



MAPPING THE NEXT OPPORTUNITY

WORCESTER COUNTY'S OZ CHOICES

INTRODUCTION

The Opportunity Zone (OZ) program uses federal tax incentives to encourage private investment in low-income communities and was made into a permanent, decennial program through the One Big Beautiful Bill Act of 2025 (OBBBA). This brief expands upon The Research Bureau's 2019 report [Opportunity Zones in Worcester: Characteristics of Worcester's Designated Areas](#) by shifting attention to the next round of OZ designations and examining all 49 OZ eligible census tracts across Worcester County, including the 26 in the City of Worcester. A map of Worcester County's first-round OZ census tracts is included on page four. Additionally, an accompanying [interactive map](#) provides demographic, economic, tax, and transportation data to help stakeholders evaluate eligible census tracts for the next round of Opportunity Zone designations. While research suggests OZs can attract private investment, their economic benefits have been uneven and often concentrated in large metropolitan areas already experiencing growth.

The Healey-Driscoll Administration is seeking input from municipalities, developers, community organizations, and residents to help inform which eligible census tracts Governor Healey should nominate for OZ designation. The Administration has also created a [2026 Massachusetts Opportunity Zone Program](#) website with general information about OZs. Feedback about OZs and the designation process can be submitted through the [Opportunity Zone 2.0 Municipal Input Form](#), which is open until June 17th. Members of the public can also submit feedback through the [Community Feedback Form](#) on how Massachusetts should approach OZ designation, which will remain available until June 30th.

WHAT ARE OPPORTUNITY ZONES?

The Tax Cuts and Jobs Act of 2017 created the Opportunity Zone tax incentive program as a way of spurring economic growth and job creation in high poverty, low-income communities. The original program offered generous tax incentives for private investors who put their money into any of the 8,764 census tracts designated as OZs across the U.S. In Massachusetts, the first iteration of the program designated 138 Opportunity Zones across 79 municipalities. Worcester County had 20 designated OZ census tracts, six of which were in the city of Worcester. Worcester also created an [Opportunity Zones webpage](#) highlighting these six designated tracts. Notably, the two Clinton census tracts designated as OZs in the first round are not among Worcester County's OZ eligible tracts for this new selection round. The 2018 OZ designated census tracts are scheduled to expire at the end of 2028. This new selection round will determine which census tracts qualify for OZ tax incentives for the 10-year period from January 2027 through December 2036.

Opportunity Zones are census tracts that meet federal low-income eligibility criteria, based on poverty rates or median family income, and are then nominated by governors and certified by the U.S. Treasury Department. Once a tract receives OZ designation, private investors can receive federal tax benefits if they reinvest their capital gains into a Qualified Opportunity Fund (QOF), which then

invests in qualifying property or businesses located in an OZ. QOFs must invest at least 90 percent of their assets in qualified OZ businesses or property to maintain eligibility. These investments can take three forms: ownership interests in an OZ business through stock, ownership interests in an OZ business through a partnership interest, or direct investment in tangible business property located in an OZ. Tangible business property can include assets such as buildings, machinery, and equipment, but does not include intangible assets such as patents, trademarks, and goodwill. For direct property investments to qualify, the property must be located in an OZ and the business must either be the first to use the property or substantially improve it. Certain businesses, including golf courses, country clubs, massage parlors, hot tub or suntan facilities, gambling establishments, and liquor stores are not eligible for OZ incentives.

This federal tax incentive is intended to reward long-term investment through multiple tax exemption paths. Investors can defer taxes on their capital gains for up to five years while their gains are invested in QOFs. If their investment is held for at least five years, then investors receive a ten percent reduction on their deferred capital gains tax liability. If their investment is held for at least ten years, then the capital gains on the original OZ investment itself are exempt from federal capital gains tax. However,



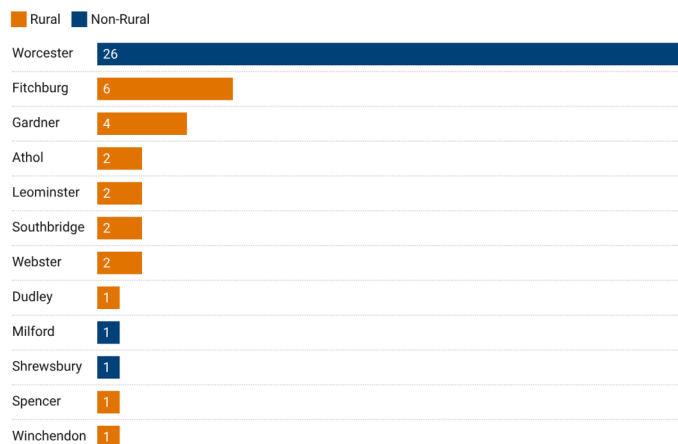
because this benefit depends on the investment appreciating in value, investors still bear the risk that the larger 10-year tax benefit may be limited or never materialize. Ultimately, OZs are a federal tax incentive designed to make certain long-term private investments in low-income communities more attractive.

During the first selection round, rural OZ investment attracted a disproportionately small share of OZ capital investment. According to the Economic Innovation Group, rural areas represented a third of all census tracts but only received a tenth of private investment. Therefore, in this second selection round, there are special incentives for investing in rural eligible OZs. Instead of the standard 10 percent tax deferral, rural investors will receive a 30 percent step-up basis on their capital gains tax liability after five years. The second extra incentive is that the improvement threshold is 50 percent lower in rural tracts than in urban tracts which means that the amount of capital that investors must place into rehabilitating structures, land or equipment in rural OZs is lower.

DO OPPORTUNITY ZONES WORK?

There is limited public data to fully evaluate the economic effectiveness of OZs, especially at the state and local level. The strongest statewide evidence available comes from Ohio. A study by the Urban Institute found that between 2020 and 2024 only 33 percent of Ohio's designated census tracts received an OZ investment. The same study found that 60 percent of OZ investment dollars flowed into just 2 percent of funded tracts, nearly two-thirds of OZ investment supported residential projects, and investment was concentrated in Cleveland and Columbus rather than being evenly distributed across smaller metropolitan and rural areas. The study also found that investment tended

Chart 1: Eligible OZ Census Tracts by Municipality and Rural/Non-Rural Status



Source: *The Urban Institute; WRRB analysis and visualization using Datawrapper.*

to flow into tracts that were already showing signs of strong economic growth before OZ designation. In Worcester, OZ status has been cited as part of the development for several local real estate projects, but available reporting does not clearly show the extent to which OZ incentives directly influenced whether those projects successfully moved forward.

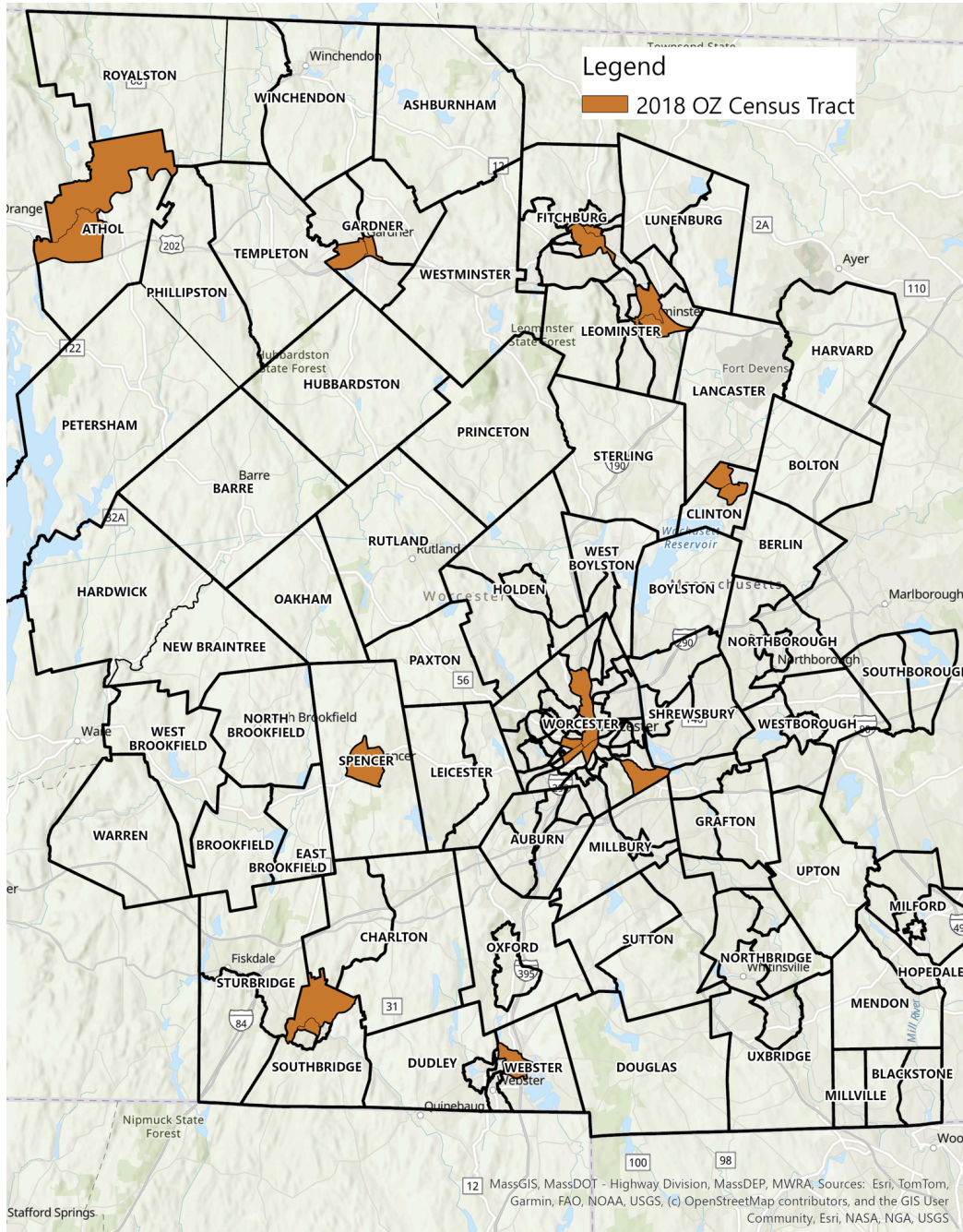
National data tells a similar story. The first iteration of the OZ program did attract significant private investment. By 2020, QOFs reported approximately \$44 billion in OZ investment and by 2022 that total had increased to roughly \$89 billion. However, that investment was not evenly distributed. Roughly half of all designated OZs had not received any investment by 2020 and about 84 percent of total OZ investment went to just 10 percent of designated OZs. The available evidence suggests that OZs can work as a tool for attracting private capital, but they are less clearly proven as a tool for producing broad-based economic growth in distressed communities. Opportunity Zone designation should not be treated as an economic development guarantee. Instead, the designation process should focus on which eligible tracts are most likely to convert OZ status into measurable local benefit.

OZ SELECTION PROCESS

The Healey-Driscoll Administration has indicated it wants to actively engage with communities throughout the state to identify the strongest candidates with eligible census tracts. Beginning on July 1st, Governor Healey has 90 days to nominate 103 eligible census tracts for OZ designation. Opportunity Zone nominations are due to the U.S. Treasury Department by September 28th, and the new OZ map will take effect on January 1st, 2027, and last for ten years. Revisions cannot be made after the approval of the map. In preparation for this designation process, the Governor's office has created the [2026 Massachusetts Opportunity Zone Program](#) website to inform developers and community members of the selection process and to garner feedback before the Administration submits its proposed OZ map in early September. The Administration has invited municipal leaders with eligible tracts to complete an [input form](#) by June 17th which allows municipalities to provide input on their eligible census tracts. Municipal leaders can identify up to three priority census tracts for OZ designation while also providing feedback on additional eligible tracts in their regions. Developers, community organizations, and members of the public can also share their input on how Massachusetts should approach OZ designation by completing this [Community Feedback Form](#). That form will remain open for public comment until June 30th.



Map 2: Worcester County Opportunity Zones, 2018 Designation Round, Effective Through 2028



Source: Map created by the WRRB using data from the Designated Qualified Opportunity Zones Under Internal Revenue Code §1400Z-2



If you enjoyed this brief, or are interested in the topic, use the QR code or click the link to use the dashboard: [Mapping the Next Opportunity: Worcester County's OZ Choices](#).

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