

A Tax Credit to Increase Single Family Housing Stock

Ohio Housing Finance Agency
Legislative Advocacy: State Advocacy

HFA Staff Contact

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In Ohio and across the country, potential homebuyers are facing a multitude of challenges as they look to realize their dreams of homeownership. High interest rates and low housing stock are two of the most significant barriers facing Ohio families. As more jobs are created in Ohio, the state will see an increased demand for workforce housing for both rental housing and single-family homes. To address this challenge, Governor Mike DeWine highlighted housing initiatives in his State of the State Address.

In that address, he said, “To encourage the development of housing for lower-income families, help more Ohioans achieve the dream of homeownership, and continue the revitalization of our downtowns and historic communities, I am proposing in my budget a series of tax changes and programs. For the first time ever, we will create both state ‘Low Income Housing Tax Credits’ and ‘Single Family Housing Tax Credits’ to stimulate the construction of more housing for families.”

The [Single Family Housing Tax Credit](#) is designed to leverage public-private partnerships to increase the inventory of affordable single-family housing for Ohio's growing workforce. The program provides \$50 million per year for four years to fill the financing gap to develop or substantially rehabilitate housing in Ohio.

Throughout the budget process, the Ohio Housing Finance Agency (OHFA) provided testimony to various Ohio House and Senate committees and met with local government organizations, homebuilder associations, real estate organizations, and community leaders to ensure they understood how this program could help them increase the housing stock in their communities and across Ohio. With the passage of the 2024–2025 Ohio Operating Budget in July 2023, OHFA quickly drafted program rules and guidelines and an application to ensure the first round of funding would be awarded by the end of the program's first fiscal year in June 2024.

Advance the Overall Mission of the Agency

OHFA's mission is to use federal and state resources to develop, preserve, and sustain affordable housing throughout the state of Ohio. The new Single Family Tax Credit program builds on OHFA's experience financing rental housing to support the construction and rehabilitation of single-family housing, creating new homeownership opportunities for Ohio's workforce. This allows OHFA to achieve its mission statement to “open the doors to an affordable place to call home.”

Innovation

The Single Family Housing Tax Credit program is the first of its kind and scale, using the Low-Income Housing Tax Credit (LIHTC) model to encourage the development of more single-family homes throughout Ohio. This model creates a new single family tax credit market and new opportunities for traditional investors in the LIHTC program.

The Single Family Tax Credit program also takes a new approach to calculating tax credits. The tax credits are calculated as the difference between the total development cost of a project and the aggregate appraised market value of all dwellings in the project, ensuring the homes constructed reflect the market rates in the community.

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Replication

The single-family tax credit could be replicated across the country as interest rates rise and demand for the already limited housing stock grows. OHFA's experience, both on the legislative side to help pass the single-family tax credit statute as well as on the implementation side of refining the program, can be beneficial to any state looking to increase the net stock of homes for ownership. As each state has differing needs, community outreach is key. OHFA thoughtfully considered all comments from its stakeholders and adjusted the allocation plan to suit the needs of the entire state, which includes rural, urban, and suburban communities with vastly different housing needs. Further, the structure of the tax credit, which requires local municipalities and townships to be involved in the application process, strengthens public-private partnerships that benefit all tax credit programs. Municipalities in Ohio have provided significant support for the program.

Coalition Building

After the program was introduced in Governor DeWine's Executive Budget, the Ohio Housing Finance Agency met with developers, local government organizations, community development organizations, and other housing industry partners to garner support for the new tax credit program. While there was reluctance among some partners due to the uncertainty of the sale of the new tax credit, the program's focus on collaboration by creating public-private partnerships to implement the program received positive feedback from housing industry partners.

As OHFA implemented the program, it continued to engage stakeholders when drafting program [guidelines](#) and rules. Through numerous public hearings and meetings, OHFA was able to head off potential program challenges while gaining interest and support for the program. Upon completion of the guidelines and [application](#), OHFA then presented the new program at industry conferences and meetings. This process created new relationships for OHFA to leverage to continue addressing the state of Ohio's housing shortage.

Forge Effective Relationships with State and/or Federal Legislators

Throughout the legislative process, the Ohio Housing Finance Agency presented testimony on the new program and how it would be implemented to Ohio House and Senate committees and met with legislators to provide additional information on the program and its potential positive impact on Ohio's housing shortages. This also provided OHFA with an opportunity to educate the Ohio General Assembly on the impact of current housing finance resources, challenges, and Agency solutions.

Achieve Strategic Objectives

The Ohio Housing Finance Agency's objective was to ensure the passage of the new Single Family Tax Credit program in the 2024–2025 State Operating Budget. OHFA worked diligently to answer legislative questions about the program and the benefits of a new tax credit program. The Agency also wanted to ensure that legislators knew this program would create new single-family housing throughout communities in urban, suburban, and rural Ohio.

Anticipate, Identify, and Prioritize Legislative Issues

When approaching the legislative process, OHFA identified and prioritized five topics that would be key concerns for legislators. Those concerns were the sale of the tax credit, calculation of the tax credit, number of units that could be created, the distribution of the tax credit in various regions of the state, and income levels of prospective homebuyers.

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To address these topics, OHFA developed an formula to determine the number of units created based on a tax credit amount and equity generated from the sale of a tax credit, and worked with local banks and syndicators to determine the potential value of the tax credits. This gave legislators an estimate on how many units may be created and the impact it could have on Ohio's housing deficit. It also provided the housing industry with an indication on the potential revenue that could be generated by the tax credits for these types of projects.

OHFA also worked with local government organizations and developers to determine the best way to calculate the tax credit and ensure geographic diversity to ensure again the feasibility of the program and its positive impact on the state's housing deficit. All of this information was then included in talking points and presentations on the new tax credit program.

Reach Target Audiences

OHFA had many target audiences when creating this program: legislators, housing industry leaders, trade organizations, and local governments. There was a concerted effort to engage each stakeholder group throughout the legislative process and then during program implementation. During the legislative process, OHFA met with organizations, including but not limited to the Ohio Association of Realtors, Ohio Home Builders Association, developers, Ohio Community Development Corporation Association, Greater Ohio Policy Center, Ohio Municipal League, Ohio Township Association, and many other groups not only to gather support for the program but also help advocate for it with the Ohio General Assembly.

Employ Analytical Skills to Anticipate and Identify the Potential Ramifications of Issues

Once the program was established, OHFA discussed the potential ramifications of two key issues: the amount of equity generated from the tax credit sale and the geographic diversity of the program. Using data from OHFA's research team as well as best practices from the LIHTC program, the OHFA team developed guardrails in the program guidelines to help mitigate their impact. Three pools and two set-aside categories were created to ensure geographic diversity, and a bridge loan program was created to help with the gap in funding from the sale of the tax credit.

Benefits that Outweigh Costs

The advocacy and administration of the new Single Family Tax Credit program has allowed OHFA to build relationships with legislators and stakeholder groups. It also allows the Ohio General Assembly to highlight an action it has taken to address the state's current housing needs. Overall, the program will provide Ohio new single family housing opportunities, new real property tax revenue, and removal of blight in communities when the program is used as infill housing or for the rehabilitation of blighted units.

Demonstrate Effective use of Resources

When advocating for a state Single Family Tax Credit, the Ohio Housing Finance Agency composed a team of individuals with various skills and subject matter expertise. Led by the executive director, the team included the director of Government Relations, Legal Office, Office of Single Family Programs, director of Research and Analytics, and representatives of the Office of Public Affairs. Together the team developed talking points, supporting documents, presentations, and program guidelines and applications. The team used current program guidelines and best practices as well as current homeownership program data to drive program development. The team then used established communication platforms to educate the various targeted audiences on the benefits of the program.

Exhibit 1: Single Family Tax Credit Program Website



SINGLE FAMILY TAX CREDIT PROGRAM



Jump to Content: [RULES FOR COMMENT](#) [9/27/23 PUBLIC FORUM](#)

The application period for the Single Family Tax Credit Fiscal Year 2024 Tax Credit Reservations is **CLOSED**.

Location and Data Resources for Applicants

The resources below are designed to assist you with your **Single Family Tax Credit** application.

If you are unsure which pool your site is eligible for (Central City, Metro/Suburban, Rural), use the **OHFA Property Locator Search Tool** to look up details including census tract, geographic pool, opportunity index category, and opportunity index score.

Once you know the pool in which your site is located, use the relevant interactive map below to see how your site scores. Please note that the maps include only geographic scoring categories. The interactive map instructions provide a step-by-step guide designed to walk you through the process of using the maps for your application and include a Frequently Asked Questions section as well as a section on Data and Methodology. If you have questions regarding the maps after reading through these materials, please contact the **Office of Research and Analytics**.

- [Interactive Maps and Instructions](#)
- [Interactive Map Data](#)

HOW IT WORKS

The Single Family Tax Credit program leverages public-private partnerships to increase the inventory of affordable, single-family housing for Ohio's growing workforce. The program provides \$50 million a year for four years to fill the financing gap to develop or substantially rehabilitate housing in Ohio.

Project applications must include a minimum of five, single-family dwellings to be constructed or blighted structures to be made habitable. The dwelling sites may be contiguous or "scattered" site. Each dwelling must include a minimum of two bedrooms and one and one-half baths.

Each dwelling must be sold to a qualified buyer, as defined by the program, who will use it as their primary residence. The sale price of the house must be affordable (i.e., no more than 30% of the qualified buyer's monthly income) and remain affordable for 10 years after the initial sale.

The tax credit is calculated as the difference between the total development cost of the project and the aggregate appraised market value of all dwellings in the project. Proposed projects may receive up to a maximum of \$50,000 in tax credits per dwelling, which are issued at the completion of the project. The tax credit can be claimed annually over a 10-year period with the annual amount equaling one-tenth of the total issued tax credit.

- [Single Family Tax Credit Fact Sheet](#) (564 KB Adobe PDF File) **NEW**
- [2024 Single Family Tax Credit Allocation Plan](#) (468 KB Adobe PDF File) **UPDATED 2/21/24**
- [2024 Single Family Tax Credit Underwriting Guidelines](#) (137 KB Adobe PDF File)

QUICK LINKS

About OHFA
Learn how our programs help first-time homebuyers, renters, senior citizens, and others find quality affordable housing.

Contact Us
Find contact information for our various departments or submit a question using our online form.

Questions?
For more information, email: [Single Family Tax Credit Program](#)

Exhibit 2: Single Family Tax Credit Program PowerPoint

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Project Development Team

A group of entities that develops, constructs, equips, appraises, finances, and services the properties of a qualified project.
Oversees project through completion and post-completion reporting

Developer, General Contractor, Home Builder, Designer, Construction Worker, Appraiser, Lender, Specialist

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Project Eligibility Size/Type

- Minimum of five dwellings
 - New construction and/or rehabilitation
- "Rehabilitation"
 - Substantial renovation to a building(s) that results in the reactivation of habitability
 - Blighted
 - \$75,000 minimum investment
 - Replacement of two or more major building components

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Project Eligibility - Site(s)

Dwelling site(s) must be under control of the time of application

- Member of the Development Team - own or lease
- Active purchase contract
- Documentation from local government land bank to transfer

Sites may be contiguous or "scattered" within the Project Development Owner's jurisdiction

- Scattered sites must have 75% of sites under control at application

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Dwelling Eligibility

- "Single Family Dwellings" can include:
 - Fully Detached Residential Units
 - Duplexes, Triplexes, Fourplexes
 - Row Houses
 - Townhomes
 - Multi-story Condominiums
- Single family dwelling must include two bedrooms and one- and one-half baths at a minimum.
- Must be the primary residence of the qualified buyer for the affordability period.

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Dwelling Eligibility - Affordability

For the definition, means a single-family dwelling with a monthly mortgage payment that is no more than 30% of Qualified Buyer's monthly income.

Payment Includes:

Mortgage Loan Principal and Interest	Residential real estate taxes	Homeowners Insurance	Condominium fees (if applicable)
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Dwelling Eligibility - Affordability

Dwelling must remain available to qualified buyers during the affordability period - 10 years from date of initial sale

A restrictive covenant with OHPA to assure the dwelling remains affordable

If sold, the property must be to another qualified buyer. If not, financial penalties will be assessed at the sale.

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Homebuyer Eligibility

- Verified income of up to 120% of the area median income (AMI)
- Obtained a pre-approval letter stating qualification for mortgage
- Attended Homebuyer Education within 12 months of purchase.
- Credit score of at least 640
- First-time Home Buyer or Eligible Home Buyer

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Allocation of Funding

Consideration to all regions of the state through:

1. Allocation Pools
2. County limits
3. Set-asides

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Award Distribution



Allocation Amounts

- Central City: \$17.625 million (\$5.41)
- Metro/Suburban: \$16.625 million (\$3.31)
- Rural: \$14.125 million (\$8.31)

Awards Per County

- Central City: Maximum of 2 per county
- Metro/Suburban: Maximum of 2 per county
- Rural: Maximum of 1 per county

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Set-Aside Categories



Appalachian

- At least one qualified project in an Appalachian County

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Set-Aside Categories



Transformative Economic Development

- At least one qualified project within 20 miles of a "megaproject"

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How does Tax Credit Fit in?

Assists in capitalization of the project:

- Bring in investor equity
- Fill gaps in the capital stack

How it could work:

- Connect with a speculator to sell tax credit
 - Speculators collect equity from investors who buy the tax credit, providing capital for the project
- Capital from sale is used as source of revenue for the project
- Reduce the amount of capital the developer needs to contribute

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Tax Credit Calculation and Issuance

Calculation

The difference between the total estimated development cost and appraised market value of all dwellings in the project application.

- Maximum of \$50,000 per dwelling

Issuance

Tax credits are issued upon project completion.

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TAX CREDIT CALCULATION

Basis	Calculation	Reservation
Utilize information from the application: <ul style="list-style-type: none"> Total estimated development costs Appraised market value of dwellings in the project 	Consider two scenarios: <ol style="list-style-type: none"> "Calculated" tax credit "Maximum" tax credit 	Tax Credit Reservation totals the lesser of the two calculations.

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Tax Credit Calculation

Scenario 1

15 single-family dwellings in project
\$4.0M in Total Estimated Development Costs
\$3.75M in Appraised Market Value

Calculated tax credit: \$250,000
Maximum tax credit: \$150,000
Reserved Tax Credit: \$350,000


Scenario 2

10 single-family dwellings in project
\$2.75M in Total Estimated Development Costs
\$3.5M in Appraised Market Value

Calculated tax credit: \$150,000
Maximum tax credit: \$200,000
Reserved Tax Credit: \$200,000

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Tax Credit - Issuance



The credit is obtained annually over a 10-year period, with 10% of the credit available in the first year.

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Tax Credit Issuance

- After final calculation, OHFA will issue an eligibility certificate to the Project Development Owner
- Tax credit is claimed annually over a 10-year period, with 1/10 of the tax credit as the annual amount
- Project Development Owner may allocate all or a portion of the annual tax credit to one or more of project development investors
 - Must annually report to OHFA the credit allocation

OHIO HOUSING FINANCE AGENCY Single Family Tax Credit Program

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Fiscal Year 2024 Application Round

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    graph LR
      A[Applications were due to OHFA by April 5th] --> B[OHFA received five applications]
      B --> C[Allocation scenarios modeled before June 30, 2024]
    
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OHIO HOUSING FINANCE AGENCY Single Family Tax Credit Program

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Resources

Single Family Tax Credit program website:
<https://ohiohome.org/singlefamilytaxcredit.aspx>

Carrie Manno
 Single Family Tax Credit Section Chief
cmanno@ohiohome.org
[SingleFamilyTaxCredit@ohiohome.org](https://ohiohome.org/SingleFamilyTaxCredit@ohiohome.org)

OHIO HOUSING FINANCE AGENCY Single Family Tax Credit Program

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Exhibit 3: Single Family Tax Credit Fact Sheet



FOR MORE INFORMATION, VISIT
ohiohome.org/singlefamilytaxcredit.aspx

SINGLE FAMILY TAX CREDIT PROGRAM



OVERVIEW

The Single Family Tax Credit program leverages public-private partnerships to increase the inventory of affordable, single-family housing for Ohio's growing workforce. The program provides \$50 million a year for four years to fill the financing gap to develop or substantially rehabilitate housing in Ohio. Proposed projects may receive up to \$50,000 in tax credits per dwelling. The tax credits may be claimed upon completion of the project.

Each dwelling in a development project must be sold to a qualified buyer who will use it as their primary residence. The sale price of the house must be affordable (i.e., no more than 30% of the qualified buyer's monthly income). Additionally, each dwelling in the project must remain affordable for 10 years after the initial sale.

ELIGIBILITY

Project

Project applications must include a minimum of five, single-family dwellings to be constructed or blighted structures to be made habitable. The dwelling sites may be contiguous or "scattered" site. Each dwelling must include a minimum of two bedrooms and one and one-half baths.

Development Team

The project development owner is the unit of government that owns the proposed project and is responsible for submitting the application and serving as the lead applicant. A qualified unit of government may include: a county, township, municipal corporation, regional planning commission, community improvement corporation, or economic development corporation.

A project development team must be identified for any proposed project. Team members must include: the developer, general contractor, home builder, appraiser, housing counseling agency, and construction lender. Additional members may include: consultants, realtors, syndicators, etc. The team will be responsible for overseeing a project through construction completion, home sales, and post-completion servicing and reporting.

Qualified Buyer

A qualified buyer for the single-family dwellings must have a verified income up to 120% of the area median income, obtain a pre-approval letter stating qualification for a mortgage, attend homebuyer education within 12 months of purchase, have a credit score of at least 640, and be a first-time homebuyer or eligible homebuyer.

The qualified buyer must remain in the purchased dwelling as their primary residence for the 10-year affordability period. The qualified buyer must also enter into a restrictive covenant with the Ohio Housing Finance Agency to ensure the dwelling remains affordable.

TAX CREDIT CALCULATION

The tax credit reservation is calculated as the difference between the total estimated development cost and appraised market value of all dwellings in the project application, a maximum of \$50,000 per dwelling.

The tax credit is issued at the completion of a project. The final certified tax credit amount will be calculated as the difference between the actual project development costs and completed dwelling appraisals as provided at project completion. The amount of the total tax credit shall not exceed the original reserved credit amount.

The tax credit can be claimed annually over a 10-year period with the annual amount equaling one-tenth of the total certified tax credit.

APPLICATION PROCESS

Applications will be scored and competitively awarded based on the criteria outlined in the 2024 Allocation Plan and 2024 Underwriting Guidelines. For an application to be considered for funding, it must include the application form, all required attachments, and the application fee.

MORE INFORMATION

For more information, including the program Allocation Plan and Underwriting Guidelines, visit <https://ohiohome.org/singlefamilytaxcredit.aspx>.

Questions regarding the program and the application process can be emailed to: SingleFamilyTaxCredit@ohiohome.org.

The Ohio Housing Finance Agency is an Equal Opportunity Housing entity. Loans are available on a fair and equal basis regardless of race, color, religion, sex, familial status, national origin, military status, disability, or ancestry.





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Mike DeWine, Governor, State of Ohio
Shawn Smith, Executive Director





Revised February 27, 2024





Single Family Tax Credit Program – Social Media Posts

 **Ohio Housing Finance Agency** 3,545 followers 4h • 

Late last week, OHFA's Carrie Manno spoke at the Ohio Conference of Community Development about the new Single Family Tax Credit. This program uses a public-private partnership to develop more single family housing throughout Ohio.
[#housing](#)



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April 30, 2024



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ICYMI: Learn more about the new state [#SingleFamilyTaxCredit](#) program to bolster the [#affordable](#) single-family homes inventory by joining our Carrie Manno for the OLBA's webinar that will cover eligibility criteria, definition of qualified single-family dwellings, and prerequisites for homebuyers. To register: <https://bit.ly/43aeWkt>

WEBINAR ANNOUNCEMENT



OLBA WEBINAR SERIES

OHIO HOUSING FINANCE AGENCY'S SINGLE FAMILY TAX CREDIT PROGRAM

DATE
March 19, 2024

TIME
2:00PM - 3:00PM



CARRIE MANNO
SINGLE FAMILY TAX CREDIT SECTION CHIEF
OHIO HOUSING FINANCE AGENCY



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March 18, 2024



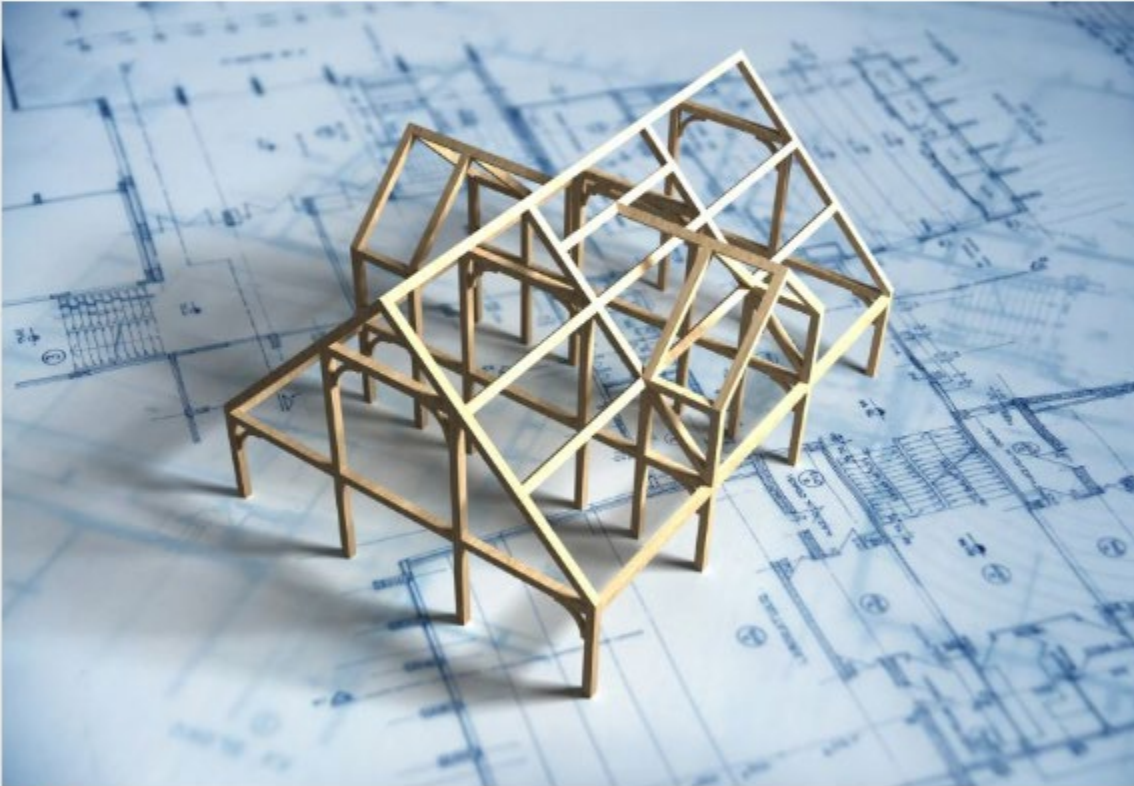
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The application period for the Single Family Tax Credit Fiscal Year 2024 Tax Credit Reservations is now open. The application period closes 4/5/24 at 4 p.m. To apply: <https://bit.ly/42yFgEI>. Questions? Email SingleFamilyTaxCredit@ohiohome.org.



👤 Lucas McKaig and 6 others

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February 15, 2024



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OHFA is accepting public comments on the [#SingleFamilyTaxCredit](#) Program Underwriting Guidelines (<https://bit.ly/3S9QRWY> Email comments to SingleFamilyTaxCredit@ohiohome.org by 5 p.m. on 1/10/24.



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January 8, 2024