As Introduced

136th General Assembly
Regular Session **H. B. No. 765**
2025-2026

Representatives White, A., Young

To amend sections 175.17, 5725.37, 5726.60, 5729.20, and 5747.84 of the Revised Code to modify the affordable single-family home credit.

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

Section 1. That sections 175.17, 5725.37, 5726.60, 5729.20, and 5747.84 of the Revised Code be amended to read as follows:

Sec. 175.17. (A) As used in this section:

(1) "Qualified project" means a project to develop single-family dwellings in this state that satisfies any qualifications established by the director under division ~~(I)~~ (G) of this section.

(2) "Pass-through entity" has the same meaning as in section 5733.04 of the Revised Code.

(3) "Reserved credit amount" means the amount determined by the director and stipulated in the notice sent under division (B) of this section.

(4) ~~"Annual credit amount" means the amount computed by the director under division (D) of this section before issuing an eligibility certificate.~~

~~(5) "Equity owner" means any person who directly or indirectly, through one or more pass-through entities, is a member, partner, or shareholder of a pass-through entity.~~

~~(6)~~ "Person" has the same meaning as in section 5701.01 of the Revised Code.

~~(7)~~(5) "~~Eligibility~~ Tax credit certificate" means a certificate issued by the director to a project development owner under division (D) of this section.

~~(8)~~(6) "Project development owner" means a unit of government or an eligible developer that owns a qualified project.

~~(9)~~(7) "Affordability period" means the period that commences on the date of sale of a single-family dwelling constructed as part of a qualified project to the initial qualified buyer and continues through subsequent qualified buyers for ~~ten~~ seven years.

~~(10) "Designated reporter" means the project development owner or one of the owner's direct or indirect partners, members, or shareholders, as selected by the owner under division (B) of this section.~~

~~(11) "Project development investor" means any person that contributes capital to a qualified project in exchange for an allocation of a tax credit under this section.~~

~~(12) "Credit period" means the ten-year period that begins in the year the eligibility certificate is issued.~~

~~(13)~~ (8) "Director" means the executive director of the Ohio housing finance agency.

~~(14)~~ (9) "Unit of government" means a county, township, municipal corporation, regional planning commission, community improvement corporation, economic development corporation, or county land reutilization corporation organized under Chapter 1724. of the Revised Code, or port authority.

~~(15)~~ (10) "Project development team" means the group of entities that develops, constructs, reports, ~~appraises,~~ and finances~~, and services~~ the associated properties of a qualified project in partnership with the project development owner.

(11) "Eligible developer" means any of the following:

(a) A nonprofit corporation, as defined in section 1702.01 of the Revised Code, based in this state, the primary activity of which is the development and preservation of affordable housing;

(b) A limited partnership or domestic limited partnership, as defined in section 1782.01 of the Revised Code, in which a general partner is a nonprofit corporation based in this state and a primary activity of which is the development and preservation of affordable housing;

(c) A limited liability company, as defined in section 1706.01 of the Revised Code, in which the manager is a nonprofit corporation based in this state and a primary activity of which is the development and preservation of affordable housing.

(12) "Appraisal gap" means the result of subtracting the initial purchase price of a single-family dwelling from the total development cost of the dwelling.

(13) "Affordability gap" means the result of subtracting the purchase price of a single-family dwelling affordable to an individual or individuals who have an annual income not more than the qualifying median income from the total development

cost of the dwelling.

(14) "Qualifying median income" means one hundred twenty per cent of median income, as determined by the director of development under section 174.04 of the Revised Code, for the county in which a qualifying project is located.

(B)(1) A project development owner may submit an application to the director for a credit reservation under this section on a form and in a manner that the director shall prescribe. On the application, the project development owner shall provide all of the following:

(a) The name and address of the project development ~~owner's designated reporter~~owner;

(b) The names and addresses of all members of the project development team;

(c) An estimate of the qualified project's total development costs;

(d) Any other information as the director may require pursuant to division ~~(I)~~(G) of this section.

The director shall competitively evaluate and approve applications and award tax credit reservations under this section for a qualified project in accordance with the plan adopted under division ~~(I)(1)~~(G)(1) of this section. The director shall determine the credit amount reserved for each qualified project, which shall not exceed ~~the difference between~~ thirty-five per cent of the total estimated development costs included with the application~~ and the appraised market value of all homes in the finished project, as estimated by the director~~. The director shall not reserve a credit under this section if doing so would exceed the annual limit prescribed by division

(B)(3) of this section.

(2) The director shall send written notice of the tax credit reservation to the project development owner of an approved qualified project. The notice shall state the ~~aggregate~~ credit amount reserved ~~for all years of the qualified project's credit period~~ and stipulate that receipt of the credit is contingent upon issuance of ~~an eligibility~~ <u>a tax credit</u> certificate ~~and filing the information required by division (H) of this section~~.

(3) The amount of credits reserved by the director under division (B) of this section in a fiscal year shall not exceed the sum of (a) fifty million dollars, (b) the amount, if any, by which the credit allocation prescribed by this division for the preceding fiscal year exceeds the credits reserved by the director in that year, and (c) the amount of tax credits ~~recaptured, assessed, and collected by the tax commissioner or superintendent of insurance, and disallowed or~~ subject to reduction under this section in the preceding fiscal year. ~~For the purpose of computing and determining compliance with the credit allocation prescribed by division (B)(3) of this section, the credit amount reserved for the project development owner is the full amount for all years of the qualified project's credit period.~~

(4) The director shall not reserve a tax credit under this section after June 30, 2027.

(C) The project development owner shall maintain ownership of a qualified project and associated single-family dwellings until the dwellings are sold to qualified buyers. ~~The project development team shall service the associated properties of a qualified project for the duration of the applicable~~

~~affordability period.~~

The qualified buyer of a single-family ~~home~~ dwelling constructed as part of a qualified project for which a tax credit was reserved under this section shall occupy the ~~home~~ dwelling as the buyer's primary residence during the affordability period except as otherwise provided by rules adopted under division (G)(3) of this section.

~~(D)~~ (D)(1) Upon completion and sale of a single-family dwelling constructed as part of a qualified project for which a tax credit was reserved under this section, the project development owner shall notify the director, designate which tax the credit will be taken against, and provide a ~~final~~ development cost certification, the purchase price of the dwelling, and any other certifications the director may require for approval. ~~After receipt of this notice, the director shall appraise the project's dwellings. Immediately~~ Within ninety days after approving the ~~final~~ cost certification, the director shall compute the amount of the tax credit that may be claimed ~~in each year~~ and issue ~~an eligibility~~ a tax credit certificate to the project development owner. That ~~annual~~ amount, which shall be stated on the certificate, shall equal ~~one-tenth of the reserved credit amount stated in the notice issued under division (B) of this section, subject to any reduction or increase as the result of the approval of the final cost certification and the appraisal conducted under this division~~the lesser of thirty-five per cent of the development cost for the dwelling or the amount necessary to fill either the affordability gap or appraisal gap for the dwelling as identified in the project development owner's reservation application. A certificate may aggregate the credit amounts for multiple sold single-family dwellings.

(2) No credit, when aggregated with all other certificates issued under a reservation, shall be issued in excess of the amount reserved under division (B) of this section, subject to any reduction or increase as the result of the approval of a development cost certification. If the number of single-family dwellings constructed in the project is less than the number of dwellings identified in the application and for which the reservation under division (B) of this section was calculated, the credit reservation shall be reduced proportionately.

(3) No credit shall be issued if the initial sale of a dwelling is not made to a qualified buyer and, if addressing the affordability gap, an affordable price.

(4) For any reservation made under this section before the effective date of this amendment, the director shall compute the amount of the tax credit and issue the certificate in accordance with the provisions of this section as amended.

(E) Each ~~eligibility~~ tax credit certificate shall state the ~~annual~~ credit amount, ~~the years that comprise the credit period, the name, address, and the taxpayer identification number of the project development owner, the project development owner's designated reporter,~~ ~~and all members of the project development team along with~~ the date the certificate is issued, a unique identifying number, the tax against which it may be claimed, and any additional information the director may require by rule. The director shall certify a copy of each ~~eligibility~~ tax credit certificate to the tax commissioner and the superintendent of insurance.

(F)(1) ~~For each year of a qualified project's credit period, a~~ A project development owner may claim a nonrefundable credit against the tax imposed by section 5725.18, 5726.02, 5729.03, 5729.06, or 5747.02 of the Revised Code equal to all or a portion of the ~~annual~~ credit amount listed on the ~~eligibility~~ tax credit certificate. The credit shall be claimed in the manner prescribed by section 5725.37, 5726.60, 5729.20, or 5747.84 of the Revised Code.

A person that claims a tax credit under this section shall submit a copy of the tax credit certificate with the person's tax return. Upon request of the tax commissioner or the superintendent of insurance, any person claiming a tax credit under this section shall provide the tax commissioner or superintendent other documentation that may be necessary to verify that the person is entitled to claim the credit.

(2) A ~~project development owner may or, if the owner is not subject to any tax against which the credit authorized under this section may be claimed, shall allocate~~ person authorized to claim a credit under this section, other than a person who may claim the credit as an equity owner of a pass-through entity, may transfer the right to claim all or a portion of the ~~annual~~ credit amount ~~for any year of a qualified project's credit period~~ among one or more ~~project development investors~~persons by providing written notice to the tax commissioner and superintendent of insurance. The notice shall provide the unique identifying number stated on the tax credit certificate and state the name and tax identification number of the transferee, the amount of credit transferred to the transferee, the tax the transferred amount will be claimed against, and any amount of remaining credit retained by the transferor. ~~Such allocated credits may be applied by those project development investors or the equity owners of such an investor that is a pass-through entity against more than one tax, as applicable,~~ A transferred credit may be claimed against a different tax than the tax the

transferor was authorized to claim the credit against, but a transferee may not claim the credit against more than one tax, and the total credits claimed ~~for that year of the qualified project's credit period~~ by all ~~project development investors and equity owners~~ persons shall not exceed the ~~annual~~ credit amount stated on the ~~eligibility~~ tax credit certificate. Nothing in this section authorizes a person to claim a transferred credit more than once.

Any person to which a credit has been transferred under division (F)(2) of this section may transfer the right to claim all or part of the transferred credit amount to any other person, in the same manner prescribed by this division for the initial transfer, including that any such transfer be reported by the transferor to the tax commissioner and superintendent of insurance as described in this division.

Transferring a credit under division (F)(2) of this section does not extend the taxable or calendar years for which the credit may be claimed or number of years for which any unclaimed credit amount may be carried forward.

~~(3) A project development investor or the equity owner of such an investor that is a pass-through entity may claim the credit authorized by this section after the date the director issues an eligibility certificate under division (D) of this section and the applicable annual report required by division (H) of this section is filed by the designated reporter.~~

~~(4) A project development investor or equity owner that claims a tax credit under division (F)(2) of this section shall submit a copy of the eligibility certificate with the investor's or equity owner's tax return. Upon request of the tax commissioner or the superintendent of insurance, any project~~

~~development investor or equity owner claiming a tax credit under that division shall provide the tax commissioner or superintendent other documentation that may be necessary to verify that the project development investor or equity owner is entitled to claim the credit.~~

~~(G) The director may disallow or recapture any portion of a credit if the project development owner or the project development owner's qualified project does not or ceases to qualify for the credit. If the director determines to recapture such a tax credit, the director shall certify the name of the project development owner, and the amount to be recaptured to the tax commissioner and to the superintendent of insurance. The tax commissioner or superintendent shall determine the taxpayer or taxpayers that claimed the credit, the tax against which the credit was claimed, and the amount to be recaptured and make an assessment against the taxpayer or taxpayers under Chapter 5725., 5726., 5729., or 5747. of the Revised Code, as applicable, for the amount to be recaptured. The time limitations on assessments under those chapters do not bar an assessment made under this division.~~

~~(H) For each calendar year, a designated reporter shall provide the following information to the tax commissioner on a form prescribed by the commissioner in consultation with the superintendent of insurance:~~

~~(1) A list of each project development investor or equity owner that has been allocated a portion of the annual credit awarded in an eligibility certificate for that year, including the investor or owner's name, address, taxpayer identification number, and the tax against which the credit will be claimed by each.~~

~~(2) For each project development investor or equity owner, the amount of annual credit that has been allocated for that year.~~

~~(3) An aggregate list of the credit amount allocated for a qualified project demonstrating that the aggregate annual amount of the credits allocated does not exceed the aggregate annual credit awarded in the eligibility certificate.~~

~~A designated reporter shall notify the tax commissioner of any changes to the information reported under division (H) of this section in the time and manner prescribed by the commissioner. The commissioner shall provide a copy of the report, and any subsequent changes to the report, submitted by the designated reporter under division (H) of this section to the superintendent of insurance in the time and manner agreed to by the commissioner and superintendent.~~

~~No credits allocated under this section may be claimed unless the credits are listed on the report required by division (H) of this section.~~

~~(I)(1)~~(G)(1) The director shall adopt a plan for competitively awarding tax credits under this section. The plan shall establish the criteria and metrics under which projects will be assessed for qualification and may allocate tax credits in a pooled manner.

(2) The director may assess application, processing, and reporting fees to cover the cost of administering this section.

(3) The director, in consultation with the tax commissioner and the superintendent of insurance, shall adopt any rules necessary to implement this section in accordance with Chapter 119. of the Revised Code. Such rules may include all of

the following:

(a) Supplementary definitions as may be necessary to administer this section.

(b) Underwriting criteria to assess the risk associated with any application and determine appropriate criteria to deny an application based upon risk.

(c) ~~Criteria by which a project development owner shall be responsible for any or all risk associated with a qualified project such as homeowner abandonment, default, foreclosure, or other such risks.~~

~~(d)~~ Criteria to maintain the affordability of each of a qualified project's single-family dwellings during the affordability period, which may include a deed restriction ~~held by the project development owner for some or all of the amount of the tax credit or any appreciated value of the property~~, subordinate compliance mortgage, or other filing of record and a requirement that a member of the project development team support such purposes.

~~(e)~~ (d) Requirements that the project development owner provide certain capital assets or other investments that contribute to the affordability of the project.

~~(f)~~ (e) Criteria to be used in determining whether an individual is a qualified buyer.

~~(g)~~ (f) Criteria regarding the purchase, ownership, and sale of completed qualified project single-family dwellings.

~~(h)~~ (g) The manner of determining the project's development costs and the ~~appraised market value~~ purchase price of qualified project single-family dwellings.

~~(i)~~ (h) Any other qualifications a project must meet to qualify as a qualified project.

Sec. 5725.37. (A) Terms used in this section have the same meanings as in section 175.17 of the Revised Code.

(B) There is allowed a nonrefundable tax credit against the tax imposed by section 5725.18 of the Revised Code for a domestic insurance company that ~~is allocated~~ has been issued, or to whom is transferred, a credit ~~issued by the executive director of the Ohio housing finance agency~~ under section 175.17 of the Revised Code. The credit shall equal the amount ~~allocated~~ issued or transferred to such company for the calendar year ~~and reported by the designated reporter on the form prescribed by division (H) of section 175.17 of the Revised Code~~.

The credit authorized in this section shall be claimed in the order required under section 5725.98 of the Revised Code. If the amount of a credit exceeds the tax otherwise due under section 5725.18 of the Revised Code after deducting all other credits preceding the credit in the order prescribed in section 5725.98 of the Revised Code, the excess may be carried forward for not more than five ensuing calendar years. The amount of the excess credit claimed in any such year shall be deducted from the balance carried forward to the next calendar year.

No credit shall be claimed under this section to the extent the credit was claimed under section 5726.60, 5729.20, or 5747.84 of the Revised Code.

Sec. 5726.60. (A) Terms used in this section have the same meanings as in section 175.17 of the Revised Code.

(B) A taxpayer may claim a nonrefundable tax credit against the tax imposed under this chapter for each person included in the annual report of the taxpayer that ~~is allocated~~ has been issued, or to whom is transferred, a credit ~~issued by the executive director of the Ohio housing finance agency~~ under section 175.17 of the Revised Code. The credit equals the amount ~~allocated~~ issued or transferred to such person for the taxable year~~ as provided by the designated reporter on the form prescribed by division (H) of section 175.17 of the Revised Code~~.

The credit authorized in this section shall be claimed in the order required under section 5726.98 of the Revised Code. If the amount of a credit exceeds the tax otherwise due under section 5726.02 of the Revised Code after deducting all other credits preceding the credit in the order prescribed in section 5726.98 of the Revised Code, the excess may be carried forward for not more than five ensuing tax years. The amount of the excess credit claimed in any such year shall be deducted from the balance carried forward to the next tax year.

No credit shall be claimed under this section to the extent the credit was claimed under section 5725.37, 5729.20, or 5747.84 of the Revised Code.

Sec. 5729.20. (A) Terms used in this section have the same meanings as in section 175.17 of the Revised Code.

(B) There is allowed a nonrefundable tax credit against the tax imposed by section 5729.03 or 5729.06 of the Revised Code for a foreign insurance company that ~~is allocated~~ has been issued, or to whom is transferred, a credit ~~issued by the executive director of the Ohio housing finance agency~~ under section 175.17 of the Revised Code. The credit equals the amount ~~allocated~~ issued or transferred to such company for the calendar year~~ and reported by the designated reporter on the form~~

~~prescribed by division (H) of section 175.17 of the Revised Code~~.

The credit authorized in this section shall be claimed in the order required under section 5729.98 of the Revised Code. If the amount of a credit exceeds the tax otherwise due under section 5729.03 or 5729.06 of the Revised Code after deducting all other credits preceding the credit in the order prescribed in section 5725.98 of the Revised Code, the excess may be carried forward for not more than five ensuing calendar years. The amount of the excess credit claimed in any such year shall be deducted from the balance carried forward to the next calendar year.

No credit shall be claimed under this section to the extent the credit was claimed under section 5725.37, 5726.60, or 5747.84 of the Revised Code.

A foreign insurance company shall not be required to pay any additional tax levied under section 5729.06 of the Revised Code as a result of claiming the tax credit authorized under this section.

Sec. 5747.84. (A) Terms used in this section have the same meanings as in section 175.17 of the Revised Code.

(B) There is allowed a nonrefundable credit against a taxpayer's aggregate tax liability under section 5747.02 of the Revised Code for a taxpayer that ~~is allocated~~ has been issued, or to whom is transferred, a credit ~~issued by the executive director of the Ohio housing finance agency~~ under section 175.17 of the Revised Code. The credit equals the amount ~~allocated~~ issued or transferred to such taxpayer for the taxable year that begins in the calendar year ~~for which the designated reporter~~

~~files the form prescribed by division (H) of section 175.17 of the Revised Code that allocates~~ the credit is issued or transferred to the taxpayer.

The credit shall be claimed in the order required under section 5747.98 of the Revised Code. If the credit exceeds the taxpayer's aggregate tax due under section 5747.02 of the Revised Code for that taxable year after allowing for credits that precede the credit under this section in that order, such excess shall be allowed as a credit in each of the ensuing five taxable years, but the amount of any excess credit allowed in any such taxable year shall be deducted from the balance carried forward to the ensuing taxable year.

If the certificate is held by a pass-through entity, a taxpayer that holds a direct or indirect equity interest in the pass-through entity on the last day of the entity's taxable year may claim the taxpayer's distributive or proportionate share of the credit for the taxpayer's taxable year that includes the last day of the entity's taxable year.

No credit shall be claimed under this section to the extent the credit was claimed under section 5725.37, 5726.60, or 5729.20 of the Revised Code.

Section 2. That existing sections 175.17, 5725.37, 5726.60, 5729.20, and 5747.84 of the Revised Code are hereby repealed.