

**As Introduced**

**135th General Assembly**

**Regular Session**

**2023-2024**

**H. B. No. 499**

**Representatives Isaacsohn, Mathews**

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**A BILL**

To amend sections 319.302 and 3735.67 and to enact 1  
sections 175.41, 175.42, and 175.43 of the 2  
Revised Code to create grant programs for 3  
housing developments near megaprojects and for 4  
townships and municipalities that adopt pro- 5  
housing policies, to modify the community 6  
reinvestment area law relating to residential 7  
property, and to limit the 10% nonbusiness 8  
property tax credit. 9

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

**Section 1.** That sections 319.302 and 3735.67 be amended 10  
and sections 175.41, 175.42, and 175.43 of the Revised Code be 11  
enacted to read as follows: 12

**Sec. 175.41.** The Ohio housing fund is created in the state 13  
treasury. The fund shall consist of money transferred to the 14  
fund under section 319.302 of the Revised Code and other money 15  
appropriated or received for the purposes of this section. All 16  
investment earnings of the fund shall be credited to the fund. 17  
The Ohio housing finance agency shall use the fund to provide 18  
grants under sections 175.42 and 175.43 of the Revised Code. 19

Sec. 175.42. (A) As used in this section: 20

(1) "Major workforce housing project" means a project that 21  
reserves at least twenty units, designed for residential 22  
occupancy by at least twenty individuals or families living 23  
independently from each other, for households earning between 24  
sixty and one hundred per cent of the median income for the 25  
county where the project is located, as determined by the 26  
director of development pursuant to section 174.04 of the 27  
Revised Code. 28

(2) "Quadplex housing" means a parcel with four dwelling 29  
units that are designed for residential occupancy by four 30  
individuals or families living independently from each other. 31

(B) The Ohio housing finance agency shall use the Ohio 32  
housing fund created under section 175.41 of the Revised Code to 33  
provide grants to townships and municipal corporations that 34  
adopt and implement at least three pro-housing policies in 35  
accordance with this section. A township or municipal 36  
corporation may apply for such a grant in the form and manner 37  
prescribed by the agency. The application shall, at minimum, 38  
include both of the following: 39

(1) Documentation or other evidence that shows the 40  
township or municipal corporation has adopted and implemented at 41  
least three of the pro-housing policies described in division 42  
(D) of this section; 43

(2) A description of how the township or municipal 44  
corporation intends to utilize the grant funds received. 45

The agency shall review applications and award grants 46  
under this section annually, to the extent that funds are 47  
available. 48

(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
<b><u>Sec. 175.43.</u></b> (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

<u>Revised Code for the program, including the following:</u>	132
<u>(1) A grant application and distribution process;</u>	133
<u>(2) Permissible uses of grant funds;</u>	134
<u>(3) Penalties for misuse of grant funds;</u>	135
<u>(4) Any additional eligibility requirements.</u>	136
<b>Sec. 319.302.</b> (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 <del>or holding</del> property improved with single-family, two-	142
family, or three-family dwellings; <del>leasing property improved</del>	143
<del>with single-family, two-family, or three-family dwellings;</del> 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