
DEPARTMENT OF DEVELOPMENT

Residential Broadband Expansion Program scoring

- Modifies the application scoring system for the Ohio Residential Broadband Expansion Program.

State private activity bond ceiling and fund

- Grants the Department of Development (DEV) authority to allocate Ohio's volume ceiling on state private activity bonds established under federal income tax law.
- Requires DEV to adopt rules governing the administration of the volume ceiling, including an allocation formula.
- Establishes a custodial fund consisting of fees paid by issuers receiving volume ceiling allocations to pay DEV's costs in administering Ohio's volume ceiling.

Tourism attractions and professional sports facilities funding

Roadwork Development Fund

- Expands the purposes of the existing Roadwork Development Fund to include funding the following:
 - Construction, reconstruction, maintenance, or repair of public roads that provide or improve access to professional sports facilities;
 - Associated improvements necessary for access to tourism attractions and professional sports facilities; and
 - Improvements associated with the retail and residential components that are a part of a tourism attraction or professional sports facility.

Facilities Establishment Fund

- Expands the purposes of the existing Facilities Establishment Fund to include funding persons that are engaged in developing tourism attractions and professional sports facilities.
- Removes the fund's existing exclusion of point-of-final-purchase retail facilities as eligible projects for purposes of receiving money from the fund and its associated programs.

Custodial funds

- Creates the Automated Clearing House Payments Fund consisting of regular loan repayments and fees by ACH transfer for loans made from loan programs administered by the DEV Director.
- Creates the Enterprise Bond Retirement Fund consisting of repayments, fees, and other money attributable to loans made by the DEV Director from the Facilities Establishment Fund.

- Creates the Regional Loan Escrow Fund consisting of all grants, gifts, contributions, and other money designated for or deposited in the fund, and all repayments, fees, and other money attributable to loans made under the Regional 166 Loan Program.
- Eliminates the Mortgage Insurance Fund and the corresponding authority of the DEV Director to insure mortgage payments on behalf of a person, partnership, corporation, or community improvement corporation using money from the fund.
- Eliminates the Mortgage Guarantee Fund.
- Eliminates the DEV Director's Purchase Fund.
- Eliminates sinking fund requirements for certain funds received by the DEV Director.

Individual Microcredential Assistance Programs

- Creates the Institutional Platinum Provider Program (IPPP) under which a state institution of higher of education participating in the Individual Microcredential Assistance Program (IMAP) may receive one or more advance payments for training costs for individuals to earn a microcredential.
- Increases from \$500,000 to \$1 million the total advance payment or reimbursement amount an institution participating in IMAP and IPPP may receive in a fiscal year.
- Creates the Platinum Provider Program under which an eligible IMAP participant may receive one or more advance payments for training costs for individuals to earn a microcredential.

Affirmative action programs in public contracting

- Eliminates a requirement for all contractors from whom the state or a political subdivision makes purchases to have a written affirmative action program for the employment and utilization of economically disadvantaged persons.
- Eliminates a prohibition against DEV disbursing capital money appropriated for any project unless the project provides for an affirmative action program for the employment and utilization of persons who are disadvantaged due to their culture, race, ethnicity, or other similar reasons.
- Repeals a requirement that a person receive a certificate of compliance with affirmative action programs before bidding on a public improvement construction contract or a transportation construction contract awarded by the Director of Transportation.
- Prohibits most public authorities, for subcontracts of construction managers at risk, integrated project contractors, and design-build firms, from eliminating a bidder as unqualified on the basis that the bidder has not complied with an affirmative action program, or a diversity, equity, and inclusion program.

Welcome Home Ohio (WHO) Program

- Decreases the minimum square footage for homes that receive Welcome Home Ohio (WHO) grants or tax credits from 1,000 to 800 square feet.
- Allows WHO funds to be used to acquire or rehabilitate manufactured homes but not mobile homes.
- Allows WHO funds to be used to acquire or rehabilitate residential units in a mixed-use development but requires the funds to be used for the residential units, common areas used by the occupants of the residential units, or improvements that serve the residential units.
- Increases the amount of the WHO tax credit from one-third of the construction and rehabilitation costs to 90% of such costs.
- Extends the WHO tax credit through the end of FY 2027 and allows up to \$20 million in tax credits to be awarded in the biennium.
- Allows DEV to award WHO grants to certain qualified nonprofit developers that are incorporated in Ohio for the purpose of improving the physical, economic, or social environment by addressing critical problems like housing.
- Increases, from \$30,000 to \$100,000, the maximum amount of a WHO grant to rehabilitate or construct a home.
- Applies the same \$100,000 cap to WHO grants for the acquisition of a home, which are not limited by current law.
- Increases the income eligibility threshold for buyers of WHO-funded homes from 80% to 120% of the median income of the county in which the home is located.
- Increases the amount for which WHO-funded homes may be sold from \$180,000 to \$220,000.
- Reduces from five years to three years the amount of time the buyer of a WHO-funded home must agree to occupy the home as a primary residence and not rent it to anyone else.
- Reduces from 20 years to 15 years the amount of time the buyer of a WHO-funded home must agree to not sell the home to anyone whose income exceeds the WHO eligibility thresholds.
- Specifies that the deed restriction concerning subsequent sales of a WHO-funded home is a covenant running with the land and is enforceable against subsequent buyers.
- Allows a grant or tax credit recipient to include in the deed restriction a right of first refusal to repurchase the property in order to ensure that subsequent buyers meet the income eligibility requirements.

- Allows up to \$2,000 of each WHO grant or tax credit to be used to fund the financial literacy counseling that grant recipients are required, under continuing law, to provide to purchasers of the property.
- Reduces the minimum duration of the counseling from one year to six months.
- Requires the counseling to include basic home maintenance and financial literacy components, and to be conducted by a person who is licensed, certified, or authorized to provide such counseling services.
- Requires a grant recipient to reinvest any profits derived from the sale of a WHO-funded home in the land bank's land reutilization program or the developer's housing program.

Major workforce housing grants

- Establishes a grant program for townships and municipal corporations that adopt pro-housing policies.
- Appropriates \$2.5 million in FY 2026 and FY 2027 to the Housing Accelerator Fund (HAF) created by the bill for the purposes of funding the grant program.
- Limits the amount of the grant received by any township or municipal corporation to 15% of the available funds.
- Reserves approximately 75% of the available funds for the first ten applicants, and reserves 25% of the available funds for applicants that adopt six or more pro-housing policies.
- Requires a township or municipal corporation to use at least half of the grant funds received for certain housing-related purposes.

Residential Broadband Expansion Program scoring

(R.C. 122.4041)

The bill makes changes to the scoring system used for applications submitted under the Ohio Residential Broadband Expansion Program. Specifically, the 300-point maximum score for eligible projects for unserved and underserved areas is to be calculated as follows:

- One-half point for each residential address in unserved areas of the application;
- One-quarter point for each residential address in underserved areas of the application.

Under current law, the 300-point maximum score for eligible projects for unserved/underserved areas is to be calculated as the sum of:

- The product of 300 multiplied by the percentage of "passes" in unserved areas of the application;
- One half of the product of 300 multiplied by the percentage of passes in underserved areas of the application.

Current law defines “passes” as the residential addresses in close proximity to a broadband provider’s broadband infrastructure network to which residents at those addresses may opt to connect. The bill repeals this definition as it is no longer needed with the bill’s amendments to those provisions.

State private activity bond ceiling and fund

(R.C. 122.97)

The bill grants DEV the authority to allocate Ohio’s volume ceiling on the aggregate amount of state private activity bonds issued as provided under federal law. Private activity bonds are issued by or on behalf of a state or local government for the purpose of providing special financial benefits for qualified projects. If the bonds meet specific criteria the interest earned may be tax-exempt. Federal law establishes the ceiling applicable for each state and grants states authority to allocate the ceiling among issuing authorities in the state.⁴³

The bill requires DEV to adopt rules under the Administrative Procedure Act (R.C. Chapter 119) that do the following:

- Provide a formula for allocating the volume ceiling, as authorized by federal law;
- Authorize procedures to administer those allocations;
- Impose fees on persons to which the allocations are issued;
- Establish any other requirements, processes, or procedures to administer the volume ceiling.

The bill creates the Development Volume Cap Fund as a custodial fund consisting of all fees paid by issuers receiving volume ceiling allocations. The fund pays DEV’s costs in administering ceiling allocations. The Treasurer of State must disburse money from the fund on DEV’s order. All interest and investment income earned by the fund must be deposited into the fund.

Tourism attractions and professional sports facilities funding

Roadwork Development Fund

(R.C. 122.14)

The bill expands the purposes of the existing Roadwork Development Fund (RDF) to include both of the following:

- Funding construction, reconstruction, maintenance, or repair of public roads that provide or improve access to professional sports facilities; and
- Funding associated improvements that are necessary for access to tourism attractions and professional sports facilities.

⁴³ 26 U.S.C. 141 and 146(d) and (e).

The bill then authorizes tourism attractions and professional sports facilities to use the money received from DEV from the RDF to make improvements that are associated with the retail and residential components within their surrounding development. The RDF consists of investment earnings of the Security Deposit Fund and revenue transferred from the Highway Operating Fund. Each of these sources is limited in how its money can be used by Article XII, Section 5a of the Ohio Constitution, thus the RDF has the same limitation.

That limitation, in relevant part, states that the money derived from fees and taxes (including motor fuel taxes) associated with motor vehicle registration, operation, or use must be used only for the costs for construction, reconstruction, maintenance, and repair of public highways and bridges and the costs associated with administration and enforcement of traffic laws. The RDF's current purposes meet that constitutional limitation, and the expansion of the fund to include similar activities on public roads and associated improvements for professional sports facilities appears to be consistent with that limitation.

However, if challenged, a court might examine whether the constitutional limitations on the RDF permit the bill's authorization for tourism attractions and professional sports facilities to use RDF money towards retail and residential components within their development, without any specification that it only be for public roads.

Facilities Establishment Fund

(R.C. 166.01, 166.02, 166.12, and 166.17)

The bill expands the purposes of the existing Facilities Establishment Fund (FEF). Under current law, the FEF finances loans to persons engaged in "industry, commerce, distribution, or research" to encourage such persons to acquire, construct, reconstruct, rehabilitate, renovate, enlarge, improve, equip, furnish, or otherwise develop various eligible projects. The eligible projects relate to innovation, research, and development in various capacities.

The bill adds persons engaged in the development of tourism attractions or professional sports facilities as entities eligible for loans from the FEF and through the Department of Development programs financed through that fund. Additionally, it adds the development of tourism attractions or professional sports facilities as types of eligible projects to receive the funding, regardless of what entity is sponsoring their development. Relatedly, the bill removes a current limitation that eligible projects cannot solely finance or finance the portion of a project that includes a point-of-final-purchase retail facility (e.g., retail store, supermarket, department store, etc.). As such, the bill allows the developer of a tourism attraction and professional sports facility (in addition to the other types of developers) to use money from the FEF towards the retail components within their development, similar to the expansion of the RDF above.

Custodial funds

(R.C. 166.36, 166.37, and 166.38, enacted; R.C. 122.451, 122.55, 122.56, 122.561, and 122.57, repealed; and R.C. 122.41, 122.42, 122.47, 122.49, 122.53, 122.571, 122.59, 165.04, 166.03, 166.08, 169.01, and 169.05 (conforming changes))

The bill creates three custodial funds, meaning the funds are held in the custody of the Treasurer of State but are not part of the state treasury.

1. The new Automated Clearing House Payments Fund will consist of regular loan repayments and fees by ACH transfer for loans made from loan programs administered by the DEV Director. The DEV Director has discretion to transfer money from this fund to the new Enterprise Bond Retirement Fund (also created under the bill) or to any fund within the state treasury.

2. The new Enterprise Bond Retirement Fund will consist of repayments, fees, and other money attributable to loans made by the DEV Director from the Facilities Establishment Fund. The Director has discretion to transfer money from the fund to any fund related to certain economic development programs or to any fund in the state treasury.

3. The new Regional Loan Escrow Fund will consist of all grants, gifts, contributions, and other money designated for or deposited in the fund, and all repayments, fees, and other money attributable to loans made under the Regional 166 Loan Program. The DEV Director has discretion to release money in the fund for purposes of making loans related to certain economic development programs. Each fund retains all interest and investment income earned by the fund.

The bill eliminates the following funds:

- The Mortgage Insurance Fund, and the corresponding authority of the DEV Director to insure mortgage payments on behalf of a person, partnership, corporation, or community improvement corporation using money from the fund.
- The Mortgage Guarantee Fund, used for a variety of guaranty programs.
- The DEV Director's Purchase Fund, used for purchasing or improving certain properties.

The bill also eliminates sinking fund requirements for certain funds received by the DEV Director: payments of principal of and interest on the loans made by the Director, all rentals received under leases made by the Director, and all proceeds of the sale or other disposition of property held by the Director.

Individual Microcredential Assistance Programs

(R.C. 122.1710, 122.1712, and 122.1713; Section 701.50)

The bill enacts the Platinum Provider Act. It modifies the existing Individual Microcredential Assistance Program (IMAP) and creates two platinum provider programs for certain IMAP participants: the Institutional Platinum Provider Program and the Platinum Provider Program. Under the platinum provider programs, certain IMAP participants may be eligible for one or more advance payments in addition to reimbursements for which the participants may be eligible under IMAP. Under continuing law, IMAP reimburses participating training providers for training costs for individuals to earn a microcredential. A "microcredential" is an industry-recognized credential or certificate that an individual may complete within one year and that is approved by the Chancellor of Higher Education.⁴⁴

⁴⁴ By reference to R.C. 122.178, not in the bill.

The bill requires the DEV Director, who administers IMAP, to do both of the following with respect to the platinum provider programs:

- Create applications to participate in and seek advance payments under the programs;
- Adopt rules to implement the programs.

Institutional Platinum Provider Program

Under the bill, the DEV Director, in consultation with the Governor's Office of Workforce Transformation (OWT), must establish an Institutional Platinum Provider Program (IPPP) for state institutions of higher education. A state institution approved to participate in IMAP is eligible to participate in IPPP. The bill increases from \$500,000 to \$1 million the total advance payment or reimbursement amount a state institution participating in IMAP and IPPP may receive in a fiscal year. The total amount of advance payments a state institution may receive under IPPP in any fiscal year cannot exceed the total reimbursement amount the institution initially seeks under IMAP.

Institutional duties

The bill requires each state institution to:

- Provide at least two in-person training programs and at least one online training program for individuals to earn a microcredential; and
- By December 31 immediately after IPPP is established, and by December 31 of each year after that, apply to participate in IMAP.

Institutional platinum providers

If the DEV Director approves a state institution's application to participate in IMAP, all of the following apply:

- The DEV Director must designate the state institution as an institutional platinum provider.
- The state institution may participate in IPPP.
- The state institution is eligible to apply for one or more advance payments under IPPP to cover training costs for individuals to earn a microcredential.

Initial advance payments

An institutional platinum provider may apply for an initial advance payment of not more than 20% of the total reimbursement amount the state institution seeks under IMAP. If a state institution applies for an advance payment, the DEV Director must provide it to the institution in the amount specified in the application.

Subsequent advance payments

After each training program an institutional platinum provider administers during a fiscal year that results in at least one individual earning a microcredential, the state institution may apply for a subsequent advance payment. Each subsequent advance payment cannot exceed 20%

of the total reimbursement amount the state institution seeks under IMAP. If at least 50% of the individuals who participated in the state institution's last training program earned a microcredential, the DEV Director must provide another payment to the state institution in the amount specified in the application. If, however, less than 50% of the individuals earned a microcredential, to be eligible for another payment, the state institution must refund a certain percent of the advance payment amount that was last provided to the institution during the fiscal year. The percent is the difference between 50% and the percent of individuals who earned a microcredential. If the state institution refunds that amount, the DEV Director must provide another payment to the state institution in the amount specified in the application. If the state institution does not refund that amount, the DEV Director cannot provide another payment.

IMAP reimbursements

If the DEV Director approves an institutional platinum provider's reimbursement application under IMAP, the Director must reimburse the state institution for the total actual training cost less the total advance payment amount the state institution received under IPPP. The DEV Director cannot reimburse the state institution for any amounts the institution refunded under IPPP. If the total actual training cost is less than the total advance payment amount the state institution received under IPPP, the state institution must refund the difference between the total advance payment amount and the actual training cost.

Platinum Provider Program

The bill requires the DEV Director, in consultation with OWT, to establish a separate Platinum Provider Program (PPP) for training providers participating in IMAP. A training provider is an Ohio technical center, state institution of higher education, or private business or institution that offers training to allow an individual to earn a microcredential. A training provider that is approved to participate in IMAP and that meets the bill's requirements is eligible to participate in PPP. A training provider approved to participate in PPP may receive one or more advance payments to cover the training costs for individuals to earn a microcredential. A training provider participating in PPP may receive a total advance payment under PPP, or reimbursement under IMAP, of up to \$500,000 in a fiscal year.

Application

After being approved to participate in IMAP, a training provider seeking to participate in PPP must apply to the DEV Director on a form prescribed by the Director. The training provider must include in the application all of the following information:

- The initial advance payment amount the training provider is seeking, not to exceed 20% of the total reimbursement amount the training provider seeks under IMAP;
- Evidence that at least 80% of individuals who participated in training programs offered by the training provider in the previous fiscal year earned a microcredential under IMAP;
- The number of microcredentials for which the training provider is seeking an advance payment and the names of the microcredentials;

- The training cost for each microcredential for which the training provider is seeking an advance payment;
- Proof that the training provider has obtained a surety bond that meets the bill's requirements.

The DEV Director must notify a training provider in writing of the Director's decision to approve or deny a training provider's application.

Initial advance payment

If the DEV Director approves a training provider's application to participate in PPP, the Director must do both of the following:

- Designate the training provider as a platinum provider;
- Provide an initial advance payment to the platinum provider in the amount specified in the application but not exceeding the least of the following amounts:
 - \$100,000;
 - 20% of the total amount of reimbursement the provider seeks under IMAP;
 - The amount of the surety bond that the provider must maintain to participate in PPP, less any previous advance payment the provider must refund to the DEV Director.

Subsequent advance payments

After each training program that a platinum provider administers during a fiscal year that results in at least one individual earning a microcredential, the provider may apply for a subsequent advance payment. Each subsequent advance payment cannot be more than the least of the amounts listed above. The provider must include in the application the same information required in the initial application to participate in PPP. If at least 80% of the individuals who participated in the provider's last training program earned a microcredential, the DEV Director must provide a subsequent advance payment to the provider in the amount specified in the application. If, however, less than 80% of the individuals earned a microcredential, to be eligible for a subsequent advance payment, the provider must refund a certain percent of the advance payment amount that was last provided to the provider during the fiscal year. The percent is the difference between 80% and the percent of individuals who earned a microcredential. If the provider refunds that amount, the DEV Director must provide a subsequent advance payment to the provider in the amount specified in the application. If the provider does not refund that amount, the DEV Director cannot provide a subsequent advance payment.

IMAP reimbursements and refunds

If the DEV Director approves a reimbursement application a platinum provider submits under IMAP, the Director must reimburse the provider for the total actual training cost under IMAP less the total advance payment to the provider under PPP. The Director cannot reimburse the provider for any amounts the provider refunded under PPP. If the total actual training cost is less than the total advance payment amount the provider received under PPP, the provider must refund the difference between the advance payment amount and the actual training cost. If a

provider fails to apply for reimbursement under IMAP, the Director must require the provider to refund the total advance payment amount the provider received under PPP.

Revocation of platinum provider status

If, at the time a platinum provider seeks reimbursement under IMAP, the DEV Director determines that less than 80% of individuals who participated in the provider's training programs in the fiscal year earned a microcredential, or that the provider has failed to maintain the required bond, both of the following apply:

- The DEV Director must revoke the provider's status as a platinum provider.
- The provider is ineligible to participate in PPP for the following fiscal year.

A training provider whose platinum status is revoked may reapply to participate in PPP in the fiscal year that follows the fiscal year in which the provider is ineligible to participate in PPP.

Surety bond

A training provider that is designated as a platinum provider or that seeks to participate in PPP must maintain a surety bond issued by a bonding or insurance company licensed to do business in Ohio. The bond must be in favor of the DEV Director. It also must be in an amount not less than the sum of the total advance payments the provider received for the fiscal year plus any advance payments for any previous fiscal year that the provider must refund. The provider must maintain the bond while participating in PPP and cannot allow it to expire or terminate until the provider applies for reimbursement under IMAP or refunds any applicable amounts.

IMAP application period

The bill establishes the application period under IMAP to address the interaction between it and the platinum provider programs created by the bill. Current law does not specify the application period. Under continuing law, a training provider seeking reimbursement for training costs under IMAP must submit an initial application to participate in IMAP. After being approved to participate and administering a training program, the training provider must submit a separate reimbursement application. The bill ties the application period under IMAP to the state fiscal year. It requires the DEV Director to administer IMAP so that the total reimbursement to each IMAP participant occurs at least once per fiscal year. Each training provider seeking to participate in IMAP under the bill must apply at the beginning or before the beginning of the fiscal year, but not later than the date established by the Director. The training provider must submit the reimbursement application during the fiscal year in which the training provider applied to participate in IMAP, but not later than the date established by the Director.

Affirmative action programs in public contracting

(R.C. 9.47, repealed; R.C. 125.11, 153.502, and 153.59; conforming changes in R.C. 153.08 and 5525.03)

The bill eliminates the following provisions related to affirmative action programs in public contracting:

- A requirement for all contractors from whom the state or a political subdivision makes purchases to have a written affirmative action program for the employment and utilization of economically disadvantaged persons.
- A prohibition against DEV disbursing capital money appropriated for any project unless the project provides for an affirmative action program for the employment and utilization of persons who are disadvantaged due to their culture, race, ethnicity, or other similar reasons.
- A requirement that a person receive a certificate of compliance with affirmative action programs before bidding on a public improvement construction contract or a transportation construction contract awarded by the Director of Transportation.

Subject to the exceptions listed below, with respect to subcontracts of construction managers at risk, integrated project contractors, and design-build firms, the bill prohibits a public authority from eliminating a bidder as unqualified on the basis that the bidder has not complied with an affirmative action program or a diversity, equity, and inclusion program. The prohibition does not apply to either of the following:

- County policies to assist minority business enterprises in competitively bid contracts;
- Any set-aside programs for minority business enterprises or EDGE business enterprises.

Under continuing law, a “minority business enterprise” means a business that is owned and controlled by U.S. citizens who reside in Ohio and are members of one of the following economically disadvantaged groups: Blacks or African Americans, American Indians, Hispanics or Latinos, and Asians.⁴⁵ An “EDGE business enterprise” is a business certified by the DEV Director as being owned by one or more individuals who are economically and socially disadvantaged based on wealth, business size, and other characteristics, including color, ethnicity, gender, disability, or some other disadvantage not common to other small business owners.⁴⁶

Welcome Home Ohio (WHO) Program

(R.C. 122.631, 122.632, and 122.633)

The Welcome Home Ohio (WHO) Program allows DEV to award grants and tax credits for the purchase, construction, or rehabilitation of qualifying residential property. The bill makes numerous changes to the WHO Program, including by increasing the tax credit amount, extending grant eligibility to certain nonprofit developers, adjusting the standards for types of properties that may be purchased and rehabilitated, and relaxing conditions for ownership of a WHO-funded home.

Qualifying residential property

Under current law, “qualifying residential property” is defined as a single-family residence with at least 1,000 square feet of habitable space. The term includes a single unit in a multi-unit

⁴⁵ R.C. 122.71, not in the bill.

⁴⁶ R.C. 122.922, not in the bill.

property as long as the property has no more than ten total units. The definition explicitly excludes a “manufactured home,” which is a building unit or assembly of closed construction that is fabricated in an off-site facility and constructed in conformance with certain specified federal construction and safety standards.⁴⁷

The bill reduces the minimum square footage of qualifying residential property from 1,000 square feet to 800 square feet. It also allows WHO funds to be used to acquire, construct, or rehabilitate residential units in mixed-use developments and manufactured homes. However, the bill prohibits the use of WHO funds on a “mobile home,” which is a building unit or assembly of closed construction that is fabricated in an off-site facility, is more than 35 body feet in length or, when erected on site, is 320 or more square feet, is built on a permanent chassis, is transportable in one or more sections, and does not qualify as a manufactured home.⁴⁸

If grant funds are awarded to construct or rehabilitate a mixed-use building, the bill generally requires those funds to be used in areas of the building that are designated for residential use. However, the funds may be used in common areas so long as they are used by the occupants of the residential units and for improvements that serve both the residential units and other portions of the project. The bill requires the DEV Director to adopt rules to determine the value of qualifying residential property located in a mixed-use building and the total value of the building.

Tax credit

The WHO Program allows DEV to award nonrefundable tax credits against the income tax and financial institutions tax (FIT) to land banks and eligible developers for the rehabilitation or construction of qualifying residential property. An “eligible developer” is one of several enumerated nonprofit entities, provided a primary activity of the entity is the development and preservation of affordable housing or a community improvement corporation or community urban redevelopment corporation. Under current law, the tax credit equals \$90,000 per qualifying residential property or one-third of the cost of construction or rehabilitation, whichever is less.

The bill increases the amount of the credit from one-third of construction or rehabilitation costs to 90% of such costs. The bill retains the \$90,000 cap for each residential property. Current law allows DEV to issue up to \$25 million in tax credits in both FY 2024 and FY 2025 and then sunsets the credit. The bill extends the credit through the end of FY 2027, and allows \$20 million in tax credits to be issued over the course of the biennium.

Qualified nonprofit developers

Current law limits eligibility for WHO grants to “electing subdivisions” and “county land reutilization corporations,” which are collectively referred to in this analysis as “land banks.” A

⁴⁷ R.C. 3781.06, not in the bill.

⁴⁸ R.C. 4501.01, not in the bill.

land bank is a political subdivision or a special-purpose nonprofit entity designated by a county that acquires foreclosed properties and either sells them or dedicates them to public use.

The bill also allows certain nonprofit corporations, referred to as “qualified nonprofit developers,” to receive WHO grants. As a baseline for eligibility, a qualified nonprofit developer must be incorporated in Ohio and engaged in community development activities primarily within an identified geographic area of operation in Ohio. Furthermore, the primary purpose of a qualified nonprofit developer must be to improve the physical, economic, or social environment by addressing critical problems in its geographic area of operation, including housing.

Maximum grant amount

Under continuing law, the amount of a WHO grant to acquire, construct, or rehabilitate qualifying residential property is determined by DEV based on the amount of available funding. Current law caps the amount of the construction or rehabilitation grant at \$30,000 per qualifying residential property. The bill increases the cap to \$100,000 per qualifying residential property. Furthermore, it applies the same \$100,000 cap to the acquisition grants, which are not capped by current law.

Continuing law allows a land bank, and the bill allows a qualified nonprofit developer, to receive both an acquisition grant and a construction or rehabilitation grant for the same qualifying residential property. Therefore, under the bill, DEV may approve up to \$200,000 in grants for the same qualifying residential property.

Price and income thresholds

Under current law, WHO-funded homes must be sold for \$180,000 or less. The buyer must be an individual, or individuals, with annual income that is no more than 80% of the median income for the county where the home is located. The bill increases the maximum sale price to \$220,000 and the maximum income for buyers to 120% of the median income of the county where the home is located.

Agreement to occupy the home

Continuing law requires buyers of WHO-funded homes to agree to maintain ownership of the home as a primary residence and not rent the home to anyone else for five years. If the buyer violates that agreement, they are required to pay a penalty of \$90,000 (the maximum grant or tax credit amount) reduced by \$18,000 ($\frac{1}{5}$ of that amount) for each year the buyer occupied the home as a primary residence. The bill reduces the term of the agreement from five years to three years. Furthermore, it specifies that the penalty is the amount of the grant or tax credit attributable to the home, which might be less than the maximum grant amount, reduced by $\frac{1}{3}$ for each year the buyer occupied the home as a primary residence. In essence, the bill accelerates the rate at which the penalty decreases commensurate with the reduction in time that the agreement applies.

Deed restriction

Continuing law requires a land bank or developer, when conveying a WHO-funded home to a buyer, to include a deed restriction that prohibits subsequent sales to a person who does not meet the income eligibility requirements. Currently, the deed restriction lasts for 20 years

following the initial sale of the home. The DEV Director has authority and standing to sue and enforce the deed restriction.

The bill reduces the time that the deed restriction applies from 20 years to 15 years. Furthermore, it allows the land bank or developer to include a right of first refusal in the deed restriction to repurchase the home for the purpose of ensuring that it is ultimately sold to a buyer who meets the income eligibility requirement. The bill specifies that the deed restriction is a covenant running with the land and is fully binding upon subsequent buyers of the home until it expires.

Financial literacy counseling

Under continuing law, land banks and developers that receive a WHO grant or tax credit must agree to provide financial literacy counseling to each buyer of a home that is purchased, rehabilitated, or constructed using WHO funds. Buyers of WHO-funded homes must agree to participate in the financial literacy counseling.

The bill allows up to \$2,000 in grant or tax credit funds to be used to pay for the financial literacy counseling. It requires the counseling to be comprised of a home ownership course with a curriculum that includes basic home maintenance and financial literacy. The course must be offered by a “qualifying counseling provider,” that is licensed, certified, or authorized to provide such counseling as one of its primary functions including, specifically, housing counselors certified by the federal Department of Housing and Urban Development (HUD). The bill reduces the minimum duration of the counseling from one year to six months.

Reinvestment of profits

The bill requires the recipient of a WHO grant to use all profits derived from the sale of the WHO-funded home for the land bank’s land reutilization program or the developer’s housing program.

Major workforce housing grants

(R.C. 122.634)

The bill establishes a grant program within the Department of Development (DEV) to award money to townships and municipal corporations that adopt at least three pro-housing policies identified by the bill. Grants are awarded from the newly created Housing Accelerator Fund (HAF) to which the bill appropriates \$2.5 million in each of FY 2026 and FY 2027. Townships and municipal corporations that receive grants must use at least half of the funds for certain housing-related purposes specified by the bill.

Pro-housing policies

The bill provides three categories of pro-housing policies. In order to qualify for a grant, a township or municipal corporation must adopt and implement at least one policy from each category.

Pro-housing policies

Category 1: density

- No parking requirements or minimal parking requirements for developments that include residential units;
- Allow “quadplex housing,” i.e., a parcel with four dwelling units designated for occupancy by four independent individuals or families, in at least 75% of the territory of the township or municipal corporation;
- Repeal minimum lot size requirements;
- Reduce, by at least 50%, the portion of territory within the township or municipal corporation that is zoned for single-family use only, as compared to the portion of territory zoned for that purpose ten years before the application date.

Category 2: site readiness

- Subsidize or decrease costs related to water or sewer connections for “major workforce housing projects,” i.e., a project that reserves at least 20 units, designed for residential occupancy by at least 20 independent individuals or families, for households earning between 60% and 100% of the median income for the county where the project is located, as determined by the DEV Director;
- Acquire and ready sites that are ready to be financed and built upon by housing developers;
- Provide incentives related to increased density to developers that provide low-income housing and workforce housing;
- Provide incentives for modular housing or manufactured homes;
- Adopt road regulations and specifications for county roads recommended by the Department of Transportation for all roads constructed for the purpose of housing projects;
- Adopt a building code that is not more restrictive than the State Building Code for the specific style of exterior cladding or finish materials for residential buildings.

Category 3: building code enforcement

- Have a process in place to reduce the time it takes to review and complete all regulatory approvals for housing developments by at least 30% or that reduces the time it takes to review and grant permits to four months or less;
- Have a pre-approval process in place to create an expedited review and granting of permits for a diverse range of developers;
- Have an expedited approval process for development plans sharing 90% of the elements of a development plan that was previously approved;
- Have a housing plan within the last five years that tracks the needs, gaps, and potential strategies for increasing housing across all income levels within the township or municipal

Pro-housing policies

corporation for at least the next ten years and identifies opportunities to reduce the regulatory burden on housing development;

- Have policies that preserve existing moderate and low-income housing;
- Allow accessory dwelling units.

Application and distribution

The bill requires that the grant application include, at minimum, documentation or other evidence showing the township or municipal corporation has adopted at least one pro-housing policy from each of the categories described above. The application must also provide a description of how the township or municipal corporation intends to utilize the grant funds received.

Under the bill, DEV is required to annually review applications and award grants to the extent that grant funds are available. The bill prohibits any applicant from receiving more than 15% of the total funds available, regardless of the number of applicants. The first ten townships and municipal corporations that timely submit a complete application and demonstrate eligibility for the grant are guaranteed to receive a portion of the available funds. Approximately 75% of the funds are reserved for those first ten townships and municipal corporations. Additionally, approximately 25% of the available grant funds are reserved for townships and municipal corporations that adopt and implement six or more of the pro-housing policies described above.

Use of funds

At least half of the grant funds received by a township or municipal corporation must be used for one or more of the following purposes:

- Providing capital for housing development through grants or loans;
- Supporting first-time home buyers;
- Providing funds for home repairs for low-income homeowners;
- Providing funds for multi-family building improvements for low- and middle-income landlords;
- Enforcing zoning and residential building regulations;
- Enforcing anti-discrimination housing regulations;
- Providing funds for tenant protection and empowerment;
- Acquiring and readying sites for housing development;
- Funding a conversion under the rental assistance demonstration program;
- Providing long-term housing for difficult to house populations.

The grant recipient must provide DEV with documentation sufficient to prove that at least half of the grant funds were used for those purposes. A township or municipal corporation that is unable to provide sufficient documentation is prohibited for receiving funds under the program for five years following the date that the funds were improperly expended.