

The Geographic Spread of Opportunity Zone Capital

Lessons from Ohio for Governors in Advance of Zone Selection

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The One Big Beautiful Bill Act of 2025 charges governors with picking a new round of Opportunity Zones (OZs) from eligible census tracts—important because OZs have become the nation’s largest economic development program (Theodos et al. forthcoming; Theodos, Evans, and Meixell 2019). Governors’ selections should be informed by lessons from the first round of OZs. However, little is known about where OZ investment goes nationally because of limited federal reporting requirements. Fortunately, some insights can be gleaned from Ohio. The state’s tax incentive for OZ investments within its borders requires applicants to provide basic transaction-level data.¹

We analyzed these data to see where OZ dollars are flowing, what these trends say about the OZ program, and what lessons governors can keep in mind as they select the next round of Opportunity Zones by July 2026. Our key findings were as follows:

- Only 33 percent of Ohio’s designated OZs received investment between 2020 and 2024.
- OZ investment was concentrated in a few zones, with 60 percent of funds going to only 2 percent of designated and funded tracts.
- Cleveland and Columbus metro areas received a disproportionate share of investment. Micropolitan, rural, and other metropolitan areas received much smaller shares.
- OZ investment disproportionately went to Opportunity Zones that already had a high density of jobs, a growth in higher-educated populations, and an increase in housing appreciation before the program.
- Of invested tracts, 71 percent were tracts designated as OZs and 29 percent were tracts that were not OZs.

These data points suggest that governors should keep the following in mind when selecting OZs:

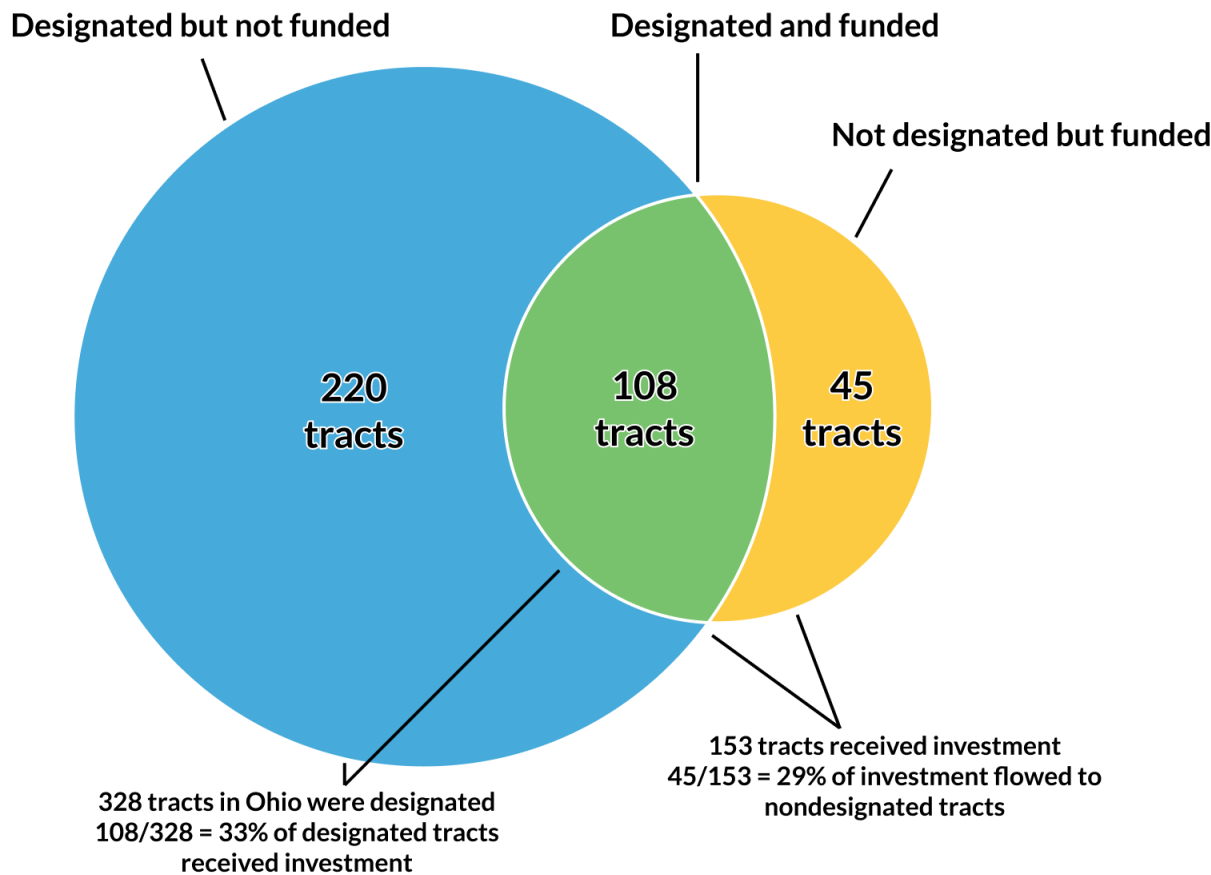
- Designation alone does not guarantee a neighborhood will see any OZ investment—investors tend to eschew the least lucrative zones.
- Conversely, investors will place ample resources in high-job, high-rental, high-income tracts—but these tracts may not need subsidy.
- To maximize benefit to their state, governors should seek Goldilocks tracts that are adequately attractive to investors and in need of support.

Ohio’s Opportunity Zone Investment Is Concentrated in Relatively Few Tracts

In 2018, Ohio’s governor nominated, and the US Treasury designated, 320 census tracts in the state (328 with 2020 census tract designations, see note in figure 1 below). Since the law requires only 90 percent of an Opportunity Zone Fund’s capital to flow into designated tracts, nondesignated tracts can also receive tax-advantaged investment. In total, 153 tracts in Ohio received OZ investment between 2020 and 2024.² Of invested tracts, 71 percent were

tracts designated as OZs and 29 percent were tracts that were not OZs.³ Of the originally designated Opportunity Zones, just 33 percent received any investment between 2020 and 2024.

FIGURE 1
One-Third of Ohio’s Opportunity Zones Received Investment between 2020 and 2024
Opportunity Zone designation and investment status for Ohio census tracts (2020 tract boundaries)



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Source: Authors’ analysis of Ohio Opportunity Zone data.

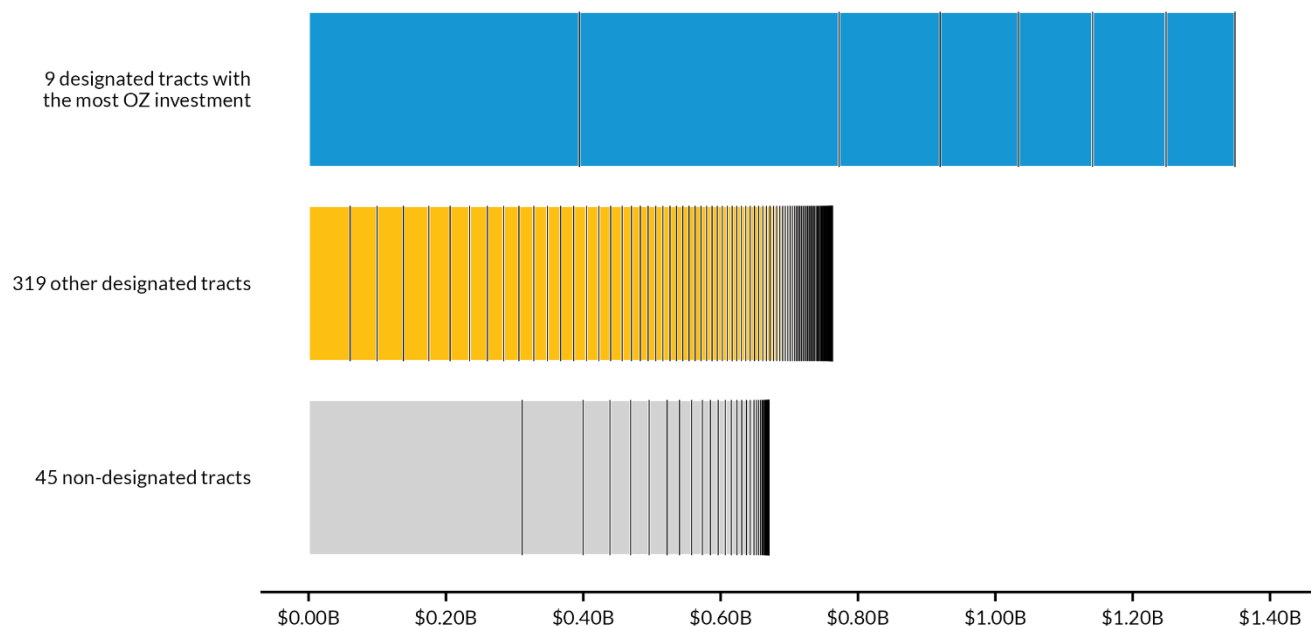
Note: All 2010 tract boundaries and designations were cross-walked to 2020 to account for changes to boundaries made in the 2020 Census.

Investment was also highly spatially concentrated. Over half of the state’s OZ investment went to only nine designated OZs, and over 75 percent of investment was concentrated in only 5 percent of tracts. Notably, 2 of the 10 tracts with the greatest amount of OZ investment were not designated OZs (figure 2).

FIGURE 2

Over Half of Ohio's Opportunity Zone Investment Is Concentrated in Nine Designated Opportunity Zones

Ohio Opportunity Zone investment by designation status and relative investment level



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Source: Authors' analysis of Ohio Opportunity Zone data.

Notes: OZ = Opportunity Zone. All 2010 tract boundaries and designations were cross-walked to 2020 to account for changes to boundaries made in the 2020 Census.

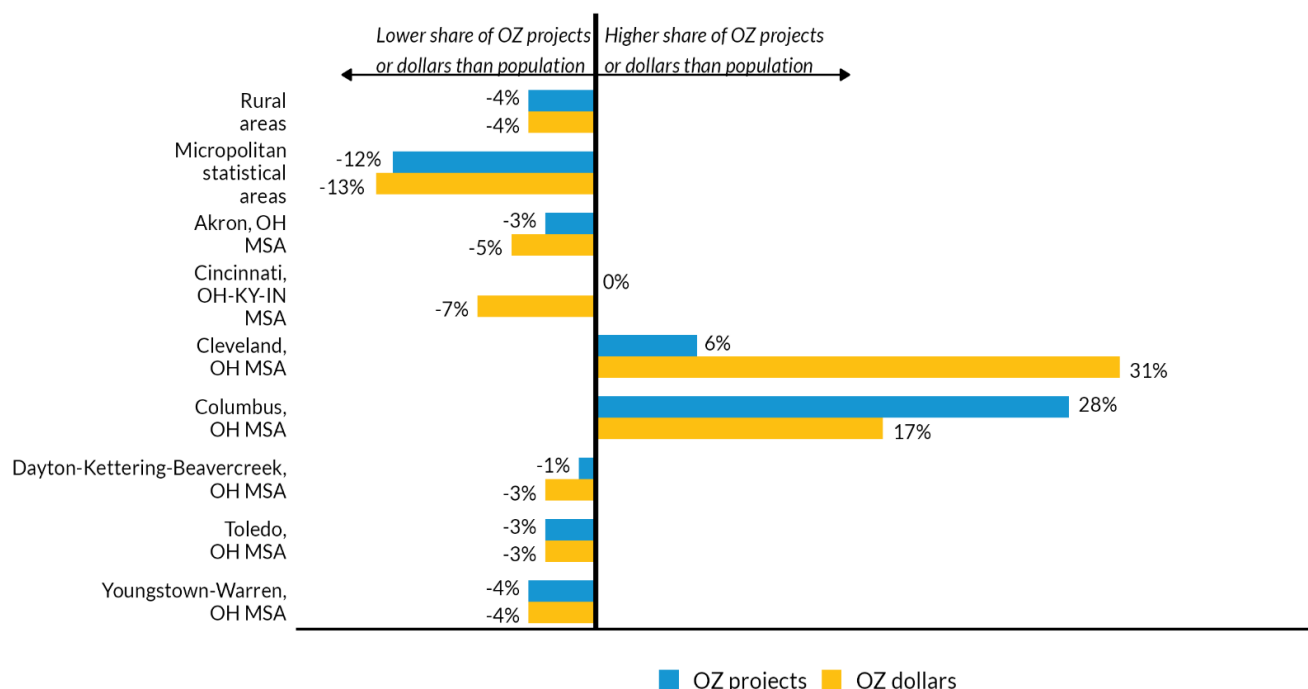
Micropolitan, Rural, and Small Metropolitan Areas in Ohio Struggle to Attract OZ Investment

Although 18 percent of the state's population and 17 percent of its designated OZs are in rural and micropolitan areas, these regions account for only 4 percent of the OZ projects and 1 percent of total investment. While metropolitan areas received the bulk of investment, not all received a sizeable share. Cleveland and, to a lesser degree, Columbus, received disproportionately large shares of investment relative to their share of the population. The Cleveland metro area is home to 18 percent of Ohio's population but received 24 percent of the state's OZ projects (6 percentage points more project share than population share) and 49 percent of the state's OZ dollars (31 percentage points more dollar share than population share; figure 3). Smaller metropolitan areas, such as Youngstown, Toledo, Akron, and Dayton, also received a lower share of OZ investment compared with their population (figure 3).

FIGURE 3

Cleveland and Columbus Attracted Significant OZ Investments, with Other Geographies Underrepresented

Share of Ohio's OZ investments and projects compared with the share of the population, by geography



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Source: Authors' analysis of Ohio Opportunity Zone data and 2019–23 American Community Survey data.

Notes: OZ = Opportunity Zone; MSA = micropolitan statistical area. All 2010 tract boundaries and designations were cross-walked to 2020 to account for changes to boundaries made in the 2020 Census. For MSAs that extend into neighboring states, only the population residing in Ohio was considered for these calculations.

Opportunity Zone Dollars Mostly Flow to Jobs-Dense Neighborhoods with Growing Higher-Educated Populations and Appreciating Housing

Before the OZ program began, neighborhoods that ultimately received OZ investment had, on average, significantly higher home values than neighborhoods that ultimately were designated OZs but did not receive investment. Tracts that received OZ capital (including those that were not designated) also had higher median rents and incomes than designated tracts without OZ investment. Reflecting the program's focus on multifamily housing, OZ-invested tracts tended to have lower homeownership rates and higher rental rates. Notably, tracts that drew OZ investment were far denser in jobs than designated tracts that lacked OZ investment (table 1).

The differences between tracts with and without investment are striking, but their changes before the OZ program were even more pronounced. Investors were much more likely to make investments in appreciating, growing neighborhoods, which allow for maximized returns. Before the OZ program began, in the time frames between 2006 and 2010 and 2013 and 2017, the average tract receiving OZ investment experienced dramatic increases in home prices (16 percent), in median rent (13 percent), and in median household incomes (30 percent). Tracts receiving OZ investment had experienced a sizable population increase in the years prior (8 percent), driven by an influx of those with at least a bachelor's degree, which increased by 50 percent. In stark contrast, OZs that received no investment began the program with declining median rent (-2 percent), median home prices (-15

percent), median household incomes (-2 percent), and population levels (-3 percent), while bachelor's degree holding was up 29 percent (table 1).

TABLE 1

Changes in Characteristics of the Average Ohio Census Tract before Designation

Weighted by dollars of OZ investment

	2013–17 ACS			Percent Change from 2006 to 2010 ACS and 2013 to 2017 ACS		
	All census tracts in Ohio	Tracts with OZ investment	OZs with no investment	All census tracts in Ohio	Tracts with OZ investment	OZs with no investment
Total population	4,263	2,520	3,483	2%	8%	-3%
Percent Asian	2%	3%	2%	0%	50%	100%
Percent Black	16%	32%	30%	7%	-9%	0%
Percent Latino	4%	10%	4%	33%	25%	0%
Percent white	78%	56%	64%	-3%	-3%	-2%
Poverty rate	17%	33%	28%	13%	-8%	4%
Unemployment rate	8%	11%	12%	33%	0%	33%
Percent bachelor's degree or higher	18%	24%	9%	39%	50%	29%
Homeownership rate	64%	26%	48%	-6%	-10%	-8%
Median household income	\$67,829	\$49,355	\$44,480	1%	30%	-2%
Median gross rent	\$1,006	\$1,011	\$873	2%	13%	-2%
Median home value	\$161,201	\$257,551	\$102,239	-12%	16%	-15%
Number of jobs	1,685	9,424	2,107	3%	5%	2%

Source: Authors' analysis of Ohio Opportunity Zone (OZ) data; US Census Bureau 2010 and 2017 Longitudinal Employer-Household Dynamics (LEHD) Origin-Destination Employment Statistics, and 2006–10 and 2013–17 American Community Survey data.

Notes: ACS = American Community Survey. Dollars are inflation-adjusted to 2024 dollars. All variables except the average number of jobs come from the five-year 2006–10 and 2013–17 ACS data. Data on average number of jobs come from the most recently available one-year LEHD data within each five-year time window. All racial categories refer to individuals of that race who are not of Hispanic or Latino origin.

These Ohio-specific findings dovetail with those from a national analysis by the US Treasury's Office of Tax Analysis, which found that, while tracts with lower median household incomes did receive investment, tracts with investment were more likely to be in counties with higher incomes and educational attainment (Corinth et al. 2025).

What These Findings Mean for Future Opportunity Zone Selection

The OZ incentive was promoted as a way to direct money to small businesses in underinvested communities.⁴ As shown here, OZ investments skew toward a select type of neighborhood. The most attractive zones are in the largest metro areas (Cleveland and Columbus) and in job-rich neighborhoods with high shares of rental housing. These communities also have rapidly increasing education levels, incomes, and real estate values. These results make sense given the OZ incentive rewards investments in appreciating assets. We take a deeper dive into the types of projects drawing OZ investment in a separate brief (Theodos et al. 2025).

The 2025 One Big Beautiful Bill Act makes OZs permanent and allows governors to choose new Opportunity Zones every decade. The legislation seeks to boost rural areas through preferential benefits.⁵ The law also shrinks the number of census tracts that will be eligible for the tax incentive.

The designation of the first round of OZs in 2017 was rushed, and states had little experience to inform their choices (Wessel 2021). The 2025 law gives governors a second chance to pick zones, and they can learn from data on the original set of Opportunity Zones.

It remains to be seen how the preferencing of rural tracts will affect investment flow. Nevertheless, governors should consider how their selections interact with one another. Even selecting just a handful of tracts the market already deems investable (absent incentive) could take away from more at-need areas in their state. Worse yet, would be designating neighborhoods at risk of gentrification, where supercharging an already hot market could create severe displacement pressure. On the other hand, selecting only the most disinvested neighborhoods might draw little to no new investment. Governors should focus on tracts at the tipping point of being market-ready to maximize the benefit of Opportunity Zones within their states.

About the Data

We accessed project-level OZ data from the Ohio Department of Development, which tracks OZ projects that used the state's conforming tax incentive between 2020 and 2024. During data cleaning, we identified substantial duplication across the 2021 and 2022 records, with many projects appearing in both years and often with the same funding amounts. When duplicate entries were found, we retained only one observation per project and kept the record with the higher funding amount if there was a discrepancy.

Notes

- ¹ Some OZ projects in Ohio may not take advantage of the conforming state tax incentive, and as such, they are not included in this analysis.
- ² OZ project-level data is available for 2020–24. The 2021 and 2022 projects were largely duplicated; we retained only one observation per project, keeping the larger funding amount when values differed. See endnote 3 for a description of boundary changes.
- ³ Similarly, Theodos et al. 2025. shows that 71 percent of housing units receiving OZ capital were in designated OZs and 29 percent were in nondesignated tracts.
- ⁴ For example, see the characterization of the program at the May 17, 2018, testimony before the US Congressional Joint Economic Committee: S. Hrg. 115–297, “The Promise of Opportunity Zones,” 115th Cong. (2018), <https://www.congress.gov/event/115th-congress/senate-event/LC58141/text>.
- ⁵ [One Big Beautiful Bill Act](#), H.H. 1, 119th Cong. (2025).

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