



PRIMIOR

California Capital Gains Tax Deferral Guide: Qualified Opportunity Zones

How you, as a California real estate investor, can legally defer taxes on capital gains while simultaneously growing your wealth through a federal program.

Table of Contents

Introduction	2
What Are Qualified Opportunity Zones?	3
How QOZs Work	4
Specific Benefits for California Investors	5
Investment Opportunities in California QOZs	6
Key Considerations and Risks	7
First Harbor Square and Primior	8
Helpful Resources and Links	9

Need help from our team?

[Click here to book a call](#) and discover how we can help you maximize your investment potential and minimize capital gains taxes with QOZs.

Introduction

California Capital Gains Tax Deferral Guide: Qualified Opportunity Zones.

As a California investor, you're no stranger to high capital gains taxes, which can significantly impact your returns. But what if there was a way to defer, and in some cases eliminate, those taxes while investing in high-potential real estate?

Enter Qualified Opportunity Zones (QOZs)—a powerful tool that not only helps reduce your tax burdens but also positions you for long-term growth. In this guide, we'll explore everything you need to know about QOZs, particularly how they work in California, and how you can leverage them for both capital gains deferral and wealth creation.

Need help from our team?

[Click here to book a call](#) and discover how we can help you maximize your investment potential and minimize capital gains taxes with QOZs.

What Are Qualified Opportunity Zones?

Definition and Background of QOZs:

Qualified Opportunity Zones are economically distressed areas designated by the government where new investments, under certain conditions, may be eligible for preferential tax treatment. Established by the 2017 Tax Cuts and Jobs Act, QOZs are intended to encourage long-term investments in communities that have historically been overlooked by development.

Federal and State Objectives for the Program:

The QOZ program was created with the dual purpose of spurring economic growth in low-income communities while offering investors significant tax incentives.

At the federal level, the program is designed to drive private investment into these zones by deferring and reducing taxes on capital gains.

California, known for its high capital gains tax rates, provides additional motivation for investors to consider QOZs, particularly in regions where revitalization is both necessary and lucrative.

Need help from our team?

[Click here to book a call](#) and discover how we can help you maximize your investment potential and minimize capital gains taxes with QOZs.

How QOZs Work

The Mechanism of Capital Gains Tax Deferral:

QOZs offer an appealing tax deferral mechanism for investors. If you reinvest capital gains into a Qualified Opportunity Fund (QOF), you can defer taxes on those gains until the earlier of the date you sell your QOF investment or December 31, 2026. Furthermore, if you hold the investment for at least five years, you can reduce the deferred capital gains tax by 10%. After seven years, this exclusion rises to 15%.

Eligibility Requirements for QOZ Investments:

To take advantage of QOZ tax benefits, investors must reinvest eligible capital gains within 180 days of realizing them into a QOF, which is a specialized investment vehicle created specifically for investing in QOZ properties. Investors must also adhere to certain compliance guidelines to ensure the investment remains eligible for the tax benefits throughout the holding period.

Need help from our team?

[Click here to book a call](#) and discover how we can help you maximize your investment potential and minimize capital gains taxes with QOZs.

Specific Benefits for California Investors

Overview of State-Specific Tax Benefits:

California's high tax burden makes QOZs particularly appealing. In addition to the federal tax incentives, California investors stand to benefit from state-specific advantages, such as avoiding the state's high capital gains taxes on eligible QOZ investments. The state's real estate market also offers numerous opportunities for development in QOZs, amplifying both the social and financial return on investment.

Differences Between California and Federal QOZ Tax Advantages:

While federal QOZ benefits apply to all qualifying investments nationwide, California's tax code also provides unique benefits. These include potential state tax exclusions and various incentives aimed at boosting investment in critical areas like affordable housing and infrastructure within the state's opportunity zones.

Need help from our team?

[Click here to book a call](#) and discover how we can help you maximize your investment potential and minimize capital gains taxes with QOZs.

Investment Opportunities in California QOZs

Key Regions Within California Offering Strong QOZ Investment Potential:

California's high tax burden makes QOZs particularly appealing. In addition to the federal tax incentives, California investors stand to benefit from state-specific advantages, such as avoiding the state's high capital gains taxes on eligible QOZ investments. The state's real estate market also offers numerous opportunities for development in QOZs, amplifying both the social and financial return on investment.

Case Studies of Successful QOZ Projects:

For example, recent QOZ investments in places like Oakland and Sacramento have led to the revitalization of entire neighborhoods. These projects have resulted in both meaningful social impact and impressive financial returns for investors. In Los Angeles, QOZ projects focused on affordable housing have proven particularly lucrative due to high demand and favorable tax treatments.

Need help from our team?

[Click here to book a call](#) and discover how we can help you maximize your investment potential and minimize capital gains taxes with QOZs.

Key Considerations and Risks

Legal and Financial Considerations:

Before jumping into a QOZ investment, it's essential to understand the legal and financial implications. Working with a qualified legal or tax advisor can help ensure compliance with federal and state regulations. Additionally, investors must consider the long-term nature of these investments—typically 10 years or more—to fully realize the tax-free gains.

Risks Associated with QOZ Investments:

While QOZs offer attractive tax benefits, they are not without risk. Market fluctuations, project delays, and regulatory changes can all impact the success of a QOZ investment.

Additionally, because QOZ investments are often located in economically distressed areas, there is inherent risk associated with the potential for slower-than-expected development or challenges in attracting businesses and residents to the area.

Need help from our team?

[Click here to book a call](#) and discover how we can help you maximize your investment potential and minimize capital gains taxes with QOZs.



First Harbor Square and Primior

First Harbor Square in Santa Ana, California.

At Primior, we are committed to helping investors navigate the complexities of Qualified Opportunity Zones while maximizing their returns. One of our flagship QOZ projects is First Harbor Square, a mixed-use development located in the heart of Santa Ana, CA—one of the most promising opportunity zones in the state. With 181 luxury apartments and 15,000+ square feet of retail space, First Harbor Square offers the chance to participate in a transformative community development while enjoying the significant tax benefits offered by the QOZ program.

Interested in learning more about how First Harbor Square could help you defer taxes and grow your wealth? Contact us today to receive our full investment deck and see how we can help you take advantage of California's Qualified Opportunity Zones.

Need help from our team?

[Click here to book a call](#) and discover how we can help you maximize your investment potential and minimize capital gains taxes with QOZs.

Helpful Resources & Links

Qualified Opportunity Zones Map

1. <https://opportunityzones.hud.gov/resources/map>

This interactive map allows users to search for and view all designated Opportunity Zones across the United States, including those in California.

Official Resources on QOZs

1. <https://www.irs.gov/credits-deductions/opportunity-zones-frequently-asked-questions>

A comprehensive FAQ section from the IRS detailing the tax benefits, rules, and regulations of QOZ investments.

2. <https://home.treasury.gov/policy-issues/top-priorities/opportunity-zones>

An overview of the federal government's efforts to promote investments in economically distressed communities through QOZs.

California-Specific QOZ Information

1. <https://business.ca.gov/industries/opportunity-zones/>

A California-specific resource that provides information on the state's Opportunity Zones, including resources for investors and developers.

2. <https://www.cedd.org/opportunity-zones-california/>

This site provides a map and additional resources to help investors locate Opportunity Zones in California.

Helpful Resources & Links

Educational Articles on QOZs

1. <https://www.forbes.com/advisor/investing/opportunity-zones>
A simple, easy-to-understand introduction to investing in QOZs, suitable for beginners. Published on the official Forbes website.
2. <https://www.ncsha.org/resource/opportunity-zone-best-practices/>
A resource for best practices when investing in QOZs, with case studies and guidelines for success.

Additional QOZ Tools and Calculators

1. <https://www.opportunitydb.com/funds/>
A directory of Qualified Opportunity Funds, allowing investors to explore potential investment options across various QOZ projects.
2. <https://www.novoco.com/resource-centers/opportunity-zone-resource-center/opportunity-zones-tax-benefit-calculator>
A calculator that helps estimate the tax benefits associated with investing in QOZs, including deferral, exclusion, and tax-free growth.

Need help from our team?

[Click here to book a call](#) and discover how we can help you maximize your investment potential and minimize capital gains taxes with QOZs.