



STAFF REPORT – CITY COUNCIL MEETING

TO: Honorable Mayor and City Council Members

FROM: David Loya, Community Development Director

PREPARER: Jennifer Dart, Community Development Deputy Director

DATE: July 15, 2026

TITLE: **Adopt Resolution No. 267-02 Authorizing Submission of a Local Authority Recommendation Form Requesting that Census Tract 06023001001 be Considered by the State of California for Opportunity Zone Designation.**

RECOMMENDATION:

It is recommended that the Council adopt Resolution No. 267-02 authorizing submission of a Local Authority Recommendation Form requesting that Census Tract 06023001001 be considered by the State of California for Opportunity Zone designation.

INTRODUCTION:

The federal Opportunity Zone 2.0 program, established in 2025, provides tax incentives intended to encourage private investment in economically distressed communities. As part of the program, states may nominate eligible census tracts for designation as Qualified Opportunity Zones. The City of Arcata has four eligible census tracts and is requesting that the State of California consider Census Tract 06023001001, which includes downtown Arcata and a portion of the Gateway Area, for designation. Adoption of the attached resolution would authorize submission of a Local Authority Recommendation Form and related materials in support of the nomination.

BACKGROUND:

The federal Opportunity Zone program was established through the Tax Cuts and Jobs Act of 2017 to encourage private investment in economically distressed communities through tax incentives. California's existing Opportunity Zone designations are set to expire on December 31, 2028.

As part of the federal Opportunity Zone 2.0 program established by Congress in 2025, states have been provided with an opportunity to nominate new census tracts for designation. The California Governor's Office of Business and Economic Development (GO-Biz) is currently soliciting recommendations for eligible census tracts to be considered for nomination. If selected, the designation could help attract private investment to support business development, housing production, redevelopment, and economic revitalization within the designated area.

DISCUSSION:

The Governor's Office may nominate up to 25 percent of California's eligible census tracts as qualified Opportunity Zones. California has 2,469 eligible census tracts statewide; the Governor may nominate a maximum of 618 tracts.

In evaluating potential census tracts for nomination, the State has identified several factors that will be considered, including the following: poverty rates, median family income, housing cost burden, housing overcrowding, unemployment rates, geographic equity across the state, and Statewide and regional economic development objectives, including regional economic development plans, Jobs First priorities, and business ready sites.

Four census tracts within the City of Arcata are eligible for Opportunity Zone 2.0 designation as Low-Income Communities (Attachment C). Of these eligible tracts, staff recommend that the City Council support nomination of the Downtown census tract (06023001001).

The Downtown area census tract encompasses; South G Street, portions of the Gateway Area (including Gateway Corridor and Gateway Hub Combining Zones), the downtown core and Plaza area, K Street corridor, and North Town area extending to Sunset Avenue and the Shay Park trail.

Staff believe this census tract is the strongest candidate for nomination due to its alignment with both state evaluation criteria and regional economic development priorities. The tract contains significant opportunities for infill housing, mixed-use development, business expansion, redevelopment, and downtown revitalization. It also includes several parcels impacted by the recent downtown fire, where the Opportunity Zone designation could help attract private investment to support rebuilding efforts and long-term economic recovery. In addition, the tract includes areas identified for growth and investment through the recently adopted General Plan 2045 and Gateway Area Code.

In addition, the census tract is recognized in regional planning efforts, including the Humboldt County Comprehensive Economic Development Strategy (CEDS) 2025–2030, and contains assets that support California Jobs First priorities related to housing, economic development, entrepreneurship, tourism, the creative economy, and business attraction. Designation as an Opportunity Zone could help attract private investment to advance these community and regional development objectives.

ENVIRONMENTAL REVIEW (CEQA):

This action is not a project defined by CEQA pursuant to CEQA Guidelines Section 15378(B)(5), as it involves administrative activities that will not result in a direct or indirect physical change in the environment.

BUDGET/FISCAL IMPACT:

None.

RECOMMENDED COUNCIL ACTION:

Motion to adopt Resolution No. 267-02 authorizing submission of a Local Authority Recommendation Form requesting that Census Tract 06023001001 be considered by the State of California for Opportunity Zone designation. Consent Calendar vote.

ATTACHMENTS:

- A. Resolution No. 267-02
- B. Opportunity Zones 2.0 Local Authority Recommendation Form Instructions
- C. Opportunity Zone Map