

# OZ 2.0 Eligibility Crosswalk: Methodology

## Purpose

This analysis determines, for each of the 8,764 census tracts designated as Qualified Opportunity Zones under OZ 1.0 in 2018, whether the same geographic area meets the definition of a low-income community (LIC) under OZ 2.0, based on the tightened criteria established by the One Big Beautiful Bill Act (OBBBA).

The analysis produces a per-tract eligibility classification (Yes / No / Partial), a continuous land-area-weighted eligibility percentage, and state-level rollups covering all 56 jurisdictions: the 50 states, the District of Columbia, and the five inhabited territories (Puerto Rico, American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands).

## The Core Challenge

OZ 1.0 designations were made in 2018 using 2010 Census tract boundaries. OZ 2.0 eligibility is evaluated against 2020 Census tract boundaries. Between the two decennial censuses, the Census Bureau revised tract boundaries nationwide: some tracts were split into multiple successor tracts, a smaller number were merged, and others had boundary adjustments without formal splits or merges. As a result, there is no one-to-one correspondence between 2010 OZ tracts and 2020 tracts, and eligibility cannot be determined by simple GEOID matching.

## Data Sources

1. **OZ 1.0 Designated Tracts (2018).** The official list of 8,764 census tracts designated as Qualified Opportunity Zones, identified by 2010 Census tract GEOIDs. Each record includes the tract GEOID, state, county, tract type (Low-Income Community vs. Non-Low-Income Contiguous), and the ACS data vintage used for designation (2011–2015).
2. **2020 Census Tracts with OZ 2.0 Eligibility.** The 85,382 census tracts in the 50 states, DC, and Puerto Rico in the 2020 Census universe, plus 126 tracts in the four insular territories (American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands), each flagged as eligible ("Yes") or ineligible ("No") for OZ 2.0 designation based on the OBBBA statutory criteria. Eligibility was determined using the 2020-2024 American Community Survey 5-year dataset and the 2020 Decennial Census of Island Areas dataset, and verified using the official list of eligible tracts as published in IRS Rev. Proc. 2026-14.

3. **2010-to-2020 Census Tract Relationship File.** Published by the U.S. Census Bureau, this file documents the geographic relationship between every 2010 census tract and every 2020 census tract that shares land area with it. Each record represents one 2010-to-2020 overlap and includes the land area (in square meters) of the 2010 tract, the 2020 tract, and the specific overlap between them. The main relationship file covers all 56 jurisdictions.

## Methodology

### Step 1: Parse the Relationship File

The Census Bureau's relationship file is distributed as a pipe-delimited text file. After parsing into structured columns, the key fields used are:

- **GEOID\_TRACT\_10:** the 11-digit 2010 Census tract identifier
- **GEOID\_TRACT\_20:** the 11-digit 2020 Census tract identifier
- **AREALAND\_TRACT\_10:** total land area of the 2010 tract (square meters)
- **AREALAND\_PART:** land area of the overlap between this specific 2010-to-2020 tract pair

### Step 2: Build an Eligibility Lookup

A direct mapping from 2020 GEOID to OZ 2.0 eligibility status was constructed by combining the main eligibility data (50 states + DC + Puerto Rico) with the separate territory eligibility data (American Samoa, Guam, Northern Mariana Islands, U.S. Virgin Islands).

### Step 3: Connecticut-Specific Adjustment

In 2022, the U.S. Census Bureau replaced Connecticut's eight historical counties with nine Planning Regions as the state's official county-equivalent geographic units, following a formal petition from Connecticut's Office of Planning and Management. The change affected county-level FIPS codes but did not alter census tract or block boundaries.

This creates a mismatch between the two data vintages:

- The Census Bureau's 2010-to-2020 Relationship File was published in 2021, before the Planning Region transition, and uses the old county-based FIPS codes for 2020 Connecticut tracts (09001, 09003, 09005, 09007, 09009, 09011, 09013, 09015).
- The OZ 2.0 eligibility data uses the current Planning Region codes (09110, 09120, 09130, 09140, 09150, 09160, 09170, 09180, 09190).

Because tract and town boundaries did not change and each tract has a unique six-digit tract suffix within the state, a supplemental lookup was built that matches Connecticut 2020 tracts on their six-digit tract suffix rather than the full eleven-digit GEOID. This enables the Connecticut

tracts in the Relationship File (old county codes) to be matched against their corresponding records in the eligibility data (new Planning Region codes).

Without this adjustment, all Connecticut tracts would appear as "Not Found" in the eligibility lookup and the state would spuriously show 0% OZ 2.0 eligibility.

#### **Step 4: Bedford, Virginia Adjustment**

The OZ 1.0 designation list contains one tract with a hybrid GEOID that requires special handling: tract 51019050100 in Bedford County, Virginia.

Until July 1, 2013, Bedford was an independent city with its own county-equivalent FIPS code (51515), separate from the surrounding Bedford County (51019). On that date, Bedford reverted from independent city status to become an incorporated town within Bedford County, and its FIPS code 51515 was retired.

Because the 2010 Census tract identifiers were set while Bedford was still an independent city, the Relationship File lists this tract as 51515050100. However, by the time OZ designations were made in 2018 — five years after Bedford's reversion — Treasury applied the new county code (51019) to the tract, producing the hybrid identifier 51019050100 on the OZ 1.0 designation list.

A one-off lookup maps 51019050100 on the OZ 1.0 list to 51515050100 in the Relationship File. This tract is the only one in the entire OZ 1.0 universe affected by an independent-city-to-county reversion between 2010 and 2018, and therefore requires individual handling rather than a systematic rule. Without this adjustment, the tract would be classified as "Not Found" rather than its correct status of Partial (44.20% land-area eligible, with the downtown Bedford tract 501.01 remaining OZ 2.0 eligible and the residential Northwood Heights tract 501.02 no longer eligible).

#### **Step 5: Per-Tract Eligibility Calculation**

For each 2010 OZ tract, the Relationship File is queried to retrieve all 2020 tracts that share land area with it. For each such 2020 tract:

- The eligibility status (Yes or No) is retrieved from the eligibility lookup.
- The land area of the overlap (`AREALAND_PART`) is added to either the "eligible area" or "ineligible area" accumulator for the 2010 tract.

The percentage of the 2010 tract's land area that remains OZ 2.0-eligible is calculated as:

None

```
% eligible = (sum of AREALAND_PART where 2020 tract is eligible) /  
AREALAND_TRACT_10 × 100
```

## Step 6: Status Classification

Each 2010 OZ tract is assigned one of three statuses based on its rounded eligibility percentage:

- **Yes** — rounded percentage equals 100.00%. The entire 2010 tract maps to OZ 2.0-eligible 2020 territory. Tracts with sub-rounding slivers of ineligible land (e.g., 99.997%) are classified as Yes and flagged in the Notes field.
- **No** — rounded percentage equals 0.00%. None of the 2010 tract's land area maps to OZ 2.0-eligible 2020 territory. Sub-rounding slivers of eligible land are flagged in Notes.
- **Partial** — rounded percentage is between 0.01% and 99.99%. Some measurable portion of the 2010 tract remains eligible; another portion does not.

All 8,764 OZ 1.0 tracts receive a definitive classification; no tract is left unclassified.

## Step 7: State-Level Aggregation

State-level summary statistics are computed two ways:

1. **Tract-count basis.** The number and percentage of OZ 1.0 tracts in each state falling into each status bucket (Yes / No / Partial).
2. **Land-area-weighted basis.** The state's total OZ 1.0 land area (sum of `AREALAND_TRACT_10` across its OZ tracts) and the sum of its eligible area (sum of the per-tract eligible area calculations). The weighted percentage is the ratio of these two sums, which correctly accounts for the varying sizes of individual tracts.

## Known Limitations

**Boundary revisions without formal splits.** The Relationship File captures geographic overlap but does not distinguish between population-driven tract splits and minor cartographic adjustments (e.g., boundary shifts to follow an updated road centerline). The continuous percentage metric partially mitigates this by showing the magnitude of any boundary inconsistency, but the Notes field only flags cases below the 0.01% rounding threshold.

**The Relationship File does not include population or housing unit allocations.** Unlike earlier vintages, the 2020 Census Bureau relationship files provide only land and water area data, not population or housing unit percentages. The analysis therefore uses land area as the weighting variable. For investment-decision purposes where population or housing-unit weighting would be more relevant, the HUD-USPS Census Tract Crosswalk provides address-based ratios (residential, business, other, total) as an alternative weighting source.

**Eligibility data assumptions.** The OZ 2.0 eligibility flags on the 2020 tract list are treated as definitive. Final OZ 2.0 designations will be made by governors from the eligible pool under the procedures established by IRS Rev. Proc. 2026-14, with the designation window running July 1 through October 28, 2026 (the window itself is set by OBBBA, not the revenue procedure). Eligibility is a precondition for designation; it does not guarantee designation.

**The "Partial" category contains heterogeneous cases.** Of the 1,461 tracts classified as Partial, roughly 490 are 99% or more eligible (typically minor boundary adjustments — though even a small ineligible sliver could matter if a specific project site happens to fall in it), roughly 215 are less than 1% eligible (typically boundary adjustments where the OZ land effectively moved into a different 2020 tract that is not eligible), and the remaining 750 or so are genuinely mixed at levels that will materially affect investment decisions. Users of this data should consult the per-tract % **Land Area Eligible** value rather than relying on the Partial classification alone.

**Parcel-level eligibility is not addressed.** For specific projects within a Partial tract, this analysis cannot determine whether a given parcel falls within the eligible or ineligible portion of the 2010 tract's successor geography. Parcel-level eligibility determination requires lookup against the 2020 tract boundaries, which is supported by the [OpportunityZones.com OZ 2.0 Eligibility Map](#).

## Output Structure

The analysis produces an Excel workbook with the following worksheets:

**State Summary** — One row per state or territory across all 56 jurisdictions, showing tract-count breakdowns, percentage of tracts fully eligible, total OZ land area in square miles, and land-area-weighted eligibility percentage. Sorted descending by land-area-weighted eligibility. Includes a heat-mapped color scale on the tract-eligibility land-eligibility columns and a totals row.

**2018 Zones** — One row per OZ 1.0 tract, with the original identifying fields plus six added columns:

- OZ 2.0 Eligibility (Yes / No / Partial)
- % Land Area Eligible (0.00% to 100.00%)
- Number of 2020 Tracts (count of 2020 tracts that share land with this 2010 tract)
- Eligible 2020 Tracts (comma-separated GEOIDs)
- Ineligible 2020 Tracts (comma-separated GEOIDs)
- Notes (flags for sub-rounding slivers, Bedford's hybrid GEOID, and other anomalies)

**2020 Census Tracts with OZ 2.0 Eligibility** — Unmodified source data.

**2010 to 2020 Relationship File** — Unmodified source data.