



Opportunity Zone Map

Helping Our Region Prioritize

Section 1: Strategic Context for OZ Reauthorization

What Are Opportunity Zones?

Opportunity Zones (OZs) are a federal tax incentive designed to encourage private investment in economically distressed communities. The first iteration of the program was created as part of the Tax Cuts and Jobs Act (TCJA), signed into law on December 22, 2017. Opportunity Zones allow investors to defer and reduce capital gains taxes by reinvesting those gains into Qualified Opportunity Funds that deploy capital in designated low-income census tracts. The first Opportunity Zones were designated in April 2018, ultimately encompassing 8,764 tracts across the 50 states, D.C., and U.S. territories.

The full map is available here:

[SWPA Hub Opportunity Map \(ArcGIS Online\)](#)

What Happened with OZ 1.0?

The first round of Opportunity Zones mobilized an estimated \$100 billion in private capital. However, evidence on community-level outcomes has been mixed. Research has found little to no effect on the employment, earnings, or poverty rates of zone residents, as little to no tracking of the first round of OZs took place. What is clear is that the vast majority of OZ 1.0 investment went into real estate. Roughly 75% of OZ capital was directed toward real estate development, particularly multifamily housing, while less than 2% of equity in Opportunity Funds was invested in operating businesses ([Novogradac](#)). Housing construction increased an estimated 70% in designated areas, producing more than 416,000 new residential addresses nationwide ([Economic Innovation Group](#)).

Why Are Opportunity Zones Back? The One Big Beautiful Bill Act

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law, permanently extending and restructuring the Opportunity Zone program. Under the OBBBA, the program is now a permanent feature of the tax code, with governors proposing new designations every 10 years and the Treasury Secretary certifying them. The first new OZ designations under this framework can be nominated during a 90-day period starting July 1, 2026.

Key changes under the OBBBA include a stricter median family income test for tract eligibility, the elimination of the “contiguous tract” rule that previously allowed governors to designate higher-income tracts adjacent to qualifying ones, a new anti-gentrification trigger that disqualifies tracts where median family income exceeds 125% of the applicable area median. Also included is an enhanced incentive for rural Opportunity Zones with a 30% basis step-up after a five-year holding period, compared to just 10% for non-rural zones.

Constricted Designations

The stricter eligibility criteria mean significantly fewer tracts will qualify in the new round. In Pennsylvania, eligible OZ tracts constrict by 26.7%, a steeper decline than the national average. This means the state will have fewer designation slots and need to be more strategic about which tracts they put forward.

The Rural Advantage — and Its Limits

Under the reauthorization framework, rural tracts receive the enhanced 30% basis step-up, creating a meaningful incentive to designate rural tracts. However, investment in deeply rural areas remains unlikely in practice. The step-up alone may not be enough to attract capital to tracts with limited development infrastructure.

Housing Will Be the Primary Use Case

The first round of Opportunity Zone activity was dominated by housing development, and the same pattern is anticipated this time around. Ohio was one of the only states that tracked project-level reporting on Opportunity Zones, and an [Urban Institute](#) analysis of the investments shows”

“Residential development was the dominant project type, accounting for 64 percent of OZ capital, followed by commercial (20 percent) and industrial (6 percent) projects. Mixed-use and multifamily rental housing made up the bulk of residential investments.”

Ideally, prioritized tracts will be a strong fit for the project types most likely to attract OZ capital; multi-family housing, student housing, or senior housing.

Striking the Right Balance

The effectiveness of an Opportunity Zone is due to private investment, which, no matter how many incentives are offered, will not flow into an area that is high risk or offers little to no return on investment. Designating OZs in areas that will already see investment is a waste of an incentive; designating a disinvested tract that has low growth and little infrastructure will not make it competitive. This map and the recommended tracts are an attempt to use data to identify places that are well-positioned for investment but discretion and knowledge of local economic conditions should be considered.

Section 2: Methodology

Seedling Communities

The SWPA Hub, in partnership with the Regional Industrial Development Corporation (RIDC) and Steel Rivers Council of Governments, has created an Opportunity Zone map that shows potential Opportunity Zone census tracts identified by the IRS and layers them with eligibility for New Markets Tax Credits overlaid with a score of economic potential that identifies tracts as “Seedlings.” The map legend shown below separates tracts into categories that show varying layers of eligibility.

New Market Tax Credit Eligible

The New Markets Tax Credit (NMTC) program, administered by the U.S. Treasury's CDFI Fund, encourages private investment in low-income communities by providing investors a 39% federal tax credit over seven years (5% annually for three years, 6% for the final four). This gap financing supports projects like manufacturing, healthcare, and schools. ([Tax Policy Center](#))

NMTCs work well with OZs, though utilization of them is complex and best suitable for larger scale projects.

Legend

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Understanding the Map

Group A (Tracts are Rural, OZ-eligible, NMTC-eligible, and in Seedling communities)



Group B (Tracts are Rural, OZ-eligible, and NMTC-eligible)



Group C (Tracts are Rural and OZ-eligible)



Group D (Tracts are not rural, OZ-eligible, NMTC-eligible, and in Seedling communities incl. PGH tracts)



Group E (Tracts are not rural, OZ-eligible, and NMTC-eligible)



Group F (Tracts are not rural, OZ-eligible, NOT NMTC-eligible, and in Seedling communities)



Group G (Tracts are not rural, OZ-eligible, NOT NMTC-eligible)



Current Opportunity Zones



Group A Tracts (**Dark Pink**) can take most advantage of the benefits of OZs. They are rural, eligible for New Market Tax Credits, and meet the requirements to be labeled as a Seedling Community - that is, they are both distressed and poised for investment. In a perfectly functioning environment where OZs generate investment and NMTC are utilized, this tract would be best positioned to absorb the benefits of an OZ designation.

Group B Tracts (**Light Purple**) are rural, OZ-eligible, and NMTC-eligible but not located in Seedling Communities. They have not met the conditions for either distress or potential to be labeled as Seedling Communities. Note that this may mean they are either more distressed or more competitive, and/or they do not meet the Seedling population criteria.

Group C Tracts (**Crosshatch Dark Purple**) are Rural and OZ-eligible.

Group D Tracts (**Bright Green**) are not rural but are NMTC-eligible and also Seedlings. This includes tracts within the City of Pittsburgh that have been identified as Seedlings with tract-level data.

Group E Tracts (**Seafoam Green**) are NMTC-eligible, but not rural and not Seedling. Note that this may mean they are either more distressed or more competitive.

Group F Tracts (**Turquoise**) are tracts that meet the conditions for Seedling Communities but that are not NMTC-eligible, and not rural.

Group G Tracts (**Pale Blue**) are not rural, not Seedling, and not NMTC-eligible. They are OZ-eligible.

Current Opportunity Zones are shown in a beige color.

Appendix 1: Data Sources

Current Opportunity Zones

https://hudgishud.opendata.arcgis.com/datasets/HUD::opportunity_zones/explore?location=40.412113%2C-79.762077%2C9.66

New Market Tax Credit

2016-2020 ACS Low-Income Communities and Distress

- Deep Distress or High Migration Rural County and
- Severe Distress or Non – Metropolitan

<https://www.cdfifund.gov/documents/geographic-reports>

Eligible Opportunity Zones 2025

[Eligible Opportunity Zones 2025 - Economic Innovation Group](#)

Appendix 2: Seedling Communities Methodology

Overview

The “Seedling Community” designation was developed by Sophie Beacom, Economic Development Specialist at RIDC to identify Pennsylvania municipalities that exhibit both economic distress and latent growth potential. The analysis produces two composite scores for each municipality, enabling stakeholders to distinguish between communities that are simply distressed and those that show signs of capacity for future improvement.

Economic Distress Score

The Economic Distress Score compares the relative economic condition of Pennsylvania municipalities using primarily 2023 public data. It combines income, education, employment, housing vacancy, poverty, and long-term population change into a single standardized index. Each factor is converted to a z-score, showing how far a municipality is above or below the statewide average. Scores range from -3 (more distressed) to +3 (more prosperous).

Factor	Indicator	Source	Source Detail
Income	Median household income	2023 U.S. Census Bureau (ACS 5-Year)	Table S1901
Education	% of population (25+) without a high school diploma	2023 U.S. Census Bureau (ACS 5-Year)	Table S1501
Employment	Unemployment rate	2023 U.S. Census Bureau (ACS 5-Year)	Table S2301
Housing	Residential vacancy rate	2023 U.S. Census Bureau (ACS 5-Year)	Table B25002
Poverty	% of population below poverty level	2023 U.S. Census Bureau (ACS 5-Year)	Table S1701

Population Change	Absolute & % change since 1970	ACS 5-Year; IPUMS NHGIS	S0101; CBC001
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Growth Potential Score

The Growth Potential Score reflects a municipality's capacity for future improvement. It combines change in economic distress between 2019 and 2023 with 2023 school district performance (graduation and test proficiency). Components are standardized across Pennsylvania municipalities and averaged into a composite score ranging from -3 (least potential) to +3 (most potential).

Factor	Indicator	Source	Source Detail
Economic Improvement (2019–2023)	Change in Economic Distress Score	Economic Distress/Prosperity Score	Difference between 2019–2020 avg. and 2022–2023 avg.
School District Health (2023)	Avg. graduation rate & test proficiency	PA Department of Education	2023–2024 Cohort Graduation Rates; 2023 Keystone Exam Data

All indicators were converted to z-scores using all Pennsylvania municipalities as the reference universe. Indicators within each index were equally weighted and averaged into a composite score. The Economic Distress/Prosperity Score reflects current relative economic conditions (2023). The Growth Potential Score emphasizes recent trajectory (2019–2023) and school district quality (2023).

Seedling Community Data Dictionary

GIS Field Name	Field Description
GEOID_1	GEOID (used for join)
C_GEOID	County GEOID
C_NAME	County name
MUN_NAME	Municipality name
MUN_TYPE	Municipality type (i.e. borough/township)
POP	Population
AREA	Area (square miles)
POP_DENS	Population per square mile
Distress Index 2023	Composite Z-score from 2023 Census ACS data. -3 = worst economic health. 3 = best economic health.
Potential Index 2023	Composite Z-score from 2023 Census ACS & PA Dept of Education data. -3 = no latent potential. 3 = lots of latent potential.
SCHOOL_IND	School district quality index: Z-score based on average test scores and graduation rates
IMP_IND	Improvement index: Z-score based on improvement in Distress Index between 2019 and 2023
Distress Index 2023 REVERSED	Reversed version of Distress Index. -3 = best economic health, 3 = worst economic health.