

As Introduced

135th General Assembly

Regular Session

2023-2024

H. B. No. 499

Representatives Isaacsohn, Mathews

A BILL

To amend sections 319.302 and 3735.67 and to enact
sections 175.41, 175.42, and 175.43 of the
Revised Code to create grant programs for
housing developments near megaprojects and for
townships and municipalities that adopt pro-
housing policies, to modify the community
reinvestment area law relating to residential
property, and to limit the 10% nonbusiness
property tax credit.

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

Section 1. That sections 319.302 and 3735.67 be amended
and sections 175.41, 175.42, and 175.43 of the Revised Code be
enacted to read as follows:

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Sec. 175.41. The Ohio housing fund is created in the state
treasury. The fund shall consist of money transferred to the
fund under section 319.302 of the Revised Code and other money
appropriated or received for the purposes of this section. All
investment earnings of the fund shall be credited to the fund.
The Ohio housing finance agency shall use the fund to provide
grants under sections 175.42 and 175.43 of the Revised Code.

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Sec. 175.42. (A) As used in this section:

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

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

(B) The Ohio housing finance agency shall use the Ohio
housing fund created under section 175.41 of the Revised Code to
provide grants to townships and municipal corporations that
adopt and implement at least three pro-housing policies in
accordance with this section. A township or municipal
corporation may apply for such a grant in the form and manner
prescribed by the agency. The application shall, at minimum,
include both of the following:

(1) Documentation or other evidence that shows the
township or municipal corporation has adopted and implemented at
least three of the pro-housing policies described in division
(D) of this section;

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

The agency shall review applications and award grants
under this section annually, to the extent that funds are
available.

(C) (1) Except as otherwise provided in division (F) of 49
this section, every township and municipal corporation that 50
timely submits an application and that demonstrates, to the 51
satisfaction of the agency, that it has adopted and implemented 52
at least three of the pro-housing policies described in division 53
(D) of this section shall receive a portion of the available 54
funds. The agency shall determine the amount of the grant 55
awarded to each such township and municipal corporation based on 56
population. Approximately seventy-five per cent of the available 57
funds shall be awarded under this division. 58

(2) Approximately twenty-five per cent of the available 59
funds shall be awarded to townships and municipal corporations 60
that have adopted and implemented six or more of the pro-housing 61
policies described in division (D) of this section. A township 62
or municipal corporation that received funds under division (C) 63
(1) of this section may receive additional funds under this 64
division. 65

(D) All of the following are pro-housing policies for 66
purposes of this section: 67

(1) Having a process in place to increase the rate at 68
which permits are reviewed and granted for housing developments 69
by at least twenty per cent; 70

(2) Having a preapproval process in place to create an 71
expedited review and granting of permits for a diverse range of 72
developers; 73

(3) Subsidizing or decreasing costs related to water or 74
sewer connections for major workforce housing projects; 75

(4) Acquiring and readying sites that are ready to be 76
financed and built upon by developers; 77

<u>(5) Having no or minimal parking requirements for</u>	78
<u>developments that include residential units;</u>	79
<u>(6) Having a housing plan that tracks the needs, gaps, and</u>	80
<u>potential strategies for increasing housing across all income</u>	81
<u>levels within the township or municipal corporation for at least</u>	82
<u>the next ten years;</u>	83
<u>(7) Having policies that preserve existing moderate and</u>	84
<u>low-income housing;</u>	85
<u>(8) Allowing accessory dwelling units;</u>	86
<u>(9) Allowing quadplex housing in at least seventy-five per</u>	87
<u>cent of the territory of the township or municipal corporation;</u>	88
<u>(10) Having reduced, by at least fifty per cent, the</u>	89
<u>portion of territory within the township or municipal</u>	90
<u>corporation that is zoned for single-family use only, as</u>	91
<u>compared to the portion of territory zoned for that purpose ten</u>	92
<u>years before the application date;</u>	93
<u>(11) Providing incentives related to increased density to</u>	94
<u>developers that provide low-income housing and workforce housing</u>	95
<u>in census tracts that are at or above the area median income;</u>	96
<u>(12) Providing incentives for modular housing.</u>	97
<u>(E) A township or municipal corporation that receives a</u>	98
<u>grant under this section shall use the funds only for the</u>	99
<u>following purposes:</u>	100
<u>(1) Providing capital for housing development through</u>	101
<u>grants or loans;</u>	102
<u>(2) Supporting first-time home buyers;</u>	103
<u>(3) Providing funds for home repairs for low-income</u>	104

<u>homeowners;</u>	105
<u>(4) Providing funds for multi-family building improvements</u>	106
<u>for low- and middle-income landlords;</u>	107
<u>(5) Enforcing zoning and residential building regulations;</u>	108
<u>(6) Enforcing anti-discrimination housing regulations;</u>	109
<u>(7) Providing funds for tenant protection and empowerment;</u>	110
<u>(8) Acquiring and readying sites for development;</u>	111
<u>(9) Funding a conversion under the rental assistance</u>	112
<u>demonstration program.</u>	113
<u>(F) Townships and municipal corporations that receive a</u>	114
<u>grant under this section shall provide documentation sufficient</u>	115
<u>to prove, to the satisfaction of the agency, that the funds were</u>	116
<u>used for the purposes specified in division (E) of this section.</u>	117
<u>A township or municipal corporation that expends funds for a</u>	118
<u>purpose not specified in division (E) of this section shall not</u>	119
<u>receive funds under this section for five years following the</u>	120
<u>date those funds were expended improperly.</u>	121
<u>Sec. 175.43.</u> (A) <u>As used in this section, "megaproject"</u>	122
<u>has the same meaning as in section 122.17 of the Revised Code.</u>	123
<u>(B) The Ohio housing finance agency shall use the Ohio</u>	124
<u>housing fund created under section 175.41 of the Revised Code to</u>	125
<u>provide grants to housing developments in accordance with this</u>	126
<u>section.</u>	127
<u>(C) A housing development is eligible to participate in</u>	128
<u>the program if the housing development is located within twenty</u>	129
<u>miles of a megaproject.</u>	130
<u>(D) The agency shall adopt rules under Chapter 119. of the</u>	131

Revised Code for the program, including the following: 132

(1) A grant application and distribution process; 133

(2) Permissible uses of grant funds; 134

(3) Penalties for misuse of grant funds; 135

(4) Any additional eligibility requirements. 136

Sec. 319.302. (A) (1) Real property that is not intended 137
primarily for use in a business activity shall qualify for a 138
partial exemption from real property taxation. For purposes of 139
this partial exemption, "business activity" includes all uses of 140
real property, except farming; leasing property for farming; 141
occupying ~~or holding~~ property improved with single-family, two- 142
family, or three-family dwellings; ~~leasing property improved~~ 143
~~with single-family, two-family, or three-family dwellings;~~ or 144
holding vacant land that the county auditor determines will be 145
used for farming or to develop single-family, two-family, or 146
three-family dwellings. For purposes of this partial exemption, 147
"farming" does not include land used for the commercial 148
production of timber that is receiving the tax benefit under 149
section 5713.23 or 5713.31 of the Revised Code and all 150
improvements connected with such commercial production of 151
timber. 152

(2) Each year, the county auditor shall review each parcel 153
of real property to determine whether it qualifies for the 154
partial exemption provided for by this section as of the first 155
day of January of the current tax year. 156

(B) After complying with section 319.301 of the Revised 157
Code, the county auditor shall reduce the remaining sums to be 158
levied by qualifying levies against each parcel of real property 159
that is listed on the general tax list and duplicate of real and 160

public utility property for the current tax year and that 161
qualifies for partial exemption under division (A) of this 162
section, and against each manufactured and mobile home that is 163
taxed pursuant to division (D) (2) of section 4503.06 of the 164
Revised Code and that is on the manufactured home tax list for 165
the current tax year, by ten per cent, to provide a partial 166
exemption for that parcel or home. For the purposes of this 167
division: 168

(1) "Qualifying levy" means a levy approved at an election 169
held before September 29, 2013; a levy within the ten-mill 170
limitation; a levy provided for by the charter of a municipal 171
corporation that was levied on the tax list for tax year 2013; a 172
subsequent renewal of any such levy; or a subsequent substitute 173
for such a levy under section 5705.199 of the Revised Code. 174

(2) "Qualifying levy" does not include any replacement 175
imposed under section 5705.192 of the Revised Code of any levy 176
described in division (B) (1) of this section. 177

(C) Except as otherwise provided in sections 323.152, 178
323.158, 323.16, 505.06, and 715.263 of the Revised Code, the 179
amount of the taxes remaining after any such reduction shall be 180
the real and public utility property taxes charged and payable 181
on each parcel of real property, including property that does 182
not qualify for partial exemption under division (A) of this 183
section, and the manufactured home tax charged and payable on 184
each manufactured or mobile home, and shall be the amounts 185
certified to the county treasurer for collection. Upon receipt 186
of the real and public utility property tax duplicate, the 187
treasurer shall certify to the tax commissioner the total amount 188
by which the real property taxes were reduced under this 189
section, as shown on the duplicate. Such reduction shall not 190

directly or indirectly affect the determination of the principal 191
amount of notes that may be issued in anticipation of any tax 192
levies or the amount of bonds or notes for any planned 193
improvements. If after application of sections 5705.31 and 194
5705.32 of the Revised Code and other applicable provisions of 195
law, including divisions (F) and (I) of section 321.24 of the 196
Revised Code, there would be insufficient funds for payment of 197
debt charges on bonds or notes payable from taxes reduced by 198
this section, the reduction of taxes provided for in this 199
section shall be adjusted to the extent necessary to provide 200
funds from such taxes. 201

(D) The tax commissioner may adopt rules governing the 202
administration of the partial exemption provided for by this 203
section. 204

(E) The determination of whether property qualifies for 205
partial exemption under division (A) of this section is solely 206
for the purpose of allowing the partial exemption under division 207
(B) of this section. 208

(F) On or before the second Monday in September of each 209
year, each county auditor shall calculate the difference 210
obtained by subtracting the amount of taxes reduced under this 211
section from the amount of taxes that the auditor estimates 212
would have been reduced under this section as it existed before 213
the effective date of this amendment and shall certify that 214
amount to the director of budget and management. On or before 215
the following first day of October, the director shall transfer 216
the sum of the amounts so certified from the general revenue 217
fund to the Ohio housing fund created in section 175.41 of the 218
Revised Code. 219

Sec. 3735.67. (A) The owner of real property located in a 220

community reinvestment area and eligible for exemption from 221
taxation under a resolution adopted pursuant to section 3735.66 222
of the Revised Code may file an application for an exemption 223
from real property taxation of a percentage of the assessed 224
valuation of a new structure, or of the increased assessed 225
valuation of an existing structure after remodeling began, if 226
the new structure or remodeling is completed after the effective 227
date of the resolution adopted pursuant to section 3735.66 of 228
the Revised Code. The application shall be filed with the 229
housing officer designated for the community reinvestment area 230
in which the property is located. If any part of the new 231
structure or remodeled structure that would be exempted is of 232
real property to be used for commercial or industrial purposes, 233
the legislative authority and the owner of the property shall 234
enter into a written agreement pursuant to section 3735.671 of 235
the Revised Code prior to commencement of construction or 236
remodeling; if such an agreement is subject to approval by the 237
board of education of the school district within the territory 238
of which the property is or will be located, the agreement shall 239
not be formally approved by the legislative authority until the 240
board of education approves the agreement in the manner 241
prescribed by that section. 242

(B) The housing officer shall verify the construction of 243
the new structure or the cost of the remodeling of the existing 244
structure and the facts asserted in the application. The housing 245
officer shall determine whether the construction or remodeling 246
meets the requirements for an exemption under this section. In 247
cases involving a structure of historical or architectural 248
significance, the housing officer shall not determine whether 249
the remodeling meets the requirements for a tax exemption unless 250
the appropriateness of the remodeling has been certified, in 251

writing, by the society, association, agency, or legislative 252
authority that has designated the structure or by any 253
organization or person authorized, in writing, by such society, 254
association, agency, or legislative authority to certify the 255
appropriateness of the remodeling. 256

(C) If the construction or remodeling meets the 257
requirements for exemption, the housing officer shall forward 258
the application to the county auditor with a certification as to 259
the division of this section under which the exemption is 260
granted, and the period and percentage of the exemption as 261
determined by the legislative authority pursuant to that 262
division. If the construction or remodeling is of commercial or 263
industrial property and the legislative authority is not 264
required to certify a copy of a resolution under section 265
3735.671 of the Revised Code, the housing officer shall comply 266
with the notice requirements prescribed under section 5709.83 of 267
the Revised Code, unless the board has adopted a resolution 268
under that section waiving its right to receive such a notice. 269

(D) Except as provided in division (F) of this section, 270
the tax exemption shall first apply in the year the construction 271
or remodeling would first be taxable but for this section. In 272
the case of remodeling that qualifies for exemption, a 273
percentage, not to exceed one hundred per cent, of the increased 274
assessed valuation of an existing structure after remodeling 275
began shall be exempted from real property taxation. In the case 276
of construction of a structure that qualifies for exemption, a 277
percentage, not to exceed one hundred per cent, of the assessed 278
value of the structure shall be exempted from real property 279
taxation. In either case, the percentage shall be the percentage 280
set forth in the agreement if the structure or remodeling is to 281
be used for commercial or industrial purposes, or the percentage 282

set forth in the resolution describing the community 283
reinvestment area if the structure or remodeling is to be used 284
for residential purposes. 285

The construction of new structures and the remodeling of 286
existing structures are hereby declared to be a public purpose 287
for which exemptions from real property taxation may be granted 288
for the following periods: 289

(1) For every dwelling and commercial or industrial 290
properties, located within the same community reinvestment area, 291
upon which the cost of remodeling is at least two thousand five 292
hundred dollars in the case of a dwelling containing not more 293
than two family units or at least five thousand dollars in the 294
case of all other property, a period to be determined by the 295
legislative authority adopting the resolution, but not exceeding 296
fifteen years. The period of exemption for a dwelling described 297
in division (D) (1) of this section may be extended by a 298
legislative authority for up to an additional ten years if the 299
dwelling is a structure of historical or architectural 300
significance, is a certified historic structure that has been 301
subject to federal tax treatment under 26 U.S.C. 47 and 170(h), 302
and units within the structure have been leased to individual 303
tenants for five consecutive years; 304

(2) Except as provided in division (F) of this section, 305
for construction of every dwelling, and commercial or industrial 306
structure located within the same community reinvestment area, a 307
period to be determined by the legislative authority adopting 308
the resolution, but not exceeding one of the following: 309

(a) Thirty years, ~~if the~~ in the case of any of the 310
following: 311

(i) A commercial or industrial structure that is situated 312
on the site of a megaproject and is owned and occupied by a 313
megaproject operator as defined in division (A) (12) of section 314
122.17 of the Revised Code, or is not situated on the site of a 315
megaproject but is owned and occupied by a megaproject supplier 316
that meets the requirements described in division (A) (13) (b) of 317
section 122.17 of the Revised Code; 318

(ii) A dwelling that is situated within twenty miles of 319
the site of a megaproject, provided that the board of education 320
of the city, local, or exempted village school district within 321
the territory of which the property is or will be situated 322
approves the period of exemption exceeding fifteen years, as 323
required under division (G) of this section; 324

(iii) A commercial structure with one or more dwelling 325
units rented to or available for rent to tenants pursuant to a 326
rental agreement that is situated within twenty miles of the 327
site of a megaproject. Terms used in division (D) (2) (a) (iii) of 328
this section have the same meanings as in section 5321.01 of the 329
Revised Code. 330

(b) Fifteen years, for any other dwelling or commercial or 331
industrial structure. 332

(E) Any person, board, or officer authorized by section 333
5715.19 of the Revised Code to file complaints with the county 334
board of revision may file a complaint with the housing officer 335
challenging the continued exemption of any property granted an 336
exemption under this section. A complaint against exemption 337
shall be filed prior to the thirty-first day of December of the 338
tax year for which taxation of the property is requested. The 339
housing officer shall determine whether the property continues 340
to meet the requirements for exemption and shall certify the 341

housing officer's findings to the complainant. If the housing 342
officer determines that the property does not meet the 343
requirements for exemption, the housing officer shall notify the 344
county auditor, who shall correct the tax list and duplicate 345
accordingly. 346

(F) The owner of a dwelling constructed in a community 347
reinvestment area may file an application for an exemption after 348
the year the construction first became subject to taxation. The 349
application shall be processed in accordance with the procedures 350
prescribed under this section and shall be granted if the 351
construction that is the subject of the application otherwise 352
meets the requirements for an exemption under this section. If 353
approved, the exemption sought in the application first applies 354
in the year the application is filed. An exemption approved 355
pursuant to this division continues only for those years 356
remaining in the period described in division (D) (2) of this 357
section. No exemption may be claimed for any year in that period 358
that precedes the year in which the application is filed. 359

(G) (1) Subject to divisions (G) (2) and (3) of this 360
section, the exemption period for the construction of a dwelling 361
located within twenty miles of the site of a megaproject may 362
equal up to thirty years with the approval of the board of 363
education of the city, local, or exempted village school 364
district within the territory of which the dwelling is or will 365
be located. Before approving an application for such a dwelling 366
for a period greater than fifteen years, the housing officer 367
shall certify a copy of the application to the board of 368
education. The board, by resolution adopted by a majority of the 369
board, shall approve or disapprove the application and certify a 370
copy of the resolution to the property owner and the housing 371
officer not later than forty-five days after the application is 372

certified to the board. The board may include in the resolution 373
conditions under which the board would approve the application. 374
The housing officer may approve an application at any time after 375
the board of education certifies its resolution approving the 376
application, or, if the board approves the application 377
conditionally, at any time after the housing officer is notified 378
that the conditions are agreed to by the board and the property 379
owner. 380

(2) Approval of an agreement by the board of education is 381
not required under division (G)(1) of this section if, for each 382
tax year the dwelling is exempted from taxation, the sum of the 383
following quantities, as estimated at or prior to the time the 384
application is formally approved by the housing officer, equals 385
or exceeds twenty-five per cent of the amount of taxes, as 386
estimated at or prior to that time, that would have been charged 387
and payable that year upon the dwelling had that dwelling not 388
been exempted from taxation: 389

(a) The amount of taxes charged and payable on any portion 390
of the assessed valuation of the new dwelling that will not be 391
exempted from taxation under the agreement; 392

(b) The amount of any cash payment by the owner of the new 393
dwelling to the school district and any payment by the 394
legislative authority to the school district pursuant to section 395
5709.82 of the Revised Code. 396

The estimates of quantities used for purposes of division 397
(G)(2) of this section shall be estimated by the housing 398
officer. Departures of the actual quantities from the estimates 399
subsequent to approval of the application do not invalidate the 400
application. 401

(3) If a board of education has adopted a resolution 402
waiving its right to approve applications under this division 403
and that resolution remains in effect, approval of an 404
application by the board is not required under division (G) (1) 405
of this section. If a board adopts a resolution waiving its 406
right to approve applications, the board shall certify a copy of 407
the resolution to the housing officer. If the board rescinds 408
such a resolution, it shall certify notice of the rescission to 409
the housing officer. 410

(4) If the owner of the dwelling agrees to make any 411
payment to the school district as described in division (G) (2) 412
(b) of this section, the owner shall agree to make payments to 413
the joint vocational school district within which the property 414
is located at the same rate or amount and under the same terms 415
received by the city, local, or exempted village school 416
district. 417

Section 2. That existing sections 319.302 and 3735.67 of 418
the Revised Code are hereby repealed. 419

Section 3. The amendment by this act of section 319.302 of 420
the Revised Code applies to tax years beginning on or after the 421
effective date of this section. 422