



## **Increasing Housing in Opportunity Zones**

### **Background**

Opportunity Zones are a federal tax incentive designed to encourage private investment in low-income communities. Investors can reinvest capital gains into designated neighborhoods and receive tax benefits in return.

These investments often support housing development, rehabilitation of vacant properties, and local businesses. The program is designed to promote long-term investment and real economic activity, not short-term speculation.

Opportunity Zones exist in thousands of communities across the country, with states responsible for selecting which areas qualify. While private investment plays a major role, federal housing programs administered by the Department of Housing and Urban Development (HUD) remain an important tool for expanding and preserving housing in these areas.

### **About the Legislation**

#### **The Increasing Housing in Opportunity Zones Act:**

- Authorizes HUD to give priority when awarding competitive housing grants related to the construction, rehabilitation, or preservation of housing.
- Applies only to grants chosen by HUD as “covered grants.”
- Preserves full flexibility for HUD by making the priority optional, not mandatory.
- Ensure federal housing dollars can better support housing development in communities targeted for long-term investment.

*This provision was included as Section 202 of the ROAD to Housing Act, a broader legislative package led by Sen. Tim Scott and Elizabeth Warren which passed the Senate on a bipartisan basis. ROAD to Housing is aimed at increasing housing supply, reducing regulatory barriers, and expanding access to affordable housing nationwide.*