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The Real Estate Roundtable

December 19, 2025

The Honorable Kenneth J. Kies
Chief Counsel (Acting)
Internal Revenue Service
U.S. Department of the Treasury
1111 Constitution Ave., NW
Washington, DC 20224

Dear Mr. Kies:

On behalf of the members of The Real Estate Roundtable, I write to respectfully request tax guidance, on an urgent basis, to ensure that investment and capital continues to flow to low-income communities in 2026 during the transition from the Tax Cuts and Jobs Act (“TCJA”) opportunity zone regime to the new rules under the One Big Beautiful Bill (“OB3”) Act.

The OB3 Act made critical enhancements to the opportunity zone tax incentives. The reforms will drive jobs and investment in low-income communities for years to come. The transition from the old law to the new, however, presents challenges that require immediate attention. Specifically, The Roundtable encourages the IRS to facilitate continued investment into qualified opportunity zone (“QOZ”) projects through 2026 by confirming, in a Revenue Procedure, that contributions to existing TCJA qualified opportunity funds (“QOFs”) and qualified opportunity zone businesses (“QOZBs”) will continue to qualify for opportunity zone benefits after zone designations lapse, provided the QOZB’s Working Capital Safe Harbor (“WCSH”) plan:

(1) indicated that the entity’s trade or business in the QOZ would commence before expiration of the census tract’s QOZ designation, *or*

(2) was adopted at a time when (i) the QOZ designation had not expired and (ii) before the date upon which any “new zone event” had occurred that effectively excluded the old census tract.

The guidance should provide guardrails to avoid abusive situations, such as a significant deviation from the trade or business or timeline described in the initial WCSH plan, if the change is not supported by reasonable cause.

The TCJA QOZ program had a natural “end date”—TCJA QOZ designations expire at the end of 2028. However, there is a lack of clarity on how QOZ compliance testing will work after the expiration of the current TCJA QOZ designations. The OB3 Act, by making the program permanent, raised new questions regarding the circumstances in which eligible gain dollars invested in 2027 or 2028 can be invested into TCJA QOZs. Most immediately, in 2026, potential investors must choose between investing capital in TCJA QOZ projects or waiting for new QOZ designations to take effect in 2027. In the absence of guidance, a lack of clarity regarding the tax rules concerning TCJA QOFs will exacerbate the chilling effect on opportunity zone investment next year and severely undermine the purposes of the QOZ provisions. The result will be an unnecessary delay in the deployment of capital into distressed communities, a reduction in affordable and workforce housing construction where it is most needed, and unintended new hurdles for economic development and revitalization in cities and rural areas alike.

In order to preserve the integrity of the QOZ provisions (both OB3 and the TCJA) and to keep capital and jobs flowing to distressed communities in 2026, The Roundtable strongly recommends that the IRS issue a Revenue Procedure on an expedited basis that sets out “safe harbor” circumstances in which the expiration of the TCJA QOZ designations will not adversely impact a TCJA QOZ project’s ability to continue to qualify for QOZ benefits.

Real estate investors require clarity, certainty, and assurances that there are no technical issues or traps adversely affecting QOZ investments in projects that are nearly complete but have stalled, or projects that otherwise would be ready to start in 2026.

Since the program’s inception, QOZ investors have faced significant challenges, including a lengthy rulemaking process, the COVID-19 pandemic and government-ordered shutdowns, and a rising interest rate environment. Notwithstanding these obstacles, the opportunity zone incentives have mobilized over \$120 billion in capital to spur growth in low-income communities, including affordable housing, senior housing, medical offices, retail and mixed-use developments, grocery-anchored shopping centers, and other new spaces for small businesses to flourish. Today, the OB3 Act has laid the foundation for tremendous new strides in the years ahead. Now is the time for administrative action to ensure that an unintended lack of clarity in the statute does not undermine or frustrate the goals, objectives, and intent of the legislation.

Attached is detailed analysis of the statutory and policy concerns with respect to ongoing investment in TCJA QOZ projects and a framework for a proposed administrative solution in the form of a Revenue Procedure. The analysis was prepared by The Real Estate Roundtable’s Opportunity Zone Working Group. We would welcome the opportunity to meet with you or your staff after you have had an opportunity to review our recommendations.

Thank you in advance for your consideration of our concerns.

Sincerely,



Jeffrey D. DeBoer
President and Chief Executive Officer

Attachment

cc: Kevin Salinger
Deputy Assistant Secretary (Tax Policy), U.S. Department of Treasury

Eric Oman
Deputy Assistant Secretary (Tax Legislation), U.S. Department of Treasury