2028**

Future community engagement and project planning would occur if designation is approved



Thank You

Presented by: **Chris Edwards, MBA**

Director-Economic Development and Housing Department

Email: christopher.edwards@myclearwater.com

Phone: 444-7926



CLEARWATER
BRIGHT AND BEAUTIFUL • BAY TO BEACH

