OZs Caused a Surge in Housing Supply

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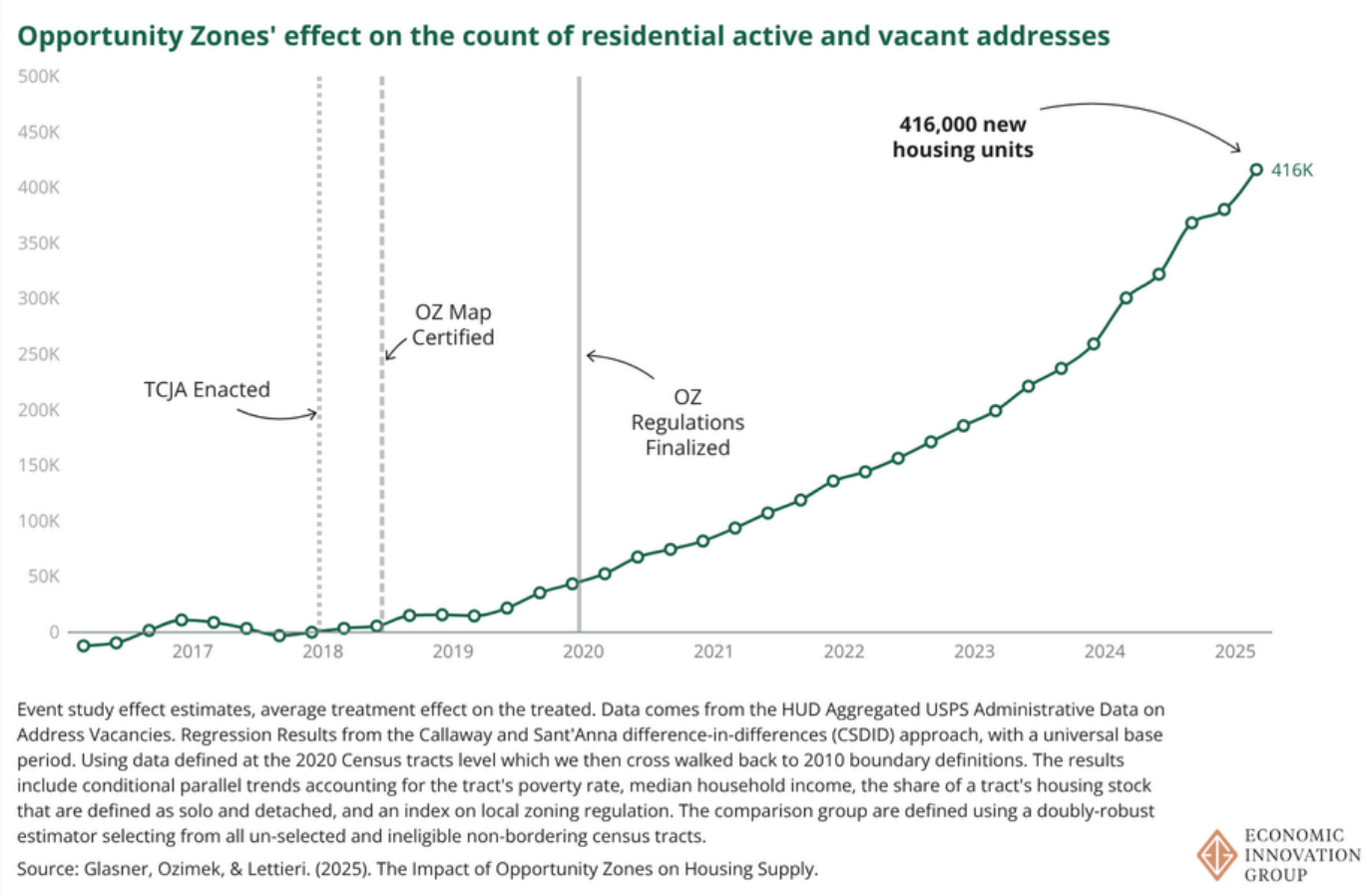
Low-income communities have long struggled to attract capital and investment. Compounding this problem is a growing nationwide shortage of housing that has led to an affordability crisis. Opportunity Zones offer a way to change these dynamics using a flexible, market-based tax incentive to spur private investment to meet public needs.

EIG's updated research provides compelling evidence that OZs have in fact helped deliver a substantial boost to new housing construction in low-income areas. By the first quarter of 2025, OZs were responsible for approximately 416,000 additional housing units in designated neighborhoods. This represents a 70 percent increase in housing growth in these communities above and beyond what would have happened in the absence of OZs.

In this memo, we will provide a short overview of how we derived these estimates and why we are confident that they reflect the true scale of the impact OZs have had on low-income places.



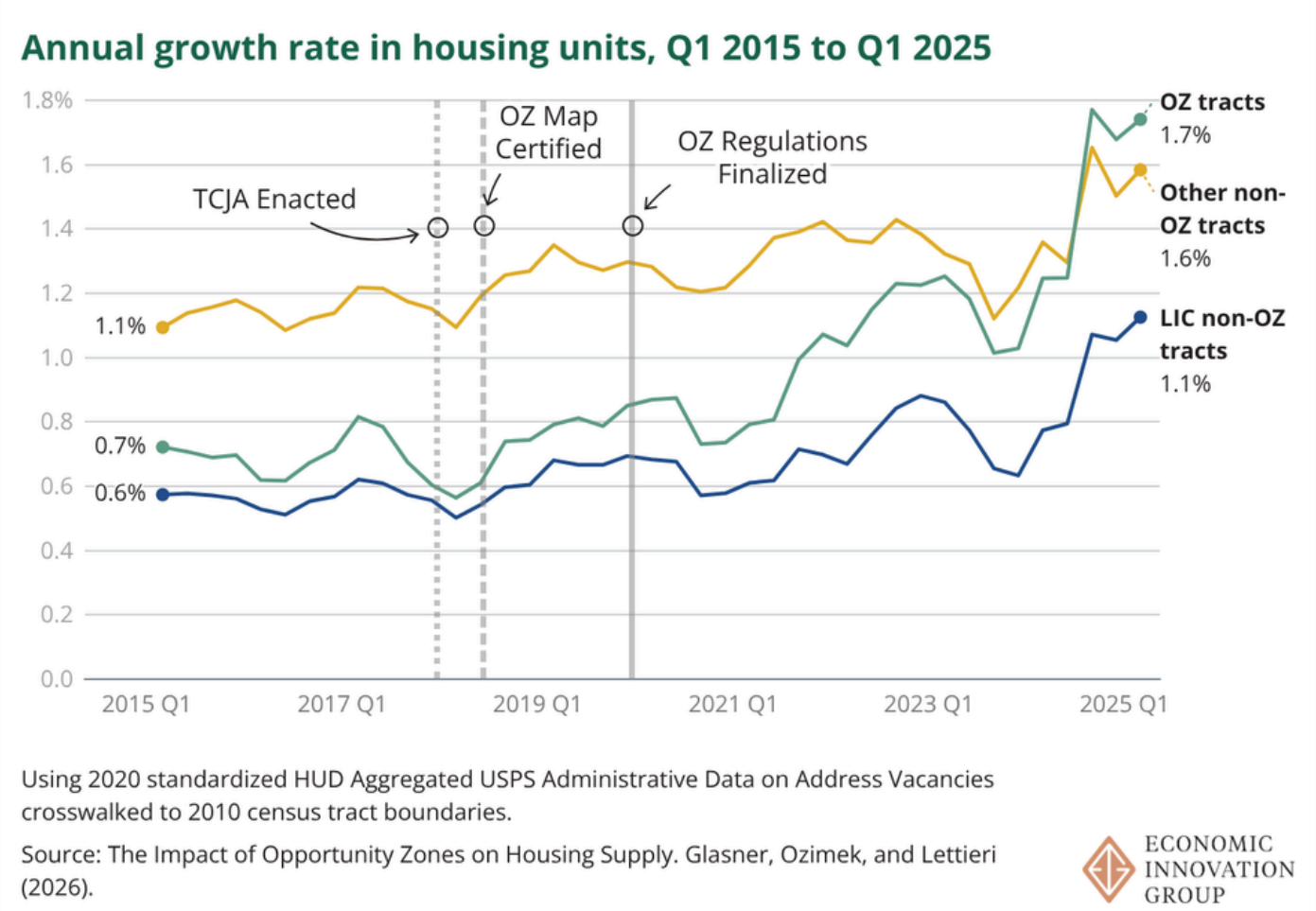
Where the data comes from

Our updated analysis quantifies the impact of OZ designation on housing supply using the United States Department of Housing and Urban Development's (HUD) Aggregated United States Postal Service (USPS) Administrative Data on Address Vacancies (2020 standardized series).
This data captures the total address counts for every Census Tract in the country, updated every single quarter. Our estimates reflect data up through the first quarter of 2025.

OZ communities go from lagging to leading

It should come as no surprise that communities designated for OZ investment chronically lagged behind the rest of the country in terms of annual housing growth rates. They were chosen because they suffered from high poverty rates and low incomes.

Following OZ implementation, housing growth in designated communities not only outpaced other low-income communities that had not been designated for OZs, but also started to rapidly catch up to the country as a whole. By 2025, OZ tracts had actually pulled ahead of the rest of the country after more than doubling their rate of housing growth from before their OZ designation.



Using 2020 standardized HUD Aggregated USPS Administrative Data on Address Vacancies crosswalked to 2010 census tract boundaries.

Source: The Impact of Opportunity Zones on Housing Supply. Glasner, Ozimek, and Lettieri (2026).

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Measuring causation

We understand that correlation is not causation. It is possible that the exceptional performance of OZ tracts might be due to something other than OZ designation. To show causality, our paper therefore utilizes a variety of leading-edge econometric techniques. For every single method we use across every outcome we measure, the results clearly show a substantial positive impact on housing supply. [1]

By the first quarter of 2025, we estimate that OZ designation resulted in 47.5 additional addresses per treated tract on average and an estimated total 416,290 new addresses nationally across all OZ tracts in states, DC, and territories.

The effect is also growing over time. We will continue to update this analysis as more data comes in.

We encourage you to read our original OZ white paper and see the appendices for further details of our methodology, which we have also posted on Github.

Additive Gains

A common concern with place-based incentives is displacement: development and investment simply shifting from nearby neighborhoods rather than creating truly new growth. Our paper addresses this directly by accounting for potential negative spillovers to surrounding areas.

We find that such spillovers are minimal. For example, we looked at housing activity within a five kilometer radius outside of designated Opportunity Zones. For every 100 housing units built in a designated OZ as a direct result of the incentive, we estimate that roughly 97 of those units represent net new supply that would not have been built nearby in the absence of OZs. (In economics terms, the total effect, which includes displacement, is 96.6 percent of direct effect.)

In other words, nearly all of the observed housing growth caused by Opportunity Zones is additive, not merely shifted from adjacent areas.

Source: [1] Our methods included two-way fixed effects, difference-in-differences, and matrix completion. The outcomes we measured included levels of the count of active and vacant residential addresses in addition to the log and growth rate of that count. For more details on the meanings of these terms, see our working paper.