

As Re-Referred by the House Rules and Reference Committee

135th General Assembly

Regular Session

2023-2024

Sub. H. B. No. 499

Representatives Isaacsohn, Mathews

A BILL

To amend sections 131.44 and 3735.67 and to enact 1
sections 175.41 and 175.42 of the Revised Code 2
to create grant programs for housing 3
developments near megaprojects and for townships 4
and municipalities that adopt pro-housing 5
policies, to fund the grant programs with 6
certain surplus state revenue, to modify the 7
community reinvestment area law relating to 8
residential property, and to make an 9
appropriation. 10

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 131.44 and 3735.67 be amended and 11
sections 175.41 and 175.42 of the Revised Code be enacted to 12
read as follows: 13

Sec. 131.44. (A) As used in this section: 14

(1) "Surplus revenue" means the excess, if any, of the 15
total fund balance over the required year-end balance. 16

(2) "Total fund balance" means the sum of the unencumbered 17
balance in the general revenue fund on the last day of the 18
preceding fiscal year plus the balance in the budget 19

stabilization fund.	20
(3) "Required year-end balance" means the sum of the	21
following:	22
(a) Ten per cent of the general revenue fund revenues for	23
the preceding fiscal year;	24
(b) "Ending fund balance," which means one-half of one per	25
cent of general revenue fund revenues for the preceding fiscal	26
year;	27
(c) "Carryover balance," which means, with respect to a	28
fiscal biennium, the excess, if any, of the estimated general	29
revenue fund appropriation and transfer requirement for the	30
second fiscal year of the biennium over the estimated general	31
revenue fund revenue for that fiscal year;	32
(d) "Capital appropriation reserve," which means the	33
amount, if any, of general revenue fund capital appropriations	34
made for the current biennium that the director of budget and	35
management has determined will be encumbered or disbursed.	36
(4) "Estimated general revenue fund appropriation and	37
transfer requirement" means the most recent adjusted	38
appropriations made by the general assembly from the general	39
revenue fund and includes both of the following:	40
(a) Appropriations made and transfers of appropriations	41
from the first fiscal year to the second fiscal year of the	42
biennium in provisions of acts of the general assembly signed by	43
the governor but not yet effective;	44
(b) Transfers of appropriations from the first fiscal year	45
to the second fiscal year of the biennium approved by the	46
controlling board.	47

(5) "Estimated general revenue fund revenue" means the 48
most recent such estimate available to the director of budget 49
and management. 50

(6) "Sales tax holiday" has the same meaning as in section 51
5739.01 of the Revised Code. 52

(B) (1) Not later than the thirty-first day of July each 53
year, the director of budget and management shall determine the 54
surplus revenue that existed on the preceding thirtieth day of 55
June and transfer from the general revenue fund, to the extent 56
of the unobligated, unencumbered balance on the preceding 57
thirtieth day of June in excess of one-half of one per cent of 58
the general revenue fund revenues in the preceding fiscal year, 59
the following: 60

(a) First, to the budget stabilization fund, any amount 61
necessary for the balance of the budget stabilization fund to 62
equal ten per cent of the general revenue fund revenues of the 63
preceding fiscal year; 64

(b) Then, to the expanded sales tax holiday fund, which is 65
hereby created in the state treasury, an amount equal to the 66
surplus revenue. 67

(2) Not later than the thirty-first day of July of 2024 68
and each year thereafter, if the balance in the expanded sales 69
tax holiday fund is sixty million dollars or more, the director 70
shall certify to the tax commissioner that a sales tax holiday 71
shall be held in August of the following fiscal year. The 72
commissioner, in consultation with the director and county 73
commissioners association of Ohio, shall determine the number of 74
days for which the sales tax holiday will be held, which shall 75
be at least three days, and which may include additional days if 76

the commissioner and director determine that the balance in the 77
expanded sales tax holiday fund is sufficient to reimburse the 78
general revenue fund, local government fund, public library 79
fund, and permissive tax distribution fund for the revenue that 80
would be forgone on four or more of the dates during the period 81
specified in section 5739.41 of the Revised Code. In making the 82
determination, the commissioner and director shall take into 83
account estimated changes in consumer behavior during the time 84
of and immediately preceding and following the sales tax 85
holiday. 86

(C) The director of budget and management shall transfer 87
money in the expanded sales tax holiday fund to the general 88
revenue fund, local government fund, public library fund, and 89
permissive tax distribution fund as necessary to offset revenue 90
reductions resulting from a sales tax holiday held under section 91
5739.41 of the Revised Code. The amount transferred to each such 92
fund, and the amounts distributed to counties and transit 93
authorities from the permissive tax distribution fund, shall be 94
in the same proportions as the transfer and distribution of 95
taxes actually collected under sections 5739.02, 5739.021, 96
5739.023, 5739.026, 5741.02, 5741.021, 5741.022, and 5741.023 of 97
the Revised Code in August of the fiscal year in which the sales 98
tax holiday is held. If no sales tax holiday is held under 99
section 5739.41 of the Revised Code in the current fiscal year, 100
the director shall not transfer money from the sales tax holiday 101
fund to the general revenue fund, local government fund, public 102
library fund, or permissive tax distribution fund. 103

(D) Within fifteen days after completing any transfers 104
required under division (C) of this section, the director of 105
budget and management shall transfer, from the expanded sales 106
tax holiday fund to the housing accelerator fund created in 107

section 175.41 of the Revised Code, any amount by which the 108
amount of money in the expanded sales tax holiday fund that was 109
used to calculate the length of the sales tax holiday occurring 110
in the current fiscal year under division (B) (2) of this section 111
exceeds the total amount transferred in the current fiscal year 112
under division (C) of this section, provided that the total 113
amount transferred to the housing accelerator fund under this 114
division in any fiscal year shall not exceed one hundred million 115
dollars. 116

Sec. 175.41. (A) As used in this section: 117

(1) "Major workforce housing project" means a project that 118
reserves at least twenty units, designed for residential 119
occupancy by at least twenty individuals or families living 120
independently from each other, for households earning between 121
sixty and one hundred per cent of the median income for the 122
county where the project is located, as determined by the 123
director of development pursuant to section 174.04 of the 124
Revised Code. 125

(2) "Quadplex housing" means a parcel with four dwelling 126
units that are designed for residential occupancy by four 127
individuals or families living independently from each other. 128

(B) The Ohio housing finance agency shall provide grants 129
to townships and municipal corporations that adopt and implement 130
at least three pro-housing policies in accordance with this 131
section. A township or municipal corporation may apply for such 132
a grant in the form and manner prescribed by the agency. The 133
application shall, at minimum, include both of the following: 134

(1) Documentation or other evidence that shows the 135
township or municipal corporation has adopted and implemented at 136

least three of the pro-housing policies described in division 137
(D) of this section; 138

(2) A description of how the township or municipal 139
corporation intends to utilize the grant funds received. 140

The agency shall review applications and award grants 141
under this section annually, to the extent that funds are 142
available, provided that no township or municipal corporation 143
may receive more than fifteen per cent of the total funds 144
available, regardless of the number of applicants. 145

(C) (1) Except as otherwise provided in division (F) of 146
this section, every township and municipal corporation that 147
timely submits an application and that demonstrates, to the 148
satisfaction of the agency, that it has adopted and implemented 149
at least three of the pro-housing policies described in division 150
(D) of this section shall receive a portion of the available 151
funds. The agency shall determine the amount of the grant 152
awarded to each such township and municipal corporation based on 153
population. Approximately seventy-five per cent of the available 154
funds shall be awarded under this division. 155

(2) Approximately twenty-five per cent of the available 156
funds shall be awarded to townships and municipal corporations 157
that have adopted and implemented six or more of the pro-housing 158
policies described in division (D) of this section. A township 159
or municipal corporation that received funds under division (C) 160
(1) of this section may receive additional funds under this 161
division. 162

(D) All of the following are pro-housing policies for 163
purposes of this section: 164

(1) Having a process in place to reduce the time it takes 165

<u>to review and grant permits for housing developments by at least</u>	166
<u>twenty per cent, or that reduces the time it takes to review and</u>	167
<u>grant permits to six months or less;</u>	168
<u>(2) Having a preapproval process in place to create an</u>	169
<u>expedited review and granting of permits for a diverse range of</u>	170
<u>developers;</u>	171
<u>(3) Subsidizing or decreasing costs related to water or</u>	172
<u>sewer connections for major workforce housing projects;</u>	173
<u>(4) Acquiring and readying sites that are ready to be</u>	174
<u>financed and built upon by developers;</u>	175
<u>(5) Having no or minimal parking requirements for</u>	176
<u>developments that include residential units;</u>	177
<u>(6) Having a housing plan that tracks the needs, gaps, and</u>	178
<u>potential strategies for increasing housing across all income</u>	179
<u>levels within the township or municipal corporation for at least</u>	180
<u>the next ten years;</u>	181
<u>(7) Having policies that preserve existing moderate and</u>	182
<u>low-income housing;</u>	183
<u>(8) Allowing accessory dwelling units;</u>	184
<u>(9) Allowing quadplex housing in at least seventy-five per</u>	185
<u>cent of the territory of the township or municipal corporation;</u>	186
<u>(10) Having reduced, by at least fifty per cent, the</u>	187
<u>portion of territory within the township or municipal</u>	188
<u>corporation that is zoned for single-family use only, as</u>	189
<u>compared to the portion of territory zoned for that purpose ten</u>	190
<u>years before the application date;</u>	191
<u>(11) Providing incentives related to increased density to</u>	192

<u>developers that provide low-income housing and workforce housing</u>	193
<u>in census tracts that are at or above the area median income;</u>	194
<u>(12) Providing incentives for modular housing or</u>	195
<u>manufactured homes.</u>	196
<u>(E) A township or municipal corporation that receives a</u>	197
<u>grant under this section shall use the funds only for the</u>	198
<u>following purposes:</u>	199
<u>(1) Providing capital for housing development through</u>	200
<u>grants or loans;</u>	201
<u>(2) Supporting first-time home buyers;</u>	202
<u>(3) Providing funds for home repairs for low-income</u>	203
<u>homeowners;</u>	204
<u>(4) Providing funds for multi-family building improvements</u>	205
<u>for low- and middle-income landlords;</u>	206
<u>(5) Enforcing zoning and residential building regulations;</u>	207
<u>(6) Enforcing anti-discrimination housing regulations;</u>	208
<u>(7) Providing funds for tenant protection and empowerment;</u>	209
<u>(8) Acquiring and readying sites for development;</u>	210
<u>(9) Funding a conversion under the rental assistance</u>	211
<u>demonstration program;</u>	212
<u>(10) Providing long-term housing for difficult to house</u>	213
<u>populations.</u>	214
<u>(F) Townships and municipal corporations that receive a</u>	215
<u>grant under this section shall provide documentation sufficient</u>	216
<u>to prove, to the satisfaction of the agency, that the funds were</u>	217
<u>used for the purposes specified in division (E) of this section.</u>	218

A township or municipal corporation that expends funds for a 219
purpose not specified in division (E) of this section shall not 220
receive funds under this section for five years following the 221
date those funds were expended improperly. 222

(G) The housing accelerator fund is created in the state 223
treasury. Money in the fund shall be used to provide grants 224
under this section and section 175.42 of the Revised Code. All 225
investment earnings of the fund shall be credited to the fund. 226

Sec. 175.42. (A) As used in this section, "megaproject" 227
has the same meaning as in section 122.17 of the Revised Code. 228

(B) The Ohio housing finance agency shall provide grants 229
to housing developments in accordance with this section. 230

(C) A housing development is eligible to participate in 231
the program if the housing development is located within twenty 232
miles of a megaproject and is not located within the territory 233
of a municipal corporation that has a population exceeding one 234
hundred thousand, according to the most recent federal decennial 235
census. 236

(D) The agency shall adopt rules under Chapter 119. of the 237
Revised Code for the program, including the following: 238

(1) A grant application and distribution process; 239

(2) Permissible uses of grant funds; 240

(3) Penalties for misuse of grant funds; 241

(4) Any additional eligibility requirements. 242

Sec. 3735.67. (A) The owner of real property located in a 243
community reinvestment area and eligible for exemption from 244
taxation under a resolution adopted pursuant to section 3735.66 245

of the Revised Code may file an application for an exemption 246
from real property taxation of a percentage of the assessed 247
valuation of a new structure, or of the increased assessed 248
valuation of an existing structure after remodeling began, if 249
the new structure or remodeling is completed after the effective 250
date of the resolution adopted pursuant to section 3735.66 of 251
the Revised Code. The application shall be filed with the 252
housing officer designated for the community reinvestment area 253
in which the property is located. If any part of the new 254
structure or remodeled structure that would be exempted is of 255
real property to be used for commercial or industrial purposes, 256
the legislative authority and the owner of the property shall 257
enter into a written agreement pursuant to section 3735.671 of 258
the Revised Code prior to commencement of construction or 259
remodeling; if such an agreement is subject to approval by the 260
board of education of the school district within the territory 261
of which the property is or will be located, the agreement shall 262
not be formally approved by the legislative authority until the 263
board of education approves the agreement in the manner 264
prescribed by that section. 265

(B) The housing officer shall verify the construction of 266
the new structure or the cost of the remodeling of the existing 267
structure and the facts asserted in the application. The housing 268
officer shall determine whether the construction or remodeling 269
meets the requirements for an exemption under this section. In 270
cases involving a structure of historical or architectural 271
significance, the housing officer shall not determine whether 272
the remodeling meets the requirements for a tax exemption unless 273
the appropriateness of the remodeling has been certified, in 274
writing, by the society, association, agency, or legislative 275
authority that has designated the structure or by any 276

organization or person authorized, in writing, by such society, 277
association, agency, or legislative authority to certify the 278
appropriateness of the remodeling. 279

(C) If the construction or remodeling meets the 280
requirements for exemption, the housing officer shall forward 281
the application to the county auditor with a certification as to 282
the division of this section under which the exemption is 283
granted, and the period and percentage of the exemption as 284
determined by the legislative authority pursuant to that 285
division. If the construction or remodeling is of commercial or 286
industrial property and the legislative authority is not 287
required to certify a copy of a resolution under section 288
3735.671 of the Revised Code, the housing officer shall comply 289
with the notice requirements prescribed under section 5709.83 of 290
the Revised Code, unless the board has adopted a resolution 291
under that section waiving its right to receive such a notice. 292

(D) Except as provided in division (F) of this section, 293
the tax exemption shall first apply in the year the construction 294
or remodeling would first be taxable but for this section. In 295
the case of remodeling that qualifies for exemption, a 296
percentage, not to exceed one hundred per cent, of the increased 297
assessed valuation of an existing structure after remodeling 298
began shall be exempted from real property taxation. In the case 299
of construction of a structure that qualifies for exemption, a 300
percentage, not to exceed one hundred per cent, of the assessed 301
value of the structure shall be exempted from real property 302
taxation. In either case, the percentage shall be the percentage 303
set forth in the agreement if the structure or remodeling is to 304
be used for commercial or industrial purposes, or the percentage 305
set forth in the resolution describing the community 306
reinvestment area if the structure or remodeling is to be used 307

for residential purposes. 308

The construction of new structures and the remodeling of 309
existing structures are hereby declared to be a public purpose 310
for which exemptions from real property taxation may be granted 311
for the following periods: 312

(1) For every dwelling and commercial or industrial 313
properties, located within the same community reinvestment area, 314
upon which the cost of remodeling is at least two thousand five 315
hundred dollars in the case of a dwelling containing not more 316
than two family units or at least five thousand dollars in the 317
case of all other property, a period to be determined by the 318
legislative authority adopting the resolution, but not exceeding 319
fifteen years. The period of exemption for a dwelling described 320
in division (D) (1) of this section may be extended by a 321
legislative authority for up to an additional ten years if the 322
dwelling is a structure of historical or architectural 323
significance, is a certified historic structure that has been 324
subject to federal tax treatment under 26 U.S.C. 47 and 170(h), 325
and units within the structure have been leased to individual 326
tenants for five consecutive years; 327

(2) Except as provided in division (F) of this section, 328
for construction of every dwelling, and commercial or industrial 329
structure located within the same community reinvestment area, a 330
period to be determined by the legislative authority adopting 331
the resolution, but not exceeding one of the following: 332

(a) Thirty years, if the in the case of any of the 333
following: 334

(i) A commercial or industrial structure that is situated 335
on the site of a megaproject and is owned and occupied by a 336

megaproject operator as defined in division (A) (12) of section 337
122.17 of the Revised Code, or is not situated on the site of a 338
megaproject but is owned and occupied by a megaproject supplier 339
that meets the requirements described in division (A) (13) (b) of 340
section 122.17 of the Revised Code; 341

(ii) A dwelling that is situated within twenty miles of 342
the site of a megaproject, provided that the board of education 343
of the city, local, or exempted village school district within 344
the territory of which the property is or will be situated 345
approves the period of exemption exceeding fifteen years, as 346
required under division (G) of this section; 347

(iii) A commercial structure with one or more dwelling 348
units rented to or available for rent to tenants pursuant to a 349
rental agreement that is situated within twenty miles of the 350
site of a megaproject. Terms used in division (D) (2) (a) (iii) of 351
this section have the same meanings as in section 5321.01 of the 352
Revised Code. 353

(b) Fifteen years, for any other dwelling or commercial or 354
industrial structure. 355

(E) Any person, board, or officer authorized by section 356
5715.19 of the Revised Code to file complaints with the county 357
board of revision may file a complaint with the housing officer 358
challenging the continued exemption of any property granted an 359
exemption under this section. A complaint against exemption 360
shall be filed prior to the thirty-first day of December of the 361
tax year for which taxation of the property is requested. The 362
housing officer shall determine whether the property continues 363
to meet the requirements for exemption and shall certify the 364
housing officer's findings to the complainant. If the housing 365
officer determines that the property does not meet the 366

requirements for exemption, the housing officer shall notify the 367
county auditor, who shall correct the tax list and duplicate 368
accordingly. 369

(F) The owner of a dwelling constructed in a community 370
reinvestment area may file an application for an exemption after 371
the year the construction first became subject to taxation. The 372
application shall be processed in accordance with the procedures 373
prescribed under this section and shall be granted if the 374
construction that is the subject of the application otherwise 375
meets the requirements for an exemption under this section. If 376
approved, the exemption sought in the application first applies 377
in the year the application is filed. An exemption approved 378
pursuant to this division continues only for those years 379
remaining in the period described in division (D) (2) of this 380
section. No exemption may be claimed for any year in that period 381
that precedes the year in which the application is filed. 382

(G) (1) Subject to divisions (G) (2) and (3) of this 383
section, the exemption period for the construction of a dwelling 384
located within twenty miles of the site of a megaproject may 385
equal up to thirty years with the approval of the board of 386
education of the city, local, or exempted village school 387
district within the territory of which the dwelling is or will 388
be located. Before approving an application for such a dwelling 389
for a period greater than fifteen years, the housing officer 390
shall certify a copy of the application to the board of 391
education. The board, by resolution adopted by a majority of the 392
board, shall approve or disapprove the application and certify a 393
copy of the resolution to the property owner and the housing 394
officer not later than forty-five days after the application is 395
certified to the board. The board may include in the resolution 396
conditions under which the board would approve the application. 397

The housing officer may approve an application at any time after 398
the board of education certifies its resolution approving the 399
application, or, if the board approves the application 400
conditionally, at any time after the housing officer is notified 401
that the conditions are agreed to by the board and the property 402
owner. 403

(2) Approval of an agreement by the board of education is 404
not required under division (G)(1) of this section if, for each 405
tax year the dwelling is exempted from taxation, the sum of the 406
following quantities, as estimated at or prior to the time the 407
application is formally approved by the housing officer, equals 408
or exceeds twenty-five per cent of the amount of taxes, as 409
estimated at or prior to that time, that would have been charged 410
and payable that year upon the dwelling had that dwelling not 411
been exempted from taxation: 412

(a) The amount of taxes charged and payable on any portion 413
of the assessed valuation of the new dwelling that will not be 414
exempted from taxation under the agreement; 415

(b) The amount of any cash payment by the owner of the new 416
dwelling to the school district and any payment by the 417
legislative authority to the school district pursuant to section 418
5709.82 of the Revised Code. 419

The estimates of quantities used for purposes of division 420
(G)(2) of this section shall be estimated by the housing 421
officer. Departures of the actual quantities from the estimates 422
subsequent to approval of the application do not invalidate the 423
application. 424

(3) If a board of education has adopted a resolution 425
waiving its right to approve applications under this division 426

and that resolution remains in effect, approval of an 427
application by the board is not required under division (G) (1) 428
of this section. If a board adopts a resolution waiving its 429
right to approve applications, the board shall certify a copy of 430
the resolution to the housing officer. If the board rescinds 431
such a resolution, it shall certify notice of the rescission to 432
the housing officer. 433

(4) If the owner of the dwelling agrees to make any 434
payment to the school district as described in division (G) (2) 435
(b) of this section, the owner shall agree to make payments to 436
the joint vocational school district within which the property 437
is located at the same rate or amount and under the same terms 438
received by the city, local, or exempted village school 439
district. 440

Section 2. That existing sections 131.44 and 3735.67 of 441
the Revised Code are hereby repealed. 442

Section 3. All items in this act are hereby appropriated 443
as designated out of any moneys in the state treasury to the 444
credit of the designated fund. For all operating appropriations 445
made in this act, those in the first column are for fiscal year 446
2024 and those in the second column are for fiscal year 2025. 447
The operating appropriations made in this act are in addition to 448
any other operating appropriations made for these fiscal years. 449

Section 4. 450

451

1 2 3 4 5

B	Dedicated Purpose Fund		
C	5CC1 997500 Housing Accelerator	\$0	\$100,000,000
D	TOTAL DPF Dedicated Purpose Fund Group	\$0	\$100,000,000
E	TOTAL ALL BUDGET FUND GROUPS	\$0	\$100,000,000

HOUSING ACCELERATOR 452

The foregoing appropriation item 997500, Housing 453
Accelerator, shall be used to support housing development 454
incentive programs under sections 175.41 and 175.42 of the 455
Revised Code. 456

Section 5. Within the limits set forth in this act, the 457
Director of Budget and Management shall establish accounts 458
indicating the source and amount of funds for each appropriation 459
made in this act, and shall determine the manner in which 460
appropriation accounts shall be maintained. Expenditures from 461
operating appropriations contained in this act shall be 462
accounted for as though made in, and are subject to all 463
applicable provisions of, H.B. 33 of the 135th General Assembly. 464