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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

**H.B. 857**  
**136<sup>th</sup> General Assembly**

## Bill Analysis

**Version:** As Introduced

**Primary Sponsors:** Reps. Brownlee and Sigrist

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### SUMMARY

- Makes all Ohio counties, townships, and municipal corporations eligible for Residential Development Revolving Loan Program (RDRLP) loans.
- Makes projects supporting multi-family residential dwellings eligible for RDRLP loans.
- Allows RDRLP loans to be used to offset, defray, or otherwise make more affordable costs related to the construction of residential dwellings.
- Utilizes a tiered system for the distribution of RDRLP loans, dividing the counties of Ohio into three tiers based on population.
- Requires, initially, available RDRLP loan funds to be evenly distributed between the three tiers.
- Allows the Director of Development to redistribute available RDRLP loan funds between the tiers at the Director's discretion, but limits redistributions to no more than once in a twelve-month period.
- Prohibits any redistribution that results in any tier of the RDRLP having funds equal to more than twice the amount of any other tier in the program.
- Entitles the bill the "Housing Recovery Act."

### DETAILED ANALYSIS

#### **Residential Development Revolving Loan Program changes**

The bill makes changes to the Residential Development Revolving Loan Program (RDRLP). The current RDRLP provides low-interest loans to counties, townships, and certain municipal corporations, for the purpose of developing, repairing, or upgrading infrastructure needed to support new single-family residential dwelling construction for purposes of providing access to

affordable housing in Ohio's rural areas. The bill generally expands the class of eligible borrowers and the types of projects eligible for these loans.

### **Eligibility requirements**

The bill amends the eligibility requirements for loans under the RDRLP. Current law restricts eligibility for the RDRLP to counties, townships, and municipal corporations that are fully or partially located in a county, that meet both of the following:

- Have a population not exceeding 75,000;
- The number of privately owned housing units authorized by building permit in the preceding calendar year is less than the average number of private housing units authorized by building permit for counties in this state over the same period.

The bill eliminates the above requirements and instead allows any county, township, or municipal corporation located in Ohio to apply for an RDRLP loan.<sup>1</sup>

### **Restrictions on use of funds**

The bill expands the ways RDRLP loans can be used. Current law restricts RDRLP loans to projects that involve the development, repair, or upgrade of infrastructure needed for the construction of single-family, residential dwellings. The bill allows RDRLP funds to be used for infrastructure projects needed for any residential dwelling construction, not just single-family and not just for the purpose of increasing affordable rural area housing. It also allows RDRLP loans to be used to offset, defray, or otherwise make more affordable costs related to the construction of residential dwellings. Under the bill, the "construction of residential dwellings" includes the conversion of commercial structures to residential dwellings.<sup>2</sup>

Additionally, current law prohibits RDRLP loans to be used for any housing development project that includes, or will include upon its completion, a qualified low-income building that receives a federal tax credit. The bill removes this prohibition.<sup>3</sup>

### **Loan amounts**

The bill increases the total amount that may be provided under an RDRLP loan. Under current law, RDRLP loans are limited to \$30,000 per single-family residential dwelling included in the residential development project. The bill increases this to \$50,000 per single family. Additionally, the bill allows for a maximum loan of \$20,000 per unit in a multi-family residential dwelling and caps the total loan amount that can be made at \$800,000.<sup>4</sup>

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<sup>1</sup> R.C. 122.98(B) and (D)(1).

<sup>2</sup> R.C. 122.98(A), (C), (D)(2), (E), and (H).

<sup>3</sup> R.C. 122.98(D)(4).

<sup>4</sup> R.C. 122.98(E)(2).

## Prioritizing loan applications

The bill makes changes to how loan applications are to be prioritized. Under current law, the Director of the Department of Development (DEV) is required to develop and utilize scoring metrics for the purpose of prioritizing RDRLP loan applications. These metrics are prohibited from considering whether the project associated with the loan is located in an economically distressed area, including by weighting preference based on the poverty rate in the jurisdiction or census tract in which the project is located. The bill removes this prohibition.<sup>5</sup>

## Tiered loan distribution

The bill imposes requirements on how RDRLP loans are to be distributed based on county population. Under the bill, Ohio's various counties are broken into three tiers according to population as follows:

- Tier one – less than 100,000 people;
- Tier two – between 100,000 and 500,000 people;
- Tier three – more than 500,000 people.<sup>6</sup>

The bill specifies that, initially, each tier must be funded equally and that proceeds from loans made from each tier are to be credited to that tier. However, the bill allows the Department of Development Director to redistribute funds between the tiers as necessary to facilitate demand and usage. The Director is allowed to initiate a redistribution at any time except that, once a redistribution occurs, another redistribution cannot be made for at least 12 months. Additionally, the bill prohibits a redistribution from resulting in any tier of the RDRLP having funds equal to more than twice the amount of any other tier in the program. On an ongoing basis, the Director is required to evaluate the program and how it is being used to best determine the proper distribution of funds between the tiers.<sup>7</sup>

## Bill title

The bill is named the "Housing Recovery Act."<sup>8</sup>

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## HISTORY

Action	Date
Introduced	05-12-26

ANHB0857IN-136/ar

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<sup>5</sup> R.C. 122.98(I).

<sup>6</sup> R.C. 122.982.

<sup>7</sup> R.C. 122.983.

<sup>8</sup> Section 3.