

Single Family Tax Credit Program

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Program Overview



Created in the FY2024-2025 State Budget Bill
(135th General Assembly, Am. Sub. H.B. 33)



Guided by ORC Section 175.17 and Chapter
175-12 of the Ohio Administrative Code



\$50 million per fiscal year (2024-2027) in tax
credit allocation

Program Goals



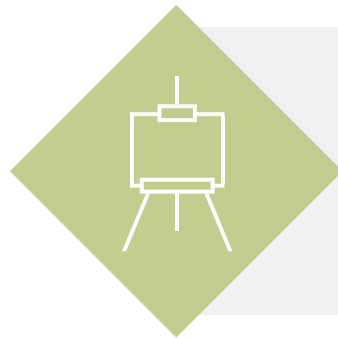
INCREASE

- ✓ Inventory of affordable housing
- ✓ Balance statewide needs



PROMOTE

- ✓ Affordable home ownership
- ✓ Qualified buyer support



CREATE

- ✓ Stable housing opportunities for qualified buyers
- ✓ Development team support

How to Define a Project?

Project Considerations:

Public Policy and Need

- Size of project
- Location
- Target market

Identifying a Developer/

Assembling a Development Team

- Affordable housing developer
- Community Development Corporation

Financial Sources for Project

- Assistance from local jurisdictions
- Assistance from other sources

Aspects of Eligibility

PROJECT

DWELLING

HOMEBUYER



**Project
Eligibility**
Development
Team

Project Development Owner

Unit of Government that owns a qualified project

- County
- Township
- Municipal Corporation
- Regional Planning Commission
- Community Improvement Corporation
- Economic Development Corporation
- County Land Reutilization Corporation (ORC Chapter 1724)
- Port Authority

Responsible for submitting the application/serving as the lead applicant

- May legislatively designate another member of the Development Team as lead applicant

Project Development Team

A group of entities that develops, constructs, reports, appraises, finances, and services the properties of a qualified project.

Oversees project through completion and post-completion reporting



Developer



General Contractor



Home Builder



Consultant



Construction Lender



Appraiser



Housing Counseling Agency



Realtors*



Syndicators*



**Project
Eligibility**
Size/Type

- **Minimum of five dwellings**
 - New construction and/or rehabilitation
- **“Rehabilitation”**

Substantial renovation to a building(s) that results in the reactivation of habitability

 - Blighted
 - \$75,000 minimum investment
 - Replacement of two or more major building components

Project Eligibility – Site(s)



Dwelling site(s) must be under control at the time of application

- Member of the Development Team – own or lease
- Active purchase contract
- Documentation from local government/land bank to transfer

Sites may be contiguous or “scattered” within the Project Development Owner’s jurisdiction

- Scattered sites must have 75% of sites under control at application

Dwelling Eligibility

- ❖ **“Single Family Dwellings” can include:**
 - Fully Detached Residential Units
 - Duplexes, Triplexes, Fourplexes
 - Row Houses
 - Townhomes
 - Multi-story Condominiums
- ❖ **Single family dwelling must include two bedrooms and one- and one-half baths at a minimum.**
- ❖ **Must be the primary residence of the qualified buyer for the affordability period.**

Dwelling Eligibility - Affordability



Per the definition, means a single-family dwelling with a monthly mortgage payment that is no more than 30% of Qualified Buyer's monthly income.

Payment includes:

Mortgage Loan
Principal and
Interest

Residential real
estate taxes

Homeowners
insurance

Condominium
fees (if
applicable)

Dwelling Eligibility - Affordability

Dwelling must remain available to qualified buyers during the affordability period – 10 years from date of initial sale



A restrictive covenant with OHFA to assure the dwelling remains affordable

If sell the property, must be to another qualified buyer.

If not, financial penalties will be assessed at the sale.



Homebuyer Eligibility

- Verified income of up to 120% of the area median income (AMI)
- Obtained a pre-approval letter stating qualification for mortgage
- Attended Homebuyer Education within 12 months of purchase
- Credit score of at least 640
- First-time Home Buyer or Eligible Home Buyer

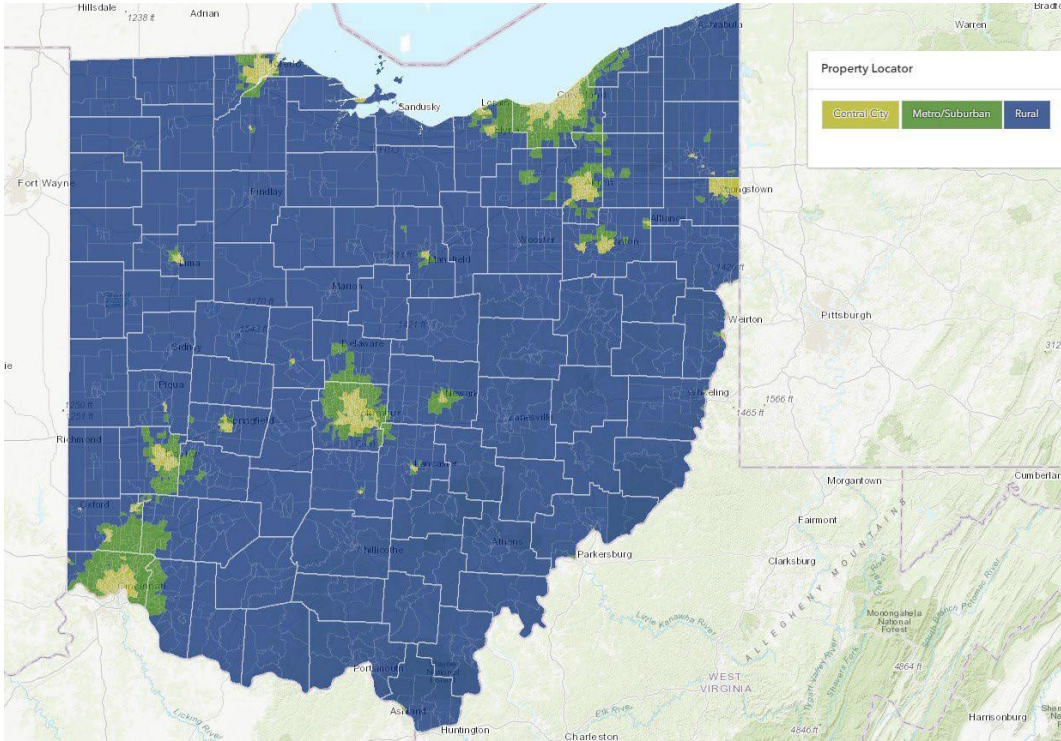


Allocation of Funding

Consideration to all regions of the state through:

1. Allocation Pools
2. County limits
3. Set-asides

Award Distribution



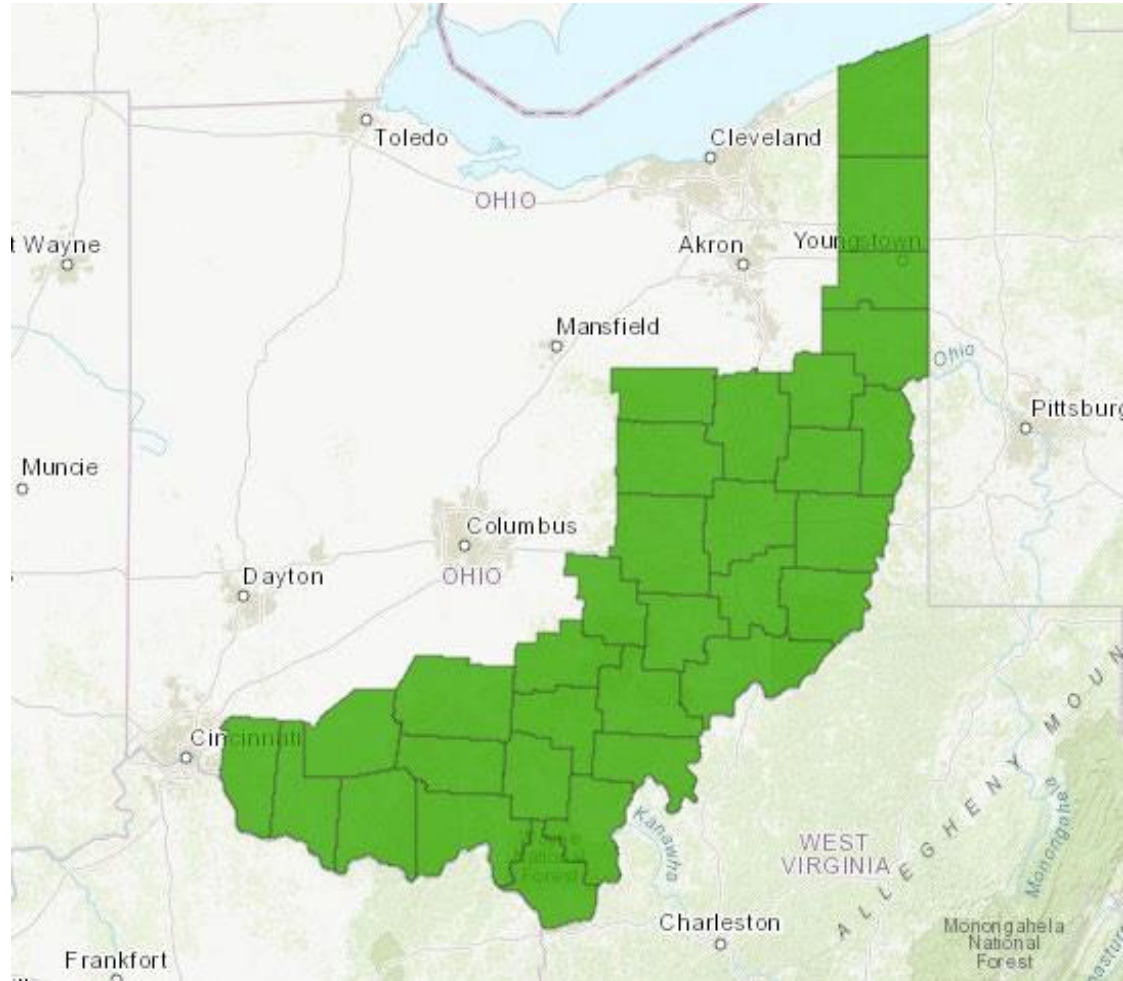
Allocation Amounts

- Central City: \$17.625 million (35.4%)
- Metro/Suburban: \$16.625 million (33.3%)
- Rural: \$14.125 million (28.3%)

Awards Per County

- Central City: Maximum of 2 per county
- Metro/Suburban: Maximum of 2 per county
- Rural: Maximum of 1 per county

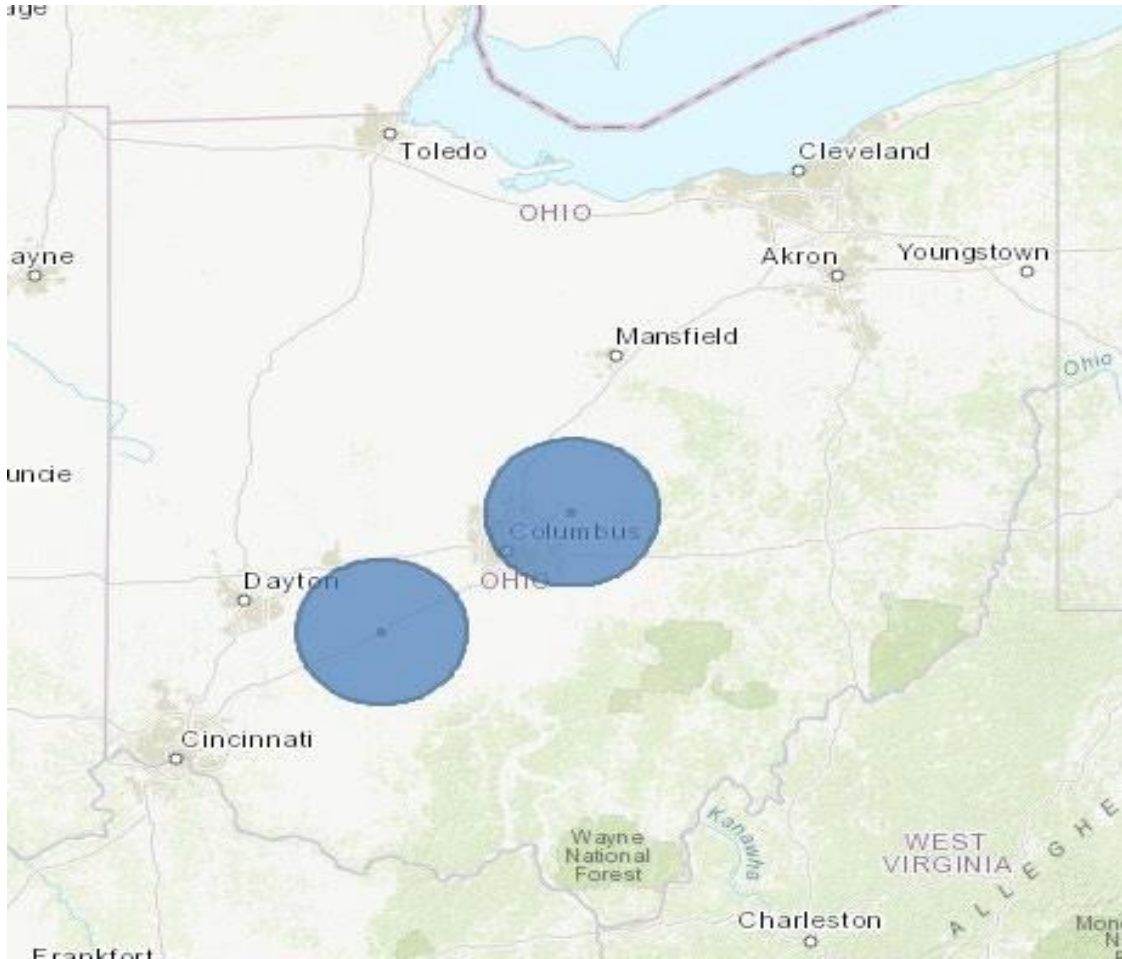
Set-Aside Categories



Appalachian

- At least one qualified project in an Appalachian County

Set-Aside Categories



Transformative Economic Development

- At least one qualified project within 20 miles of a “megaproject”

How does Tax Credit Fit in?

Assists in capitalization of the project:

- Bring in investor equity
- Fill gaps in the capital stack

How it could work:

- Connect with a syndicator to sell tax credit
 - Syndicators collect equity from investors who buy the tax credit, providing capital for the project
- Capital from sale is used as source of revenue for the project
- Reduces the amount of capital the developer needs to contribute

Tax Credit Calculation and Issuance

Calculation

The difference between the total estimated development cost and appraised market value of all dwellings in the project application.

- Maximized at \$50,000 per dwelling

Issuance

Tax credits are issued upon project completion.

TAX CREDIT CALCULATION



Basis

Utilize information from the application:

- Total estimated development costs
- Appraised market value of dwellings in the project

Calculation

Consider two scenarios:

1. “Calculated” tax credit
2. “Maximum” tax credit

Reservation

Tax Credit Reservation totals the lesser of the two calculations.

Tax Credit Calculation

Scenario 1



15 single-family dwellings in project
\$4.1M in Total Estimated Development Costs
\$3.75M in Appraised Market Value

Calculated tax credit: \$350,000
Maximum tax Credit: \$750,000

Reserved Tax Credit: \$350,000

Scenario 2



10 single-family dwellings in project
\$2.75M in Total Estimated Development Costs
\$3.5M in Appraised Market Value

Calculated tax credit: \$750,000
Maximum tax credit: \$500,000

Reserved Tax Credit: \$500,000

Tax Credit – Issuance

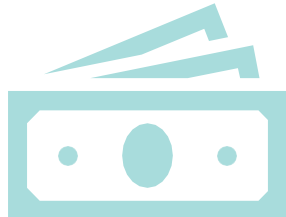
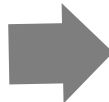


Issued at the end of the project, once it's complete

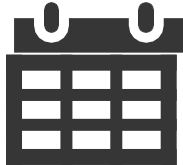


Project Development Owner must submit to OHFA:

- Final Development Cost Certification (certified by CPA)
- Post-construction As-Is appraisal for all dwellings in project
- Home Sale Summaries



Tax Credit shall not exceed the original reserved credit amount



Tax credit is claimed annually over a 10-year period, with 1/10 of the tax credit as the annual amount

Tax Credit Issuance

- After final calculation, OHFA will issue an eligibility certificate to the Project Development Owner
- Tax credit is claimed annually over a 10-year period, with 1/10 of the tax credit as the annual amount
- Project Development Owner may allocate all or a portion of the annual tax credit to one or more of project development investors
 - Must annually report to OHFA the credit allocation

Fiscal Year 2024 Application Round

Applications were due to OHFA by April 5th



OHFA received five applications



Allocation reservations awarded before June 30, 2024



Resources

Single Family Tax Credit
program website:

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

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