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Bill Analysis

Version: As Introduced

Primary Sponsors: Sens. Reynolds and Craig

Joe McDaniels, Division Chief

SUMMARY

Department of Housing and Development

- Renames the Department of Development and the Director of Development the Department of Housing and Development and the Director of Housing and Development, respectively.

Ohio housing dashboard

- Requires the Department to create, publish, and maintain the Ohio housing dashboard to provide data and information related to the housing market.
- Requires the dashboard to include sortable data concerning home prices, rental rates, rental vacancy rates, housing inventory levels, homeownership rates, foreclosure rates, and population growth.
- Requires the Department to disclose the sources and methodology used to compile data of the dashboard.

Ohio housing toolkit

- Requires the Department to create the Ohio housing toolkit to provide information and guidance for local government officials and housing industry stakeholders.
- Requires the toolkit to include links to all local comprehensive plans and zoning codes, expert guidance on best practices for navigating those plans and codes, a standardized zoning code framework, and information and guidance specific to alternative forms of housing.
- Requires the Department to establish an administrative support hotline for local governments seeking to adopt, implement, or manage zoning codes.

TourismOhio

- Revises the purposes of TourismOhio to include advising on strategies that promote Ohio as a destination for living, learning, working, and traveling.
- Requires the Department and TourismOhio to establish a campaign to promote Ohio as a pro-housing state and educate Ohioans on the benefits of innovation in housing and economic development.

Welcome Home Ohio (WHO) Program

- Decreases the minimum square footage 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.
- Allows WHO funds to be used to acquire or rehabilitate residential units in a mixed-use development.
- Prohibits using a WHO grant to rehabilitate or construct nonresidential areas other than common areas used by the occupants of the residential units or improvements that serve the residential units as well as other areas.
- Specifies that each residential unit in a multi-unit development qualifies for a separate WHO grant or tax credit.
- Requires the Director to adopt rules to determine the value of qualifying residential property located in a building with other uses and the total value of the building.
- Increases the amount of the tax credit from one-third of the construction and rehabilitation costs to 90% of such costs.
- Raises the income eligibility threshold to purchase 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 purchaser of a WHO-funded home must agree to occupy it as a primary residence and not rent it to anyone else.
- Reduces from 20 years to 15 years the amount of time the purchaser of a WHO-funded home must agree to not sell the home to anyone whose income meets the WHO eligibility thresholds.
- Requires the terms and conditions associated with WHO-funded homes to be expressed in the form of a promissory note secured by a mortgage, as opposed to a deed restriction.
- Allows a grant or tax credit recipient to include in the promissory note a right of first refusal to repurchase the property in order to ensure that subsequent purchasers meet the income eligibility thresholds.

- Allows the Director to fully or partially forgive such a repayment if doing so does not grant a purchaser an undue windfall or hinder the objectives of WHO.
- Eliminates the Director's authority and standing to sue for the enforcement of the promissory note.
- 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.
- Eliminates the requirement that the counseling last for one year.

Ohio Housing Finance Agency (OHFA)

- Adds two members of the Senate and two members of the House of Representatives to the Ohio Housing Finance Agency (OHFA) Board. Increases the number of members that constitute a quorum from six to eight.
- Requires the Board to meet, not later than 90 days after the effective date of the bill, to consider changes to program policies, guidelines, and scoring metrics to "resolve inequities and increase participation in rural areas."

Ohio Housing Trust Fund

- Adds two members of the Senate and two members of the House of Representatives to the Ohio Housing Trust Fund (OHTF) advisory committee.

All Ohio Future Fund

- Specifies that money in the All Ohio Future Fund (AOFF) may be used to promote economic development by funding infrastructure that is a critical component of either site readiness and preparation or housing to accommodate a growing workforce.

DETAILED ANALYSIS

Department of Housing and Development

The bill renames the Department of Development the Department of Housing and Development and retitles the Director of Development the Director of Housing and Development.[1]

Ohio housing dashboard

The bill requires the Department to create and maintain an Ohio housing dashboard comprised of data on home prices, rental rates, rental vacancy rates, housing inventory levels, homeownership rates, foreclosure rates, and population growth. The dashboard must be published on the Department's public website and must be formatted in a way that allows users to sort data based on location, race and ethnicity, household size, employment status, and

[1] R.C. 121.03, 121.35, and 122.01; conforming changes throughout the bill.

household income. The Department must include information alongside the dashboard indicating the sources and methodology used to compile the underlying data.[2]

Ohio housing toolkit

The bill requires the Department to create and maintain an Ohio housing toolkit that includes resources to assist local government officials and housing stakeholders in navigating housing development and community planning. The toolkit must be published on the Department's publicly accessible website. At minimum, the toolkit must include all of the following:

- An interface that identifies and links to all local comprehensive plans and zoning codes that apply to a particular address entered by the user;
- Expert guidance and best practices for navigating local comprehensive plans and zoning codes, including project checklists and templates for permit applications;
- A standardized zoning code framework that may be used by local governments as a model to streamline the zoning process and facilitate housing projects;
- Information and guidance specific to alternative forms of housing such as accessory dwelling units (i.e., self-contained units designed for single-family occupancy, have independent living facilities, and located on the same lot as a larger single-family dwelling), tiny homes, modular housing, and manufactured housing;
- A list of Ohio political subdivisions that allow alternative forms of housing, by type, and links to local building, zoning, and fire code provisions specific to alternative forms of housing.

The bill requires the Department to establish an administrative support hotline to provide guidance, best practices, and technical support for local governments in adopting, implementing, and managing new or amended zoning codes.[3]

TourismOhio

The bill revises the purpose of TourismOhio to promote Ohio as a "destination for living, learning, working, and traveling." In addition, the bill requires TourismOhio and the Department to establish and implement a campaign to promote Ohio as a pro-housing state and to engage and educate Ohioans about the benefits of growth and innovation in housing and economic development.

Under continuing law, TourismOhio is an office within the Department that promotes Ohio as a travel destination and performs an annual return-on-investment study analyzing the impact of those promotional efforts. TourismOhio is supervised by a Director and advised by the TourismOhio Advisory Board. The Board consists of the Chief Investment Officer (CIO) of

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[2] R.C. 122.635.

[3] R.C. 122.634.

JobsOhio or the CIO's designee, the Director of TourismOhio, and nine members appointed by the Governor.[4]

Welcome Home Ohio (WHO) Program

The Welcome Home Ohio (WHO) Program allows the Department to award incentives in the following forms: (1) grants to land banks for the purchase of qualifying residential property, (2) grants to landbanks for the rehabilitation and construction of such property, and (3) tax credits to land banks and developers for the rehabilitation and construction of such property. The bill makes numerous changes to the WHO Program, including by increasing the tax credit amount, adjusting the standards for which properties 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 single-family residential property with at least 1,000 square feet of habitable space. The term includes a single unit in a multi-unit 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.

The bill broadens the residential properties that qualify for WHO funding in several ways:

- Reduces the minimum square footage from 1,000 square feet to 800 square feet;
- Includes residential units in mixed-use developments;
- Specifies that each residential unit in a multi-unit property qualifies for its own grant or tax credit;
- Includes manufactured homes (reversing the exclusion under current law).

The bill prohibits a land bank from using grant funds to construct or rehabilitate portions of a multi-unit building that are not designated for residential use. However, WHO funds can be used in common areas that are used by the occupants of the residential units and for improvements that serve both the residential units and other portions of the project. These limitations apply only to grant funds. No similar provision applies for the purposes of the tax credit. The bill requires the Director to adopt rules to determine the value of qualifying residential property located in a building with other uses and the total value of the building.

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.[5]

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[4] R.C. 122.071 and 122.073.

[5] R.C. 122.631(A)(2) and (3), and 122.632(B)(1) and (C)(1); R.C. 3781.06 and 4501.01, not in the bill.

Tax credit amount

The WHO Program allows the Department 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, credits equal $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 but, as mentioned above, it specifies that each unit in a multi-unit property qualifies for a separate tax credit. As a result, the amount of the credit received by a landbank or eligible developer under the bill could be far greater than would be allowed for the same project under current law.

Continuing law allows the Department to issue up to $25 million in tax credits in both FY 2024 and FY 2025, but does not allow credits to be issued after FY 2025. The bill does not extend the credit beyond FY 2025 so, absent further revisions, the credit will expire.[6]

Price and income thresholds

Under current law, WHO-funded homes must be sold for $180,000 or less to 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. It also increases the maximum income for purchasers to 120% of the median income of the county where the home is located.[7]

Conditions of ownership

Continuing law requires buyers of WHO-funded homes to agree to certain conditions as part of the purchase agreement. For instance, the buyer must agree to maintain ownership of the property as a primary residence and not rent it to anyone else for five years. If the buyer violates that condition, they are required to pay a penalty of $90,000 (the maximum grant or tax credit amount) reduced by $18,000 (1⁄5 of that amount) for each year the buyer occupied the home as a primary residence. The bill reduces from, five years to three years, the time for which the condition applies. Furthermore, it specifies that the penalty for violating the condition is the amount of the grant or tax credit attributable to the home reduced by 1⁄3 for each year the buyer occupied the home as a primary residence.

Current law requires the land bank or developer to include a deed restriction that prohibits sale of a WHO-funded home to a person who does not meet the income eligibility thresholds. The deed restriction lasts for 20 years following the initial sale of the home. The

[6] R.C. 122.633.

[7] R.C. 122.631(A)(4) and (D)(3), 122.632(B)(3), and 122.633(C)(3).

Director has authority and standing to sue and enforce the deed restriction. The bill reduces the time that the income eligibility threshold applies from 20 years to 15 years. Furthermore, as opposed to a deed restriction, the condition is enforced by a promissory note secured by a mortgage. Under current law, if a buyer attempts to resell the home to a person whose income exceeds the eligibility threshold, the conveyance would presumably be disallowed due to the deed restriction. Under the bill, the buyer would be permitted to sell the home, but then would be required to pay a penalty of the grant or tax credit amount attributed to the property reduced proportionally based on the number of full years the buyer occupied the property as a primary residence.

The mortgage securing the promissory note is subordinate to any mortgage executed to purchase the home. Furthermore, the bill authorizes the Director to forgive all or part of the penalties if the Director discerns that it will not give the buyer an undue windfall or hinder the objectives of the WHO Program. If the home is sold to a buyer whose income does not exceed the WHO Program threshold, the subsequent buyer may assume liability under the promissory note. The bill eliminates the express authority of the Director to sue for enforcement of the conditions. The bill allows the land bank or developer that received the grant or tax credit to include a right of first refusal in the promissory note to repurchase the property.[8]

Financial literacy counseling

Under continuing law, land banks and developers that receive a WHO Program 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 United States Department of Housing and Urban Development (HUD). The bill eliminates the requirement that the counseling last one year.[9]

Ohio Housing Finance Agency (OHFA)

The bill adds two members of the Senate and two members of the House of Representatives to the Ohio Housing Finance Agency (OHFA) Board, thereby increasing the size of the Board from 11 to 15. Accordingly, the bill increases the number of members that constitute a quorum from six to eight. The Speaker of the House of Representatives and the President of the Senate are required to appoint the legislative members not later than 30 days after the effective date of the bill. Legislative members serve two-year terms at the pleasure of the member's appointing authority. The bill requires the OHFA Board to meet, within 90 days after

[8] R.C. 122.631(B), (C), and (D), 122.632(B), and 122.633(C).

[9] R.C. 122.631(A)(5) and (6), (C), and (D)(6), 122.632(B), and 122.633(C).

the bill's effective date, to consider changes to program policies, guidelines, and scoring metrics to "resolve inequities and increase participation in rural areas."

Under continuing law, OHFA assists with the financing, refinancing, production, development, and preservation of affordable housing for occupancy by low- and moderate-income persons. Its duties include the apportionment and administration of the federal low income housing tax credit.[10]

Ohio Housing Trust Fund (OHTF)

The bill adds two members of the Senate and two members of the House of Representatives to the Ohio Housing Trust Fund (OHTF) advisory committee. The OHTF is used to fund housing programs in the Department and OHFA. The Speaker of the House of Representatives and the President of the Senate are required to appoint the legislative members not later than 30 days after the effective date of the bill. Legislative members serve two-year terms at the pleasure of the member's appointing authority.[11]

All Ohio Future Fund (AOFF)

The bill specifies that money in the All Ohio Future Fund (AOFF) must be used for the installation or improvement of infrastructure that is a critical component of either: (1) site-readiness and preparation, or (2) housing to accommodate a growing workforce. Current law states only that the AOFF must be used to promote economic development, including through infrastructure projects and improvements.[12]

HISTORY

Action	Date
Introduced	03-12-25

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[10] R.C. 175.03 and 175.04; Section 3.

[11] R.C. 174.06; Section 4.

[12] R.C. 122.62.