Opportunity Zones

What are opportunity zones?

Qualified Opportunity Zones are a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017. This program encourages new, long-term investment in property or businesses in specific areas around the City through federal tax incentives for investors. To take advantage of the program, investors must reinvest new capital gains into Qualified Opportunity Funds which are spent in Qualified Opportunity Zones.

What are capital gains?

A capital gain happens when you sell something for more than you bought it for. Buy a used car for $1,000 and sell it for $2,000 a week later, and you have a $1,000 capital gain—same as if you bought stock for $1,000 and sold it for $2,000. Just about everything you or a company owns qualifies as a capital asset that could create a capital gain— whether it as an investment, such as stocks or property, or was bought for personal or company use, such as a car or a big-screen TV.

How do investors invest in an opportunity zone and what are qualified opportunity funds?

Investments in Opportunity Zones must be made through Qualified Opportunity Funds. There are very few limitations on what kinds of organizations can create and manage an Opportunity Fund, though it must be created as either a partnership or a corporation, and the Fund must be established and managed according to regulations created by the United States Department of Treasury.

What does the Opportunity Zone Program mean for me?

As a Business Owner

If you are a business owner currently in an Opportunity Zone or thinking about relocating to one, the program provides two major benefits:

Attracting Investors – Your location offers potential investors significant tax incentives for investing in your business through Qualified Opportunity Funds, for example, as a repayable loan to purchase new machinery or a long-term equity investment for a share of your business. Whether you chose to set up a Fund, talk to existing investors, or approach other Funds, the program increases the marketability of your business to attract new capital.

Investing in Yourself – If, as a business owner, you or your company has new capital gains, the program and Qualified Opportunity Funds provide a chance to earn the federal tax incentives while making needed investments in your business.

As a property owner

If you are a property owner currently in an Opportunity Zone, the program increases the marketability of your property. Whether it is an investor looking to purchase your house or land, or a business interested in leasing space in your building, this program offers significant benefits you should be aware of:

Investors – For the person or company looking to purchase your property, they are able to gain the federal tax benefits by making the purchase through a Qualified Opportunity Fund, increasing the value of the investment in your property.

Tenants – For the business interested in leasing space from you, they are able to attract and make investments from Funds due to their location in an Opportunity Zone, increasing the marketability of their business.

As an Investor

If you are investing in a property or business in an Opportunity Zone, the program offers three main benefits:

- A temporary tax deferral for capital gains reinvested in an Opportunity Fund.
- A step-up in basis for capital gains reinvested in an Opportunity Fund:
- 10% basis increase if the investment is held for at least 5 years and 15% if held for at least 7 years.
- A permanent exclusion from taxable income of capital gains from the sale or exchange of a qualified fund investment if it is held for at least 10 years.

https://www.columbus.gov/Business-Development/Economic-Development/Site-Selection-Webpage

Columbus Neighborhood Commercial Revitalization Areas (NCRAs)

Columbus Neighborhood Commercial Revitalization Areas (NCRAs) are designated zones where the city provides targeted support—including loans, matching grants, and technical assistance—to enhance local business districts and infrastructure. Key areas include Greater Linden, Hilltop, King/Lincoln, and Main Street, often partnering with local business associations to foster economic growth and improve aesthetics.

Key Columbus NCRA Locations

- **Greater Linden:** Focused on bolstering commercial activity along major corridors.
- **Hilltop:** Targeting investments in West Columbus business areas.
- **King/Lincoln:** Revitalizing historically significant commercial corridors.
- **Main Street:** Supporting business density in this key corridor.

Support Offered

- **Facade Grants:** Matching grants to enhance the exterior appearance of businesses.
- **Technical Assistance:** Help with business planning, marketing, and navigating city services.

- **Capital Improvements:** Public investments in streetscaping, lighting, and pedestrian-friendly improvements.
- **Partnerships:** The city works closely with organizations like the Columbus Association of Neighborhoods to manage these efforts.

These initiatives are distinct from, but often complement, Community Reinvestment Areas (CRAs) that offer tax incentives for development.

Infrastructure Improvement

Office of Infrastructure Investments

INFRASTRUCTURE INVESTMENTS

Private investment is a key component of the City of Columbus's economic prosperity. New commercial and residential development, neighborhood revitalization and corporate expansion projects often require the support of new or improved public infrastructure. The Office of Infrastructure Incentives offers access to a variety of funding sources that can assist with financing the cost of public infrastructure improvements.

Available Incentives

• Capital Improvement Funds: Funds from the City's Capital Improvement Budget used to assist with the cost of public infrastructure improvements required to support new commercial development projects.

• Tax Increment Financing: Funding mechanism used to establish incentive areas wherein all new property tax revenues generated as a result of new improvements are captured and re-invested to benefit or serve that same area. Payments derived from the increased assessed value of any improvement to real property beyond the base value are directed towards a separate fund to finance the construction of public infrastructure defined within the TIF legislation. For more information regarding Tax Increment Financing please visit https://development.ohio.gov/business/state-incentives/tax-increment-financing

https://gis.columbus.gov/zoning/

https://gis.columbus.gov/csir/

https://www.columbus.gov/Business-Development/Building-Zoning-Services/Frequently-Asked-Questions

https://www.columbus.gov/Business-Development/Economic-Development/Planning-Division

https://www.columbus.gov/Business-Development

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