

# SUBMITTAL OF THE STOCKTON OPPORTUNITY ZONES 2.0 PRIORITIZATION LIST TO THE CALIFORNIA STATE GOVERNOR

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CITY COUNCIL MEETING  
JULY 7, 2026  
ITEM 10.3

# What are Opportunity Zones?

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- Opportunity Zones 2.0 program signed into law July 4, 2025 (One Big Beautiful Bill Act)
- Only 25% of low-income qualified census tracts may be designated by each state
- The Governor selects the census tracts to submit to Treasury
- Intended to spur long-term private sector investments in low-income communities
- Provides an incentive to invest in distressed communities through deferment and reductions in capital gains taxes

# What are Opportunity Funds?

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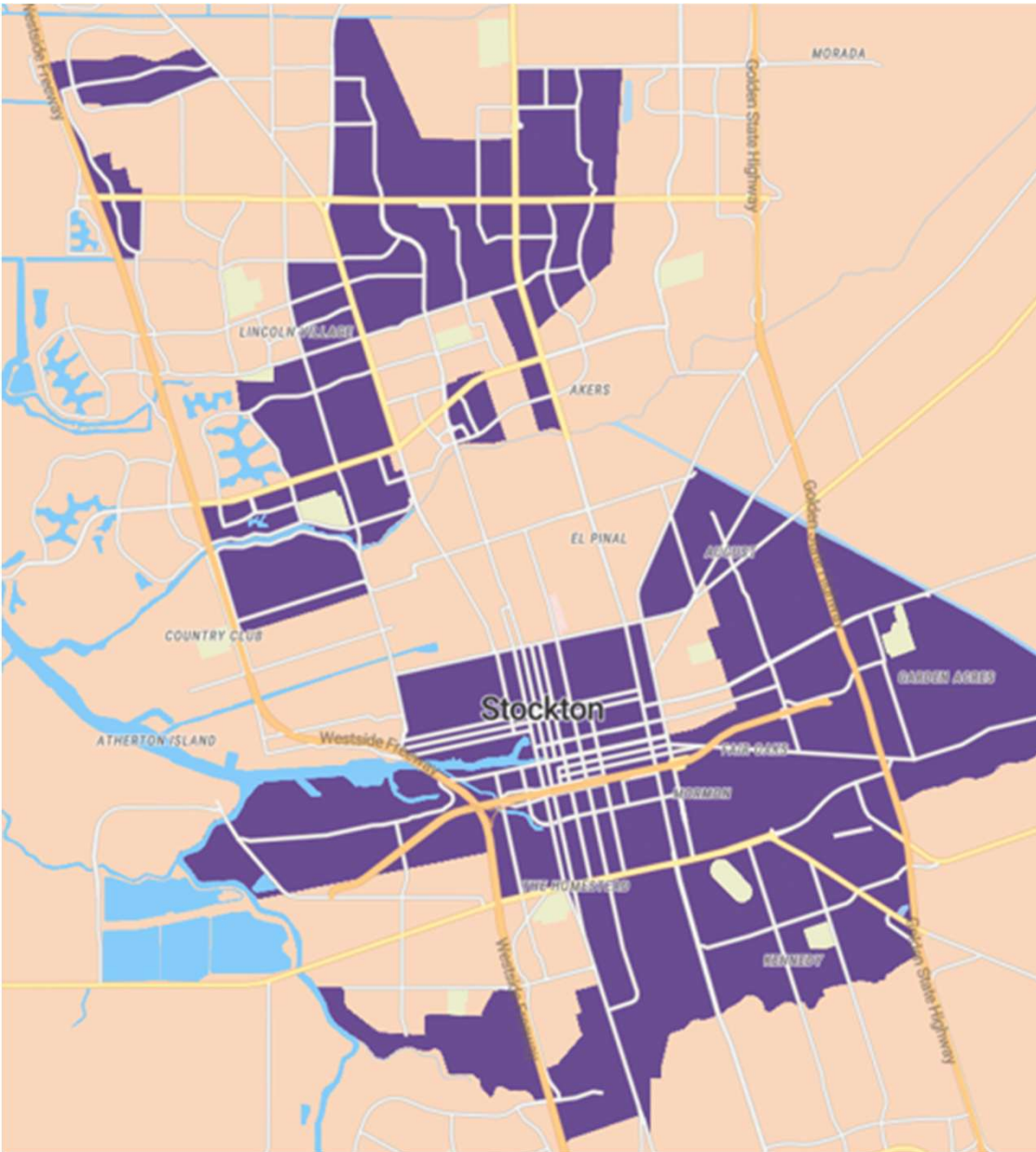
- In order to take advantage of the Opportunity Zone tax incentive, an investor must make investments through a Qualified Opportunity Fund (QOF)
- Opportunity Funds are investment vehicles organized as corporations or partnerships that hold at least 90% of their assets in a qualified Opportunity Zone business property
- Parties interested in establishing an Opportunity Fund could include: banks, venture capital partnership, angel investor groups, multi-family developers, philanthropies, and Community Development Financial Institutions (CDFI)

# Investor Incentives

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- An investor can defer capital gains taxes for five years by reinvesting capital gains in a Qualified Opportunity Fund (QOF)
- If the QOF investment is held for at least five years, the investor's basis increases by 10% of the deferred gain
- If held for at least ten years, the investor may elect to adjust the basis of the QOF investment to its fair market value, effectively eliminating federal capital gains tax on appreciation generated within the fund

# Eligible Census Tracts Designated by the U.S. Department of the Treasury

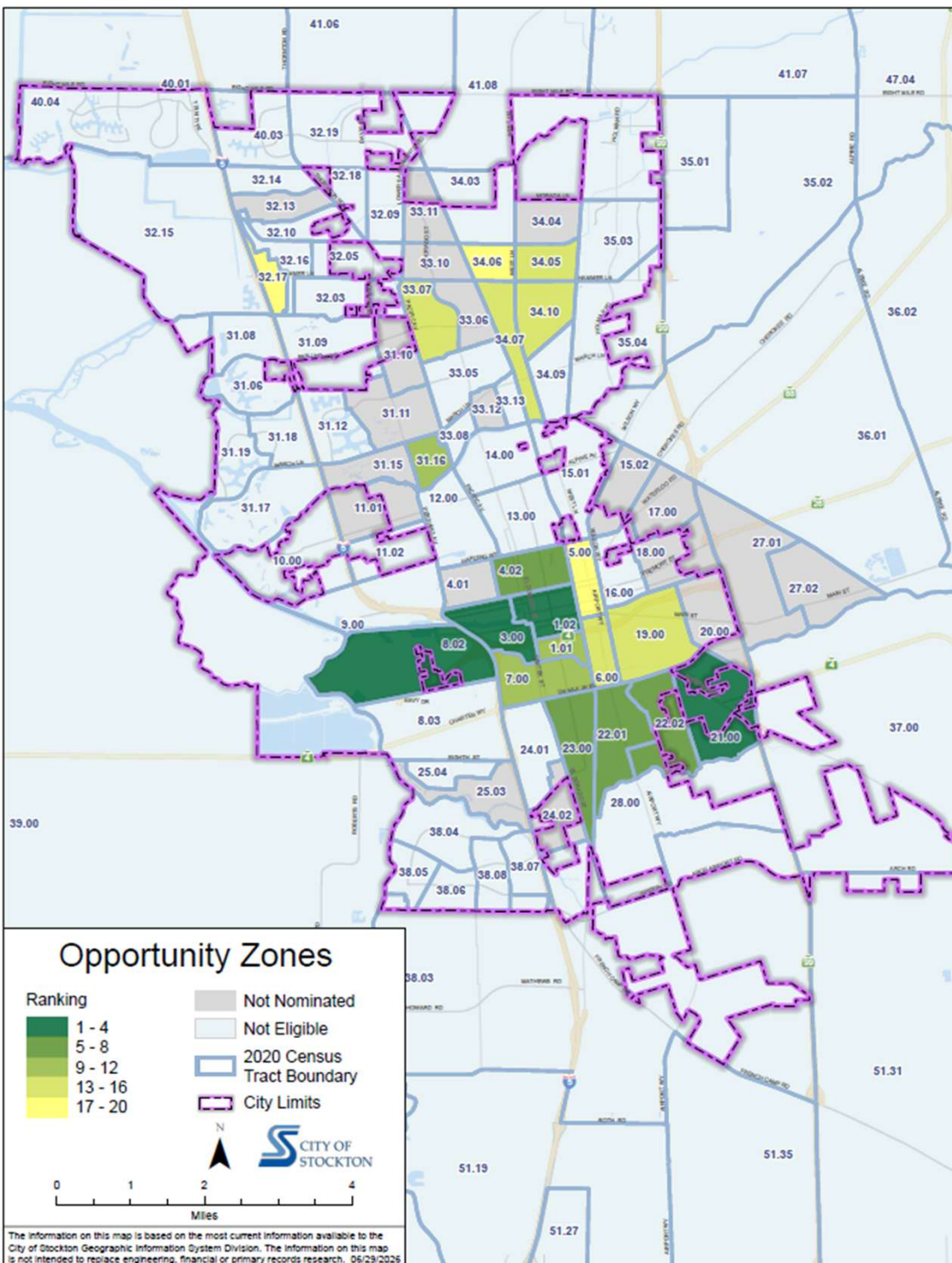


# Governor's Census Tract Nomination Priorities

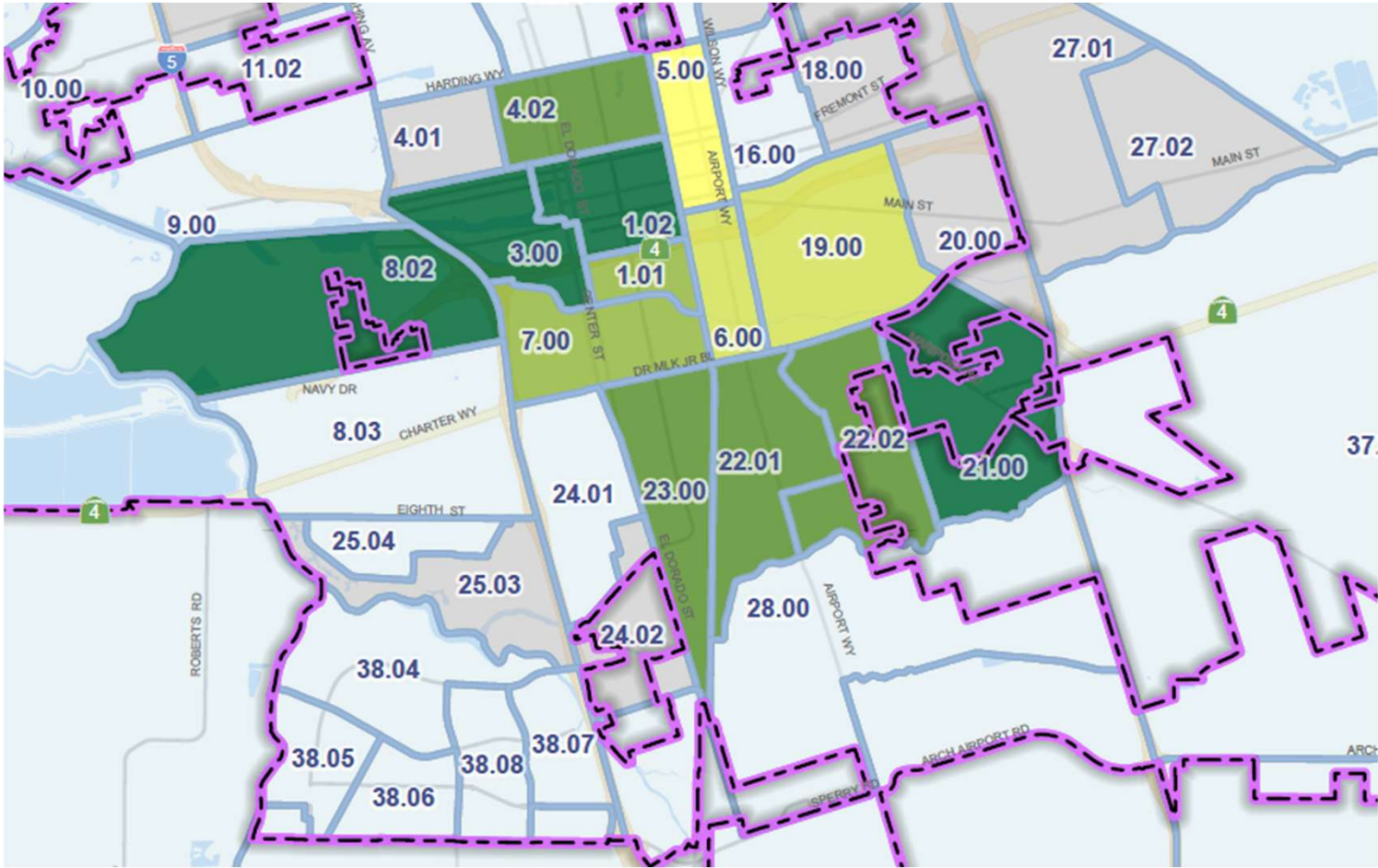
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- Advancing California Jobs First
- Attracting private investment in affordable housing aligned with stated Regional Housing Needs Assessment (RHNA) goals
- Inclusion of “shovel-ready” sites
- Public investment (demonstrated or planned) within the census tract

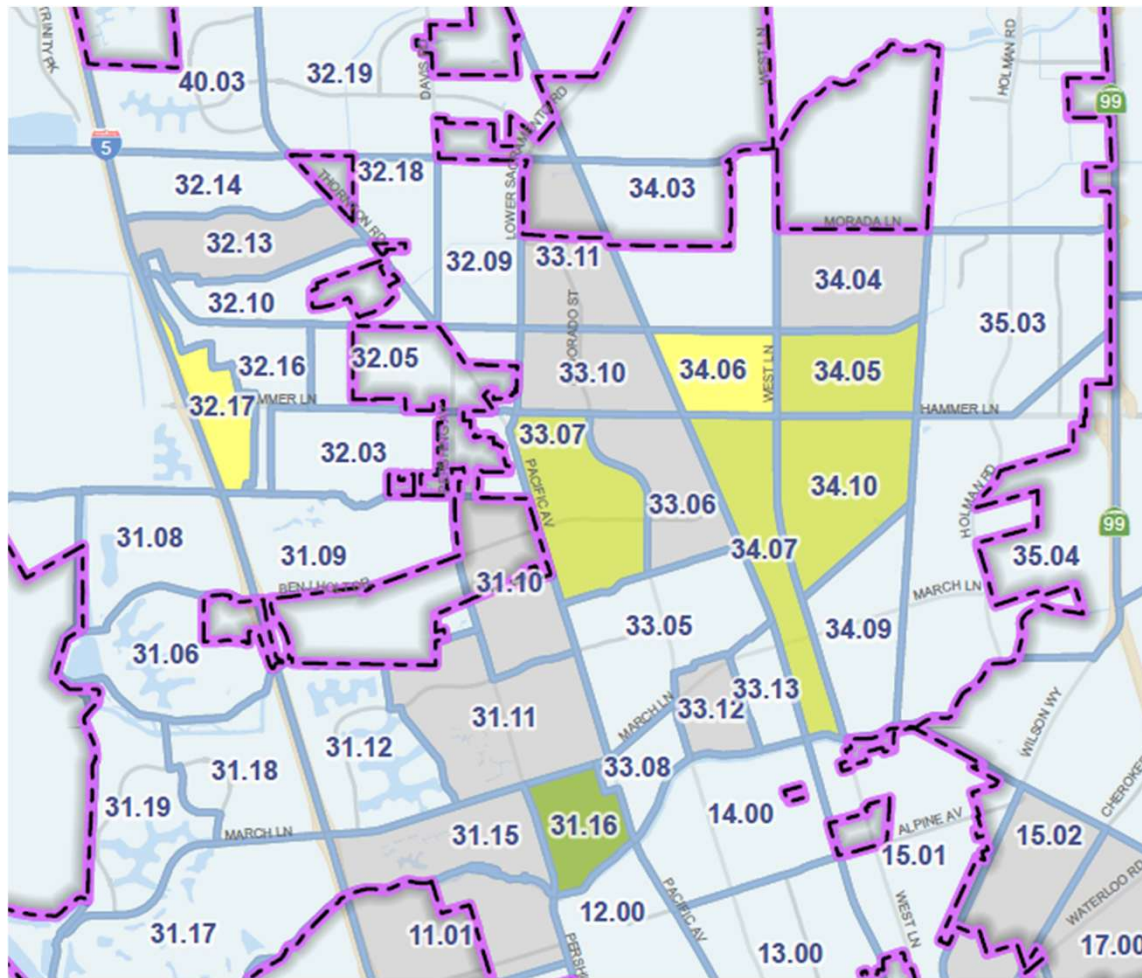
# Opportunity Zones 2.0 Nominations



# Downtown and South Stockton Nominations



# North Stockton Nominations



# Recommendation

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It is recommended that the City Council approve a motion:

1. Authorizing the City Manager, or designee, to submit the Stockton Opportunity Zones 2.0 Prioritization List to the California State Governor; and
2. Authorizing the City Manager to take necessary and appropriate actions to carry out the purpose and intent of the motion.