As Introduced

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Representatives Brownlee, Sigrist

Cosponsors: Representatives Brennan, Lett, McNally, Piccolantonio, Rader, Synenberg, Upchurch

To amend section 122.98 and to enact sections 122.982 and 122.983 of the Revised Code to modify the Residential Development Revolving Loan Program and to name this act the Housing Recovery Act.

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

Section 1. That section 122.98 be amended and sections 122.982 and 122.983 of the Revised Code be enacted to read as follows:

Sec. 122.98. (A) The general assembly finds that access to affordable housing ~~in rural areas~~ is an important part of fostering a robust and lasting population. Accordingly, it is declared to be the public policy of the state to increase the availability of ~~single-family homes in the rural areas~~ residential housing in this state through the residential development revolving loan program, administered by the department of development.

(B) An eligible borrower for a residential development loan is a county, ~~or a~~ township, or municipal corporation ~~that is fully or partially located in a county, that meets both of~~

~~the following:~~

~~(1) Has a population of not more than seventy-five thousand according to the most recent federal decennial census published by the United States census bureau;~~

~~(2) The number of privately owned housing units authorized by building permit in the preceding calendar year, according to the most recent data provided by the United States census bureau, is less than the average number of private housing units authorized by building permit for counties~~ located in this state ~~over the same period~~.

~~(C)~~ (C)(1)(a) An eligible borrower shall use the proceeds of a residential development loan ~~exclusively to~~ for either of the following purposes:

(i) To develop, repair, or upgrade water, sewer, transportation, electric, or gas infrastructure needed for the construction of ~~single-family,~~ residential dwellings that are part of a residential development project;

(ii) To offset, defray, or otherwise make more affordable costs related to the construction of residential dwellings.

(b) As used in this section, "construction of residential dwellings" includes the conversion of commercial structures to residential dwellings.

(2) An eligible borrower shall not use any portion of the proceeds for routine infrastructure maintenance or for developments, repairs, or upgrades that exceed the projected requirements of the residential development project.

(D) The department shall not approve an application for a residential development loan unless the eligible borrower

demonstrates, to the satisfaction of the department, that the residential development project ~~served by the infrastructure developments, repairs, or upgrades~~ meets ~~all~~ both of the following:

(1) ~~Is fully located in a county that meets the criteria prescribed by divisions (B)~~(1) and (2) of this section;

~~(2)~~ Has a net density of at least four single-family, residential dwellings per acre;

~~(3)~~(2) Is zoned exclusively for ~~single-family,~~ residential use~~;~~

~~(4) Does not currently, and will not upon its completion, include a qualified low-income building that receives a tax credit under 26 U.S.C. 42~~.

(E) An eligible borrower shall, at minimum, include all of the following in the loan application:

(1) A description of the ~~infrastructure developments, repairs, or upgrades~~ residential development project to be funded by the loan and an estimate of the total cost ~~to complete those developments, repairs, or upgrades~~of the project;

(2) The loan amount requested by the eligible borrower, which shall not exceed ~~either~~ any of the following amounts:

(a) Fifty per cent of the total project cost ~~of the infrastructure developments, repairs, or upgrades~~;

(b) ~~Thirty~~ Fifty thousand dollars per single-family, residential dwelling included in the residential development project ~~served by the developments, repairs or upgrades~~;

(c) Twenty thousand dollars per unit in a multifamily

residential dwelling included in the residential development project;

(d) Eight hundred thousand dollars.

(3) Documentation sufficient to prove, to the satisfaction of the department, all of the following:

(a) That the applicant is an eligible borrower under division (B) of this section;

(b) That the ~~infrastructure developments, repairs, or upgrades meet~~ residential development project meets the requirements under division (C) of this section;

(c) That the residential development project ~~served by those developments, repairs, or upgrades~~ meets the requirements under division (D) of this section.

(4) The proposed or recorded plot of the subdivision that is the basis of the development project.

(5) Certification that the eligible borrower agrees to comply with all provisions of this section.

(F) The department shall accept applications and make low-interest loans under this section on a rolling basis whenever funding is available. The department shall begin accepting applications for the first round of loans not later than January 1, 2026.

(G) The department shall not establish or levy any fees on loan applicants or recipients.

(H) An eligible borrower that receives a loan under this section shall do all of the following:

(1) Exempt the residential development project ~~served by~~

~~the infrastructure developments, repairs, or upgrades,~~ from both of the following:

(a) Any building or road standards of the eligible borrower that are more stringent than those prescribed by state law;

(b) Ordinances, resolutions, rules, or restrictions of the eligible borrower concerning any of the following:

(i) Minimum square footage for residential dwellings;

(ii) Off-street parking;

(iii) The existence, size, or placement of a garage.

(2) Complete any required traffic reviews or studies for the residential development project within forty-five days after receiving the loan;

(3) Provide a quarterly report to the director on the status of the work funded by the loan;

(4) Repay the principal and interest of the loan in accordance with terms specified by the department.

(I) The director shall develop and utilize scoring metrics in prioritizing applications, determining whether to approve low-interest loans, and determining the amount of such loans. The metrics must meet ~~all~~ both of the following requirements:

(1) Give higher priority to projects in locations with greater housing need and lack of private housing investment;

(2) Consider the potential economic impact of the project and the regional distributive balance of the loans~~;~~

~~(3) Not consider whether the project 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~~.

(J) The interest rate for loans made under the program shall be the effective federal funds rate in effect at the time of the loan agreement. The department shall credit all principal, interest, and fees paid under this section by an eligible borrower to the residential development revolving loan fund created under section 122.981 of the Revised Code.

Sec. 122.982. The residential development revolving loan program shall use the following county tiers based on population determined according to the most recent federal decennial census published by the United States census bureau to provide residential development loans in those counties:

(A) Tier one - less than one hundred thousand people;

(B) Tier two - from one hundred thousand to five hundred thousand people;

(C) Tier three - more than five hundred thousand people.

Sec. 122.983. (A) Each tier described in section 122.982 of the Revised Code shall initially be funded equally.

(B) Proceeds from loans made from each tier shall be credited to that tier.

(C) Subject to both of the following, the director of development may redistribute funds between the tiers of the residential development revolving loan program as necessary to facilitate demand and usage:

(1) The director of development may initiate a redistribution at any time except that, once a redistribution occurs, another redistribution shall not occur for at least

twelve months.

(2) A redistribution shall not result in any tier of the residential development revolving loan program having funds equal to more than twice the amount of any other tier in the program.

(D) On an ongoing basis, the director shall evaluate the program and how it is being used to best determine the proper distribution of funds between the tiers.

Section 2. That existing section 122.98 of the Revised Code is hereby repealed.

Section 3. This act shall be known as the Housing Recovery Act.