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Clackamas County
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MEMORANDUM

TO: Clackamas County Board of County Commissioners (BCC)

FROM: Dan Johnson, Director
Laura Edmonds, Manager Office of Economic Development

RE: Business Oregon Opportunity Zone 2.0 Application for Designation of Qualifying Census Tracts

DATE: May 12, 2026

REQUEST:

Board approval to submit applications to Business Oregon for Federal Opportunity Zone designation of five eligible Census tracts in urban Clackamas County.

BACKGROUND:

Opportunity Zones 2.0 and Benefit to Private Investors:

July 2025, the federal government enacted HB-1 (One Big Beautiful Bill), establishing Opportunity Zones 2.0. Opportunity Zones (OZs) are federally designated, economically distressed Census tracts designed to attract private investment through capital-gains tax incentives. Designation occurs once every 10 years.

Under this program, investors who reinvest their capital gains into Qualified Opportunity Funds (QOFs) receive significant benefits. QOFs finance businesses, housing, or infrastructure within OZs. Benefits to investors include reducing and deferring capital-gains taxes and eliminating taxes on new appreciation, provided the investor maintains the investment for a pre-determined period. QOFs support a wide array of projects, including:

- Startup operations
- Commercial developments
- Adaptive reuse of existing buildings (conforming to federal guidelines for eligible property and substantial improvement)

Designation Process:

Every 10 years, state governors nominate up to 25% of their state's eligible Census tracts for the OZ designation. The Governor of Oregon has directed Business Oregon to manage the information gathering process from cities, counties, and tribes seeking competitive designations

for their jurisdictions. Each jurisdiction must apply and be considered for the designation for each desired census tract.

Key Dates:

- Application Opened: April 13, 2026
- Board approval needed by May 19, 2026
- Application Closes: May 22, 2026

County’s Role and Program Scope:

The County’s responsibility for the OZ program is limited to submitting competitive applications for eligible tracts with a compelling case for designation. The County will not have an ongoing role in approving, managing, or tracking OZ 2.0 investments; however, it will incorporate these designations into future marketing and outreach efforts. No funding is required from the County.

While Clackamas County secured designations for several tracts under the OZ 1.0 (expiring in 2028), OZ 2.0 is a separate program. OZ 1.0 approvals do not extend to the new program. Consequently, the County must submit new applications for every tract, even those currently designated under OZ 1.0. Projects funded within the OZ 1.0 tracts are unknown. OZ 2.0 requires investors to report investments for future tracking.

Targeted Tracts:

There are five eligible, competitive tracts located in urban Clackamas County. (Attachment 2)

These areas include:

1. **North Clackamas Industrial Area** (northern border near Milwaukie Expressway and I-205 south to the Clackamas River, with I-205 as the western border and SE 142nd the eastern border)
2. **Clackamas** (south of Sunnyside Road with Mather Rd as the southern border, from 82nd Ave to 122nd Ave). Includes Kaiser Hospital Campus.
3. **Clackamas Urban Area West of SE 82nd Ave** (Between SE Linwood Ave and SE 82nd Ave, with SE King Road at the north and SE Harmony Road at the south)
4. **North 82nd Avenue corridor** (extending north from SE Sunnyside Road to the county line, between SE 82nd Ave and I-205). Includes Clackamas Town Center/Regional Center.
5. **Jennings Lodge area** (Between McLoughlin Blvd. and Oatfield Road, with SE Concord Ave as the northern border and SE Jennings Ave. as the southern border)

Staff Recommendation:

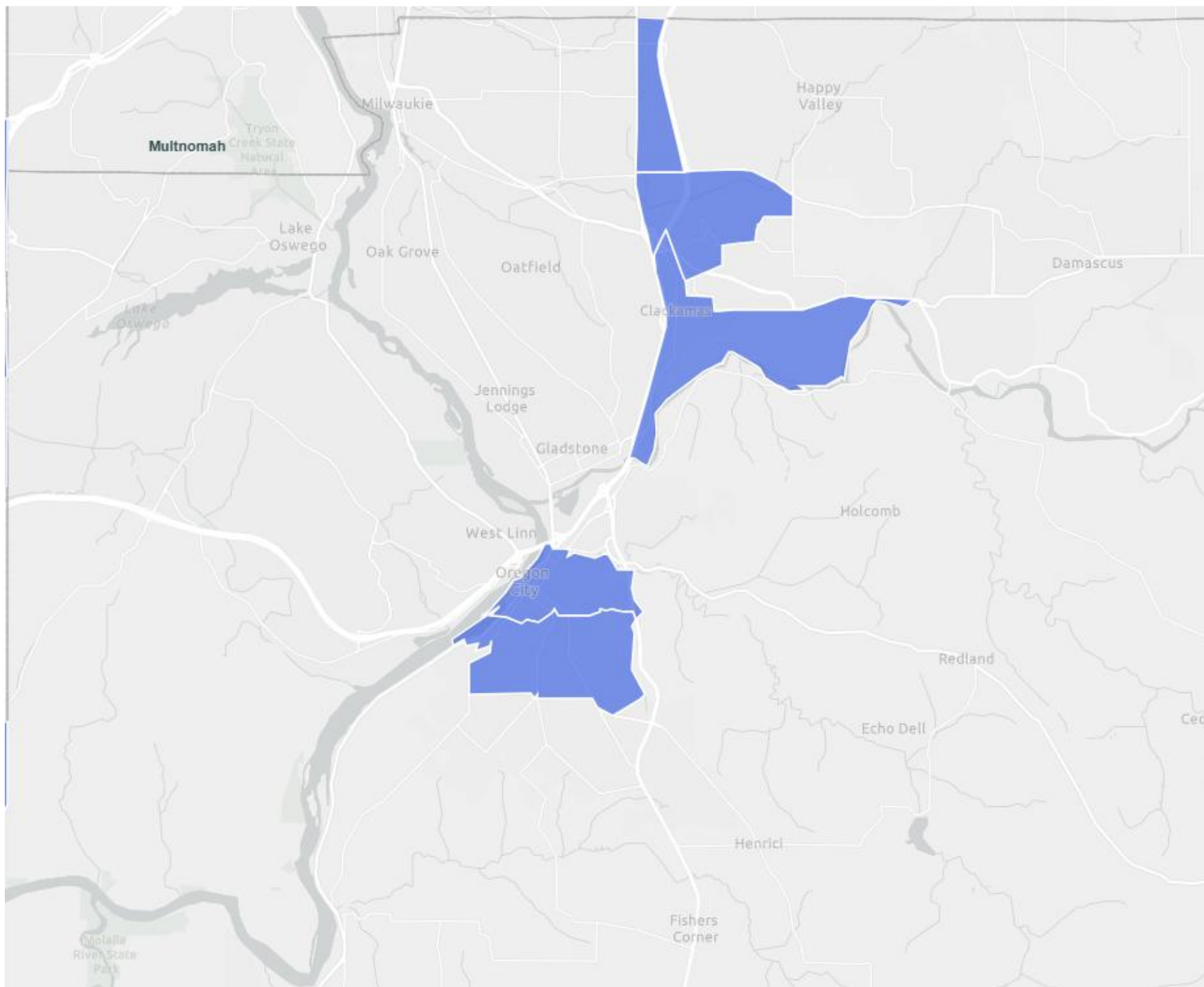
Staff recommend the Board authorize the submission of applications to Business Oregon for Federal Opportunity Zone 2.0 designation for the five tracts listed above.

Attachments:

Attachment A: Opportunity Zone 1.0 Map

Attachment B: Opportunity Zone 2.0 Map

Clackamas County Opportunity Zones 1.0



Opportunity Zones 2.0—Five Urban Tracts

