

Ohio Association of Public Treasurers

2024 Public Finance Officers Training Institute

Principles of Public Finance & Housing Development

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Fundamentals of Property Taxation



Inside & Outside Millage

- **Ten-mill limitation:** Unvoted taxes (inside millage) cannot exceed 1.0% (ten mills) of tax (assessed) valuation (see ORC §5705.02 & Article XII, Section 2 of the Ohio Constitution)
 - Typically all or almost all of this unvoted 10 mills is already being levied
 - School districts generally get about 4-6 mills of this “inside” millage
- **Charter Rate:** Municipal charter prevails over ten-mill limitation in ORC §5705.02



Taxable Property

- Real Property (each assessed at 35% of true value):
 - **Class I** – residential & agricultural (historically appreciates at a faster rate than Class II)
 - **Class II** – industrial & commercial
- Public Utility Personal Property (“**PUPP**”)
 - Assessment rate: Varies between 24 – 88% based on type of property



Reduction Factors - ORC §319.301/H.B. 920 **Bricker Graydon**

- **Purpose:** Designed to control automatic growth in voted property tax levies (outside millage) as property values increase
- **Apply:** Real property taxes on certain voted levies
- **Effective tax rate:** Tax rate after reduction factors are applied to the voted rate



School District 20-Mill Floor

- **Rule:** Reduction factors on **school district current expense** levies cannot go lower than 20 mills, **assuming that a school district has enough voted current expense millage to get them up to or above the 20-mill floor**
 - Only current expense millage (both inside and outside) counts towards the 20-mill floor
- **Exclusions:** Bond millage, PI levies, and emergency levies and income taxes



- Under ORC §§ 319.302 and 323.152(B), the State reimburses political subdivisions for real property taxes for “qualifying levies” as follows:
 1. Non-Business Credit – 10% reduction in tax for residential and agricultural property; and
 2. Owner Occupancy Credit – an additional 2.5% reduction in tax for owner-occupied residential property
- After September 28, 2013, the following levies are **not** “qualifying levies” within the meaning of R.C. 319.302:
 1. Additional (new) levies
 2. Replacement levies, and
 3. The increase portion of a renewal levy combined with an increase

Voted Property Tax Levies

Non-School Subdivisions

ORC §5705.19 authorizes property tax levies for:

- Counties
- Municipalities
- Townships
- Joint fire / police / ambulance / EMS districts
- Joint recreation districts, and
- Various other types of districts



Levy Options

- **Purposes:** Approximately 50 purposes (ORC §5705.19)
 - (A) **current expenses** (*limited to 5 years*)
 - (B) payment of debt charges
 - (D) public library (*may be any # of years or continuing*)
 - (F) **permanent improvements**
 - (G) streets, roads & bridges (*may be any # of years or continuing*)
 - (H) parks & recreation (*may be any # of years or continuing*)
 - (I) fire purposes (*may be continuing*)
 - (J) police purposes (*may be continuing*);
 - (U) ambulance & EMS services (*may be continuing*)
 - (MM) jails & detention facilities, and
 - (OO) sidewalks, trails, bicycle paths, etc.
- **Terms:** Five years, any number of years up to 10 or 20 years, continuing
- **Type:** Additional, renewal and replacement

Bonds - ORC §133.18

- **Purposes:** 19 types listed plus a catch-all
- **Permanent Improvement:** Property with useful life of at least 5 years
- **Maximum Term:** Determined by weighted average maturity
- **Unlimited Tax:** Millage is set at whatever is necessary to pay debt service (principal + interest)



Procedures for Approving Voted Property Tax Levies

Generally a four-step process:

- Resolution of necessity
- Certification of estimated revenue & cost by county auditor
- Resolution to proceed
- File election proceedings with the board of elections by the applicable filing deadline

HB 140 – Ballot Uniformity and Transparency Act – Ballot Changes



Example of how ballot form for a new ORC §5705.19 levy is amended in ORC §5705.25:

Old Ballot Language	HB140 Changes to Ballot Language
<p>An additional tax for the benefit of (name of subdivision or public library) _____ for the purpose of (purpose stated in the resolution) _____ at a rate not exceeding _____ mills for each one dollar of valuation, which amounts to (rate expressed in dollars and cents) _____ for each one hundred dollars of valuation, for _____ (life of indebtedness or number of years the levy is to run).</p>	<p>An additional tax for the benefit of (name of subdivision or public library) _____ for the purpose of (purpose stated in the resolution) _____, that the county auditor estimates will collect \$ _____ annually, at a rate not exceeding _____ mills for each one dollar \$1 of valuation taxable value, which amounts to (rate expressed in dollars and cents) \$ _____ for each one hundred dollars \$100,000 of valuation the county auditor's appraised value, for _____ (life of indebtedness or number of years the levy is to run).</p>

Example of Ballot Changes



Example of how ballot form for a renewal ORC §5705.19 levy is amended in ORC §5705.25:

Old Ballot Language	HB 140 Changes to Ballot Language
<p>A renewal of a tax for the benefit of (name of subdivision or public library) _____ for the purpose of (purpose stated in the resolution) _____ at a rate not exceeding _____ mills for each one dollar of valuation, which amounts to (rate expressed in dollars and cents) _____ for each one hundred dollars of valuation, for _____ (life of indebtedness or number of years the levy is to run), commencing in _____ (first year the tax is to be levied), first due in calendar year _____ (first calendar year in which the tax shall be due).</p>	<p>A renewal of a tax for the benefit of (name of subdivision or public library) _____ for the purpose of (purpose stated in the resolution) _____, that the county auditor estimates will collect \$ _____ annually, at a rate not exceeding _____ mills for each one dollar \$1 of valuation taxable value, which amounts to (rate expressed in dollars and cents) \$ _____ for each one hundred dollars \$100,000 of valuation the county auditor's appraised value [required to use "estimated effective rate" for residential/agricultural property for this calculation], for _____ (life of indebtedness or number of years the levy is to run), commencing in _____ (first year the tax is to be levied), first due in calendar year _____ (first calendar year in which the tax shall be due).</p>

Cost Hypothetical

Assume a 5.00 mill levy on the ballot:

- *Pre*-HB 140, the cost to the taxpayer would have been **\$0.50** per \$100 of taxable value
- *Post*-HB 140, the cost to the taxpayer would now be on the ballot as **\$175** (millage x 35, rounded to the nearest dollar) per \$100,000 of “county auditor’s appraised value”



Educational Efforts

- Local governments must help voters understand their needs on a continuing basis, not just at levy time
- It will be easy for voters to focus on the amount estimated to be collected on the ballot before any other levy particulars
- Voters will need educated on the difference between how property taxes are levied versus paid
- Pending AOS guidance will make education efforts more challenging



Campaign Guidance



The Ballot Issue Landscape

- Previously, notices and findings for recovery
- Recently, **criminal prosecutions** of a Superintendent and Board of Education members
- Heightened scrutiny by AOS
- Final Guidance from AOS **issued in August 2023**

Use of Public Funds – The Law

R.C. 9.03(A)

Covered entities:

- School districts
- Libraries
- Park Districts
- Townships/fire departments
- Non-chartered municipalities
- Non-chartered counties

Use of Public Funds – The Law

R.C. 9.03

- **(C)** Public Funds may not be used to support or oppose the passage of a levy or bond issue
- **(D)** Public funds may not be directed to benefit a political action committee or campaign committee
- **(E)** Can use your own time to speak in support or opposition of a levy or bond issue
- **(G)** Violation of (D) is a criminal misdemeanor

Hot Topic #1: Communications

May we mention a levy or bond issue in the political subdivision's newsletters, social media and during in-person meetings?

Likely. However, information must be neutral, verifiable, factual information regarding the public entity's current finances, operations and facilities.

Hot Topic #1: Political Subdivision Communications

DO THIS . . .

- Think sterile, straightforward facts
- Rely on financial reports, facilities studies and Board-approved resolutions
- Report levy/bond/facilities planning information in a factual manner without generalizations (dollar amounts, percentages)
- Make sure communications staff understands guidelines and is reviewing all communications
- Use established communications schedule

. . . NOT THIS

- “Vote yes” or “support our parks”
- Link to levy committee on public entity website
- Include levy committee events
- Permit paid levy committee advertisements
- Editorialize on finances
- Underlining, bold, ALL CAPS
- Repetitive phrases
- Photos with pro-levy materials in hand
- Embellished/extreme photos
- Use caution with proposed cuts

Hot Topic #1: Levy Committee Communications

DO THIS . . .

- Let community members do the heavy lifting, organize the PAC and be passionate and persuasive
- Use publicly available information
- Use social media

. . . NOT THIS

- Use political subdivision distribution lists
- Use political subdivision email
- Use content created by the political subdivision
- Include pictures/videos of administrators
- Include endorsements using administrators' titles
- Use caution when administrators speak at levy committee events

Hot Topic #2: Political Subdivision Resources (1 of 2)

Is there a monetary threshold triggering the prohibition from using public funds and resources to “support or oppose” a levy or bond issue?

No. There is no minimum dollar threshold. A *de minimis* cost is still a violation.

Hot Topic #2: Political Subdivision Resources (2 of 2)

DO THIS . . .

- If levy committee can't find another space, follow **BUILDING USE PROCEDURES** for it to use public entity space
- Use public entity email only to engage in ordinary business – e.g., responding to public records requests, etc.
- Educate staff, the media, and community about the statutory limitations and the AOS enforcement

. . . NOT THIS

- Engage in unequal treatment of pro-levy and anti-levy groups in use of buildings/resources
- Allow levy committee work to be done under public entity contracts
- Allow public entity email to be used for levy activities
- Hold the levy committee meetings in a public employee's office
- Use bulk mail rate for campaign activities
- Store campaign materials on public entity property

Hot Topic #3: Public Employees and Elected Officials

When may public employees and elected public officials engage in pro-levy activity?

Public employees and elected officials have a personal First Amendment right to engage in political speech on their own time

Hot Topic #3: Public Employees and Elected Officials

DO THIS . . .

- Let the levy committee do ALL the lifting
- Engage in pro-levy communication only when outside of business hours, not at a public entity-related meeting, not on public entity property, and when not being introduced as a public employee or elected official
- Respond to questions factually and perform required duties like responding to public records requests
- Allow a levy committee to put a sign in your yard

. . . NOT THIS

- Engage in pro-levy communication during business hours, at a public entity-related meeting, on public entity property or using public entity email
- Engage in pro-levy discussion when you are introduced by your public-entity title
- Wear levy pins, stickers, shirts at public entity-related meetings and events

Hot Topic #4: Outside Firms & Surveys

Are our consultants limited?

Restrictions equally apply to conduct of outside firms hired by the public entity (e.g., communications firms, design firms, survey research firms) because public entity funds are used to pay these contracts (e.g., Pre-Bond Services Agreement, Master Planning Agreement).

Hot Topic #4: Outside Firms & Surveys

DO THIS...

- Make sure vendors are REALLY tuned in to the issues
- Use “legal” to review activities and messaging
- Maintain separate engagements from the levy committee
- Report costs and tax burdens factually
- Ensure surveys and community meetings focus on gauging support for the PROJECT, not the ballot issue

...NOT THIS

- Surveys or sessions that gauge support of a ballot issue in terms of cost or type
- Use of firms that include promises to help pass a ballot issue
- Use of firms that seek to obtain input from the community through “data collection phase” through surveys and community meetings to gauge support
- Use of firms that blur lines between public entity and levy committee work

Financing Capital Projects



Topics Addressed

- Sources of Funding Capital Improvements
- General Debt Concepts
- Debt Limitations
- Financing Alternatives Not Generally Payable from General Fund Revenues
- Financing Participants and Timeline



Sources of Funding Permanent Improvements

- Cash
 - Property Taxes
 - Income Taxes
 - User Fees
 - Other Government Revenues
 - Economic Development Compensation Payments
- Debt Issuance-highly regulated by statutes



Why Issue Debt?

- Impractical to pay project costs in cash
- Spread the cost of a project over current and future generations
 - Benefits are spread over several generations
 - One generation should not subsidize the next
- Payments equate to useful life of assets



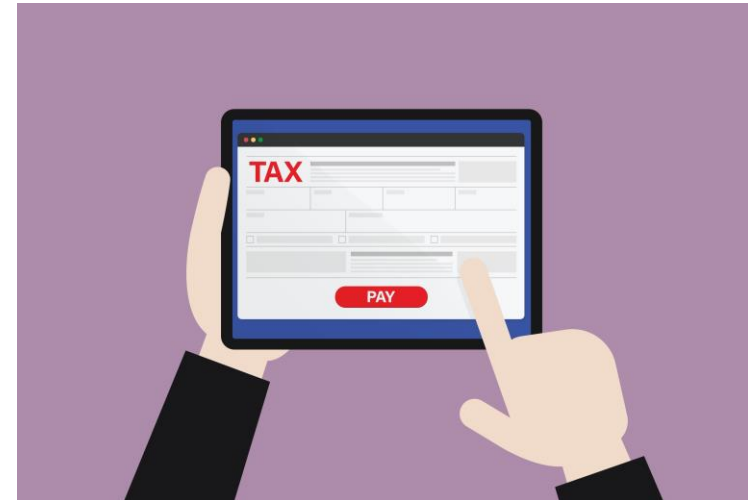
Capital Bond Purposes

- Finance asset or improvement with estimated useful life of at least five years



Debt Concepts – General Obligation (G.O.) Debt

- “Full faith and credit and general taxing power” of subdivision is pledged to pay debt service
- Voted GO Debt - most secure
 - Unlimited as to rate or amount
 - Special tax authorized but not required
- Unvoted GO debt
 - First claim against revenues but no dedicated tax



Direct Debt Limitations – Municipal Example

- Statutory/Direct Debt Limit (R.C. 133.05)
 - Unvoted Debt Limit: Aggregate principal may not exceed 5.5% of assessed valuation
 - Total Debt Limit (unvoted + voted): Aggregate principal may not exceed 10.5% of assessed valuation
- Example: Total assessed valuation of city X is \$400,000,000.
 - Unvoted debt capacity is \$22,000,000
 - Total debt capacity is \$42,000,000



Indirect Debt Limitation - Municipal

- ORC 5705.02 imposes a ten-mill (1.0%) limitation on each dollar of tax valuation
 - Must look at overlapping subdivisions
 - All unvoted debt (including exempt debt) are subject to this limitation



Ten-Mill Calculation Example

- Annual debt service for unvoted debt of subdivision X is \$200,000; total assessed value of subdivision X is \$100,000,000
- Millage calculation:

$$\frac{\text{Total annual debt service}}{\text{Total assessed valuation}} \times 1,000$$

$$(\$200,000 / \$100,000,000) \times 1,000 = 2 \text{ mills}$$

Overlapping Subdivisions	Total Assessed Valuation	Total debt charges for calendar year in which the aggregate debt charges for all overlapping subdivisions is the highest - 2019	Required Tax Rate For Debt Charges in prior Column
County	\$ 27,878,269,480	\$ 28,944,360	1.03824 MILLS
Village	\$ 154,579,650	\$ 0	-0- MILLS
School District	\$ 691,993,180	\$ 378,098	0.54639 MILLS
RTA	\$ 27,878,269,480	\$ 0	-0- MILLS
	PROPOSED ISSUE	\$ 134,868.51	0.87249 MILLS
	TOTAL		2.45712 MILLS

- Not considered debt under ORC Chapter 133
- Debt limits don't apply
- Structure
 - One-year renewable lease terms
 - Subject to appropriation (need a revenue stream for repayment)
- Often used for equipment acquisition

Financing Alternatives Not Payable from General Fund Revenues

Special Obligation or Revenue Debt

- Limited pledge of a specific revenue stream (no special tax)
 - Utility revenues
 - TIF revenues
 - Income tax revenues
 - Special assessment revenues
 - Limited pledge of a specific revenues
- Less secure than G.O. debt



Considerations for Special or Revenue Obligations

- Number and type of users
- Coverage ratio
- Debt service reserve fund
- Additional security
- Trust indenture and related documents



Housing Development

Public Finance Incentives



Realities of Housing

- Cost of Housing & Lack of Inventory = Ohio's Next Big Economic Challenge
 - Ohio Housing Market Too Hot and Rates Too High for Many Buyers
 - WSJ: *"It is now less affordable than any time in recent history to buy a home, and the math isn't changing any time soon"*
 - FRED reports average rate 7.1% for a 30-yr fixed mortgage
 - The average monthly new mortgage payment is 52% higher than average apartment rent
 - 6 Ohio metro areas have "housing shortage" or "high housing shortage"
 - Building Material Costs Up +10% (National Association of Realtors)
 - Construction industry in need of +500,000 workers to meet national demand



OLD Tools to Promote Housing

- Community Reinvestment Area (CRA)
- Tax Increment Financing (TIF)
- New Community Authority (NCA)
- Low Income Housing Tax Credit (LIHTC)
- Bonds for infrastructure

NEW-ISH Tools to Promote Housing

- Downtown Redevelopment District
- PACE Financing – multi-family
- State Historic Tax Credits (mixed use rehabs)
- Port Authority Sales Tax Exemptions
- ODOD Brownfield and Demolition Grants
- TMUD

NEW! Tools for Housing

- Welcome Home Ohio
- OHFA Single Family Housing Tax Credit
- Federal programs to support office conversions

Community Reinvestment Areas (CRA)

Tax Abatement

Bricker 
Graydon

Community Reinvestment Areas (“CRAs”)

- Tax abatement on new improvement value
- ORC Sections 3735.65 - 3735.70
- Can be granted by county, municipality, or township (in certain cases)
- Area in which housing facilities or structures of historic significance are located
 - Must be at least two structures
- New housing construction and repair of existing facilities or structures are discouraged
 - Requires objective signs of dis-investment

Community Reinvestment Area

- Notice not required in residential projects
- 14 day notice required in commercial / industrial projects
- Approval required if total of the following three (3) items estimated to **equal / exceed 75% of the amount of taxes the project would generate if no exemption were granted**:
 - The taxes assessed on the construction or remodeling that are not exempted (i.e., still collected)
 - The taxes generated by personal property located in the property
 - The amount of any cash payment, or the value of any services, provided to the school district by the owner of the property (i.e., compensation payments made to schools)

New! CRA – Creating a Township CRA

- Note: currently available only for limited home rule townships
- Board of Township Trustees must pass legislation
- Housing officer must be appointed
- Incentive parameters indicated
- Notice must be given to affected school district
- Legislation must be published once a week for two weeks in local newspaper
- Only available for area that is (i) unincorporated; and (ii) not already within a county CRA

CRA for Affordable Housing: Lakewood

- Citywide CRA amended in 2019
- New multi-family buildings with more than 100 units must have:
 - 10% of units rented to households making up to 80% AMI
 - 10% of units rented to house holds making up to 120% AMI



Tax Increment Financing (TIF)

Redirection of Taxes



Tax Increment Financing (TIF)

Redirect increased tax property tax revenue in connection with a new development (or redevelopment) - away from normal recipients, toward payment of costs of improvements that benefit that development

- Infrastructure Improvements
- Direct Development Costs

Redirect Taxes – Increment

- Increase in real estate taxes resulting from development over and above the value prior to the date that the development occurred
- Existing taxes continue to go to taxing districts (i.e., schools, county, city, continue to receive predevelopment tax revenues)
- Property owner does NOT receive a tax break--Service Payments in Lieu of Taxes (PILOTs)
 - Could be used in conjunction with a tax abatement or special assessment
 - Known as “monetizing the abatement”

Types of TIFs

Project TIF (Commercial, including apartments)

- Municipality: R.C. § 5709.40(B)
- Comprised of individual parcels
- Public improvements must “directly benefit” parcels exempted

Incentive District TIF (Residential)

- Municipality: R.C. § 5709.40(C)
- Up to 300 contiguous acres exhibiting one or more characteristics of economic distress
- Public improvements do not need to directly benefit every parcel, but must “benefit or serve” the district created

TIF's Use for Housing?

Finance public infrastructure costs necessary to support new development

Incentivize developers by paying for public infrastructure costs otherwise payable by the developer

Assist with private development costs (.41 TIF only)

Other Common Uses of TIF Revenue

- Public Infrastructure
- Land Acquisition
- Demolition
- Utilities
- NEW – Road, Water, and Sewer Maintenance
- Planning/Soft Costs
- Debt Service (by municipality or other issuer)

Lakewood – View Project

- Affordability component
- Address new housing shortage
- Increase tax base
- Enhance City gateway
- Use of .41 TIF



Downtown Redevelopment Districts

Redirection of Taxes



Downtown Redevelopment Districts

New tools for municipalities to promote redevelopment of historic downtowns

Offer (1) opportunities for new property tax exemptions and (2) redevelopment charges that can be applied flexibly for redevelopment purposes

Additional feature is innovation districts - mechanism to fund high-speed internet and related infrastructure

DRDs: Service Payments

Real Property Tax Exemption:

- Exempt up to 70% of improvements within DRD from taxation
- Entire amount from exempted improvements must be distributed to municipal DRD fund for use per plan
- Can begin in year specified, when improvement value exceeds specified amount, or when specified improvements are complete
- As with existing TIFs, revenue from certain levies (e.g., MRDD, children's services) not affected by DRD

DRDs: Use of Revenue

Broader use of funds allowed (versus TIFs)

Can offer loans or grants to owners of historic buildings within DRD for rehabilitation or repair; must include plan for tracking award and progress of project

Up to 20% can be dedicated to contributions to community improvement corporations, special improvement districts, or non-profit that promotes historic redevelopment

CICs or SIDs must use funds to promote the DRD

Can also use for public infrastructure authorized in ordinance (continued)

Use for Housing?

Options include:

- Prioritizing projects that feature certain desired residential components
- Providing loans/grants to finance affordable projects

New Community Authority

Self-assessed Charges



New Community Authorities

General Characteristics

- Newly popular economic development tool designed to create user-paid revenue streams for public infrastructure projects
- A separate governmental body organized to encourage the orderly development of an economically sound new community
- Developer-driven
 - All acreage must be owned or controlled, through leases of at least 75 / 99 years' duration, options, or contracts to purchase
 - Developer is represented on board
 - No minimum acreage required

New Community Authorities

Powers

- Board
 - Appointed by developer and organizational board until certain population levels met
- Revenue
 - Community development charge
 - Runs with land through declaration
 - An assessment providing a special benefit, not a tax
 - Flexible--can be based on millage, residents' income, gross receipts, business revenues (including lease rentals), other bases
- Issue taxable or tax-exempt bonds or other obligations

New Community Authorities

- No general power to offer traditional governmental services
- “Community Facilities”
 - Public buildings, centers and plazas, auditoriums, day care centers, recreation halls, educational facilities, recreational facilities
 - Parks and other open space land, lakes and streams, cultural facilities
 - Streets, pathway and bikeway systems, pedestrian underpasses and overpasses, lighting facilities, design amenities
 - Buildings needed in connection with water supply or sewage disposal installations or steam, gas, or electric lines or installation, telecommunications facilities

Bridge Park New Community Authority

Four charges:

- Assessed valuation
- Debt service coverage
- Retail charge
- Hotel charge

Combined with TIF to finance
four parking garages and
multiple streets (so far)

- “Monetized the abatement”



Gravity II New Community Authority

Public parking garage

- TIF
- NCA (backstop to TIF)
- Parking Revenue



Port Authorities

Tax Incentives and Financing Support



Port Authority Options

Powerful financing mechanism for development projects

Flexible structures; can include public and private portions of project

City debt issuance may be avoided

Sales tax exemption for commercial projects

Avoid prevailing wage and competitive bidding

Use for Housing?

Provide sales tax abatement for eligible port authority facilities including mixed-use and multi-family development

Finance public infrastructure improvements

Own, operate, and manage public infrastructure improvements

Port Authorities: Affordable Housing Options

Columbus-Franklin County Finance
Authority

Sales tax exemption for residential
projects requires affordability
component



NEW! Programs in State Budget

Tax Credits and Grants



Welcome Home Ohio Program

Dual-track grant / tax credit program:

NEW R.C. 122.631 - R.C. 122.633

ODOD to implement, w/ grant funds exclusively available to land banks & tax credits available to a limited set of eligible entities

Public financing tool available for development of single-family residential units comprising at least 1,000 sq. ft. living space

Welcome Home Ohio Program

Purchase grants:

Land banks may receive **grants** for purchase of single-family residential units

Acquired properties become part of those land banks' **land reutilization programs** under R.C. Chapter 5722

General Assembly appropriated \$25MM/state fiscal year ('24 & '25)

- Per-housing unit grant amount: ??

Welcome Home Ohio Program

Rehabilitation / Construction Grant Track:

Land banks may receive **additional grants** to offset costs of rehabilitation or construction of single-family residential units

General Assembly appropriated \$25MM/state fiscal year ('24 & '25)

- Per-housing unit grant amount: \$30,000
- To receive **grant** of funds for such rehab / construction work, land banks **cannot also seek a tax credit** for the same work on the subject property

Welcome Home Ohio Program

Rehabilitation / Construction Tax Credit Track:

Land banks may receive **additional tax credits** from ODOD by land banks and eligible developers to support capital stacks for rehabilitation or construction of single-family residential units

General Assembly capped total credits at \$25MM/state fiscal year ('24 & '25)

- Tax credits only after property sold; 1st round of tax credits must be issued by June 30, 2024
- Tax credit cap: \$90,000/unit or 1/3 project costs (whichever is lower)
- Tax credits are fully transferrable to “any person” (i.e., syndication)
 - Taken against taxpayers’ state financial institutions or personal income tax obligations

OHFA Single-Family Housing Tax Credit

Designed to incentivize development of single family homes

General Assembly appropriated \$50 million/year for 4 years

Tax credits can be claimed over 10-year period

Goal: offset cost of single family homes for homebuyers

Tax credit equals the difference between cost of construction and appraised market value of home

OHFA Single-Family Housing Tax Credit

Tax credits to be awarded on a competitive basis

Amount of credit is limited to the amount by which the project's estimated development costs exceed the fair market value

Tax credits may be claimed over a 10-year period

Credit claimed after project completion

Urban, Suburban and Rural Targets

OHFA Single-Family Housing Tax Credit

Authorizes a nonrefundable tax credit against insurance premiums tax, FIT, or income tax for investment in affordable single-family homes

Designed to create public-private partnerships between the State, local governments and developers

OHFA to administer program through a competitive application process.

Draft rules recently released:

<https://ohiohome.org/singlefamilytaxcredit.aspx>

Conversion of Office Buildings to Multi-family

- Office vacancy rates reached a 30-year high of 20% nationally in Q3 2023, and net absorption remained negative, according to JLL.
- Conversion to Multi-family can offer a path from under-utilized (and underwater) to in-demand and profitable
- However, rehabilitation can be very expensive. Federal financing, tax credits and grants can assist, generally tied:
 - Energy efficiency/renewable energy improvements
 - Developing housing near public transit
 - Urban renewal
 - Affordable housing
 - Historic building preservation
- Funding is often routed through a 3rd-party or awarded to a locality, which in turn awards assistance on a project basis.

Examples of Federal Programs that Can Assist Conversions

Agency	Program Type	Program Name	Summary
DOE	Loans, loan guarantees	Title 17 Clean Energy Financing	Loans and loan guarantees for clean energy projects
DOI/UST	Tax Credits	Rehabilitation Tax Credit	Tax credit for rehabilitation of historic buildings
DOT	Loans, loan guarantees	Transportation Infrastructure Finance & Innovation Act	Below-market interest rate loans and guarantees for transit oriented development
DOT	Loans, loan guarantees	Railroad rehabilitation & improvement financing	Below-market interest rate loans and guarantees for transit-oriented development
EPA	Grants, loans	GGRF: Solar for All	Grants and loans for solar for low-income communities
EPA	Grants, loans	GGRF: National Clean Investment Fund	Grants & loans for projects including energy-saving retrofits and clean energy
EPA	Grants, loans	GGRF: Clean Communities Investment Accelerator	Grants & loans for projects including energy-saving retrofits and clean energy

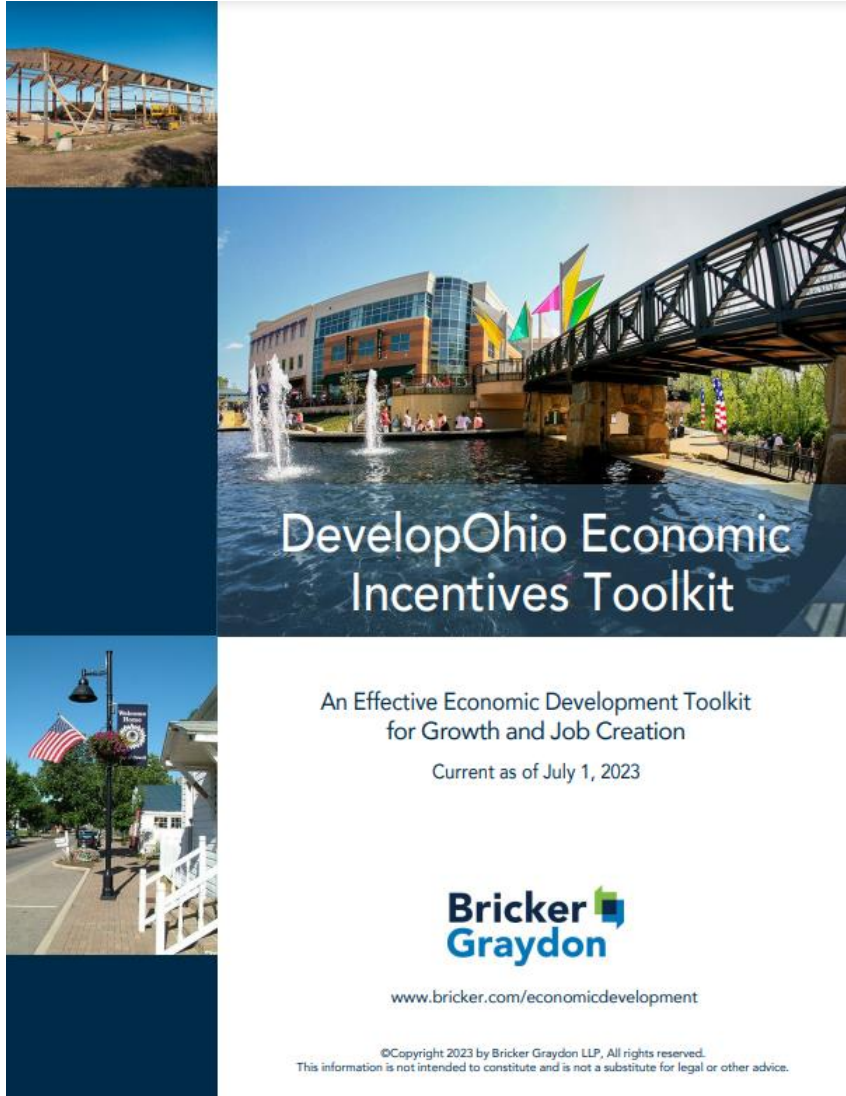
Agency	Program Type	Program Name	Summary
HUD	Loan guarantees	Section 221(d)(4): Mortgage Insurance for Rental Housing	Loan guarantee for projects involving substantial rehabilitation or construction
HUD	Loan Guarantees	Section 220: mortgage insurance for rental housing for urban renewal and concentrated development areas	Loan guarantee for new construction or rehabilitation of multi-family housing located in urban renewal and concentrated development areas
HUD	Loan Guarantees	Section 108 Community Development Loan Guarantee	Low-cost long-term financing for community development activities
UST	Tax Credits	New Energy Efficient Home Credit (45L)	Tax credit for energy efficient homes, including multifamily
UST	Tax Credits	Investment Credit (48, 48E)	Tax credit for investment in eligible renewable energy projects (48); technology-neutral tax credit for facilities that generate clean electricity and energy storage

See the complete report and list here: <https://www.whitehouse.gov/wp-content/uploads/2023/10/Commercial-to-Residential-Conversions-Guidebook.pdf>

Summary of How We Can Help

Early-Stage Proactive Steps	Urban Redevelopment and Reuse Tools	Greenfield Tools	Getting It Built
<p>Form site control entity</p> <ul style="list-style-type: none"> • CIC • Port Authority • Non-profit and for-profit corporations <p>Site control agreements</p> <ul style="list-style-type: none"> • Purchase agreements • Options • Development agreements <p>Title search</p> <p>Financial Pro Forma</p> <p>Refresh Zoning/Permitting</p>	<p>Welcome Home Ohio</p> <p>Demolition & Brownfield grants</p> <p>PACE Financing</p> <p>Transformational Mixed Use Tax Credits</p> <p>Community Reinvestment Area (CRA)</p> <p>Sales Tax Exemptions through Port Authorities</p>	<p>Tax Increment Financing (TIF)</p> <p>New Community Authorities (NCA)</p> <p>Community Reinvestment Area (CRA)</p> <p>State developer tax credit</p> <p>Bond financing for infrastructure</p>	<p>RFP to developers</p> <p>Public-private partnership agreements</p> <p>Prevailing wage considerations</p> <p>Zoning & Annexation approvals</p> <p>Environmental Permitting</p> <p>Construction agreements</p> <p>Reporting & compliance</p>

Free Resource: *DevelopOhio* Toolkit



Updated Summer 2023

DevelopOhio blog's free resource:

- Economic Incentives Toolkit
- State & local public finance tools

Since 2011

User-friendly by design

- Desk reference guide for “greenhorns” to experienced economic developers



Questions



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