DEPARTMENT OF DEVELOPMENT

Residential economic development district grants

- Creates a grant program for counties, townships, and municipal corporations located within 20 miles of a major economic development project.
- Allows a county, township, or municipal corporation to apply for a grant independently, or in collaboration with a housing developer, port authority, council of government, regional planning commission, or other subdivision.
- Specifies the purposes for which grant funds must be used.
- Requires applicants to adopt pro-housing policies and approve a major workforce housing project consisting of at least 100 units.
- Requires the Director of Development (DEV Director) to evaluate and score applications based on metrics outlined by the act, including by giving preference to applicants that adopt more pro-housing policies in terms of both number and impact.
- Requires the Director to adopt rules to implement the program and to finalize and publish initial application procedures and scoring metrics by December 31, 2025.

Residential development revolving loan program

- Creates the Residential Development Revolving Loan Program.
- Specifies that loans made by the program are only available to local governments that are located in a county with a population of 75,000 or less and that issued fewer new construction permits for single-family homes than the average number of permits issued in counties in Ohio.
- Specifies that borrowed funds are only for projects involving the development, repair, or upgrade of water, sewer, road, electric, or gas infrastructure necessary to service dwellings meeting statutory requirements.
- Limits the loan amount to the lesser of 50% of the cost of the infrastructure developments, repairs, or upgrades or $30,000 per single-family residential dwelling to be served by that infrastructure.
- Requires political subdivisions receiving loans to waive certain building, zoning, and planning requirements for the residential development project served by the project.
- Prohibits the Department of Development (DEV) from using more than $500,000 annually of the money deposited to the Residential Development Revolving Loan Fund for administrative expenses.
- Requires political subdivisions receiving loans to exempt improvements constructed from loan proceeds from property taxes, collect payments in lieu of taxes, and use those payments to pay off the loan.

- Appropriates $90 million for the program in FY 2026, and allows for any unused funds to be carried over into FY 2027.

Building demolition and site revitalization grants

- No longer requires DEV to award building demolition and site revitalization grants to projects on a first-come, first-served basis.

Brownfield Remediation Program

- Alters the parameters for the types of projects that are eligible for funding under the Brownfield Remediation Program and the procedures for issuing grants.

State private activity bond ceiling and fund

- Grants DEV authority to allocate Ohio's volume ceiling on state private activity bonds established under federal income tax law.
- Requires DEV to adopt rules governing the administration of the volume ceiling, including an allocation formula.
- Establishes a custodial fund consisting of fees paid by issuers receiving volume ceiling allocations to pay DEV's costs in administering Ohio's volume ceiling.

DEV funds

- Eliminates the Mortgage Insurance Fund and the corresponding authority of the DEV Director to insure mortgage payments on behalf of a person, partnership, corporation, or community improvement corporation using money from the fund.
- Eliminates the Mortgage Guarantee Fund.
- Eliminates the DEV Director's Purchase Fund.
- Eliminates sinking fund requirements for certain funds received by the DEV Director.

Individual Microcredential Assistance Programs

- Creates the Institutional Platinum Provider Program (IPPP) under which a state institution of higher of education participating in the Individual Microcredential Assistance Program (IMAP) may receive one or more advance payments for training costs for individuals to earn a microcredential.
- Increases from $500,000 to $1 million the total advance payment or reimbursement amount a state institution participating in IMAP and IPPP may receive in a fiscal year.
- Creates the Platinum Provider Program under which an eligible IMAP participant may receive one or more advance payments for training costs for individuals to earn a microcredential.

Affirmative action programs in public contracting

- Eliminates a requirement for all contractors from whom the state or a political subdivision makes purchases to have a written affirmative action program for the employment and utilization of economically disadvantaged persons.
- Eliminates a prohibition against DEV disbursing capital money appropriated for any project unless the project provides for an affirmative action program for the employment and utilization of persons who are disadvantaged due to their culture, race, ethnicity, or other similar reasons.
- Repeals a requirement that a person receive a certificate of compliance with affirmative action programs before bidding on a public improvement construction contract or a transportation construction contract awarded by the Director of Transportation.
- Prohibits most public authorities, for subcontracts of construction managers at risk and design-build firms, from eliminating a bidder as unqualified on the basis that the bidder has not complied with an affirmative action program, or a diversity, equity, and inclusion program.

Welcome Home Ohio (WHO) Program

- Decreases the minimum square footage for homes that receive Welcome Home Ohio (WHO) grants or tax credits from 1,000 to 800 square feet.
- Allows WHO funds to be used to acquire or rehabilitate manufactured homes but not mobile homes.
- Allows WHO funds to be used to acquire or rehabilitate residential units in a mixed-use development but requires the funds to be used for the residential units, common areas used by the occupants of the residential units, or improvements that serve the residential units.
- Increases the amount of the WHO tax credit from one-third of the construction and rehabilitation costs to 90% of such costs.
- Extends the WHO tax credit through the end of FY 2027 and allows up to $20 million in tax credits to be awarded in the biennium.
- Allows DEV to award WHO grants to certain qualified nonprofit developers that are incorporated in Ohio for the purpose of improving the physical, economic, or social environment by addressing critical problems like housing.
- Increases, from $30,000 to $100,000, the maximum amount of a WHO grant to rehabilitate or construct a home.
- Applies the same $100,000 cap to WHO grants for the acquisition of a home, which were not limited under prior law.
- Increases the income eligibility threshold for buyers of WHO-funded homes from 80% to 120% of the median income of the county where the home is located.

- Increases the amount for which WHO-funded homes may be sold from $180,000 to $220,000.
- Reduces from five years to three years the time the buyer of a WHO-funded home must agree to occupy the home as a primary residence and not rent it to anyone else.
- Reduces from 20 years to 15 years the time the buyer of a WHO-funded home must agree to not sell the home to anyone whose income exceeds the WHO eligibility thresholds.
- Specifies that the deed restriction concerning subsequent sales of a WHO-funded home is a covenant running with the land and is enforceable against subsequent buyers.
- Allows a grant or tax credit recipient to include in the deed restriction a right of first refusal to repurchase the property in order to ensure that subsequent buyers meet the income eligibility requirements.
- Allows up to $2,000 of each WHO grant to be used to fund the financial literacy counseling that grant recipients are required, under continuing law, to provide to purchasers of the property.
- Reduces the minimum duration of the counseling from one year to six months.
- Requires the counseling to include basic home maintenance and financial literacy components, and to be conducted by a person who is licensed, certified, or authorized to provide the counseling services.
- Requires a grant recipient to reinvest any profits derived from the sale of a WHO-funded home in the land bank's land reutilization program or the developer's housing program.

Residential economic development district grants

(R.C. 122.636)

Overview

The act creates a grant program for counties, townships, and municipal corporations that are fully or partially located within a residential economic development district (REDD). A REDD consists of all parcels within a 20-mile radius of a "major economic development project," defined in the act as a project that is reasonably expected to improve the economic well-being of the surrounding area and that either consists of at least $700 million in private investment or is expected to create at least 700 new permanent jobs. The act specifies that the grant program is intended to encourage major workforce housing projects in areas of the state that otherwise would not attract such development and to increase home ownership among Ohioans.

Application

The act requires DEV to implement the grant program. A subdivision applying for a REDD grant must include documentation or other evidence that proves that the subdivision has, or has imminent plans to, adopt and implement pro-housing development policies and approve a "major workforce housing project" consisting of at least 100 units. A subdivision may apply for a

grant in collaboration with another subdivision or with a housing developer, port authority, council of government, or regional planning commission.

Pro-housing development policies

The act provides the following nonexhaustive list of pro-housing development policies:

- Having a process in place to increase the rate at which permits for housing developments are reviewed;
- Having a pre-approval process in place for an expedited review of permits for a diverse range of housing developers;
- Subsidizing or decreasing costs related to water or sewer connections and extensions for major workforce housing projects;
- Acquiring and readying sites that are ready to be financed and built upon by developers;
- Reducing or eliminating impact, inspection, and plan review fees for housing developers;
- Adopting a zoning plan that includes promoting higher density, small lot size, and minimum setback requirements;
- Developing a comprehensive plan that promotes diverse residential development options;
- Having no or minimal parking requirements for developments that include residential units;
- Conducting a traffic study, improving water or sewer infrastructure, improving roads, or permitting both rigid and flexible pavement types;
- Developing partnerships to expand the provision of sewer and water services to new areas;
- Promoting the use of nontraditional building structures such as modular or manufactured homes.

Review

The act requires DEV to review applications and award grants on a rolling basis, giving preference to applicants that adopt more pro-housing development policies, in terms of both quantity and impact. The DEV Director must evaluate applications and determine the amount of each grant award based on scoring metrics that include the following:

- Density, with more points awarded to projects that have more units per acre, starting at two units per acre;
- Lot size, with more points awarded to projects that have smaller lot sizes, starting with an average of 7,500 square feet;
- Side yard setbacks, with more points awarded to projects that have smaller setback requirements, starting with six feet;

- Open space requirements, with more points awarded to projects that have lesser open space requirements, starting with 25% of gross acreage;
- Inspection, plan, impact, or water and sewer tap fee reductions, with more points awarded for lower or no fees;
- Use of water pipe type, with more points awarded for allowing polyvinyl chloride as opposed to ductile iron;
- Use of rigid and flexible pavement types, with more points awarded for allowing both;
- Traffic studies and thoroughfare plans, with more points awarded for applicants that seek to use funds for those purposes and have demonstrated success in completing such studies or plans for a major workforce housing project;
- Sanitary sewer or water extensions, with more points awarded for applicants that seek to use funds for those purposes as related to the major workforce housing project.

The DEV Director must adopt rules addressing application procedures, scoring metrics, grant distribution, and state model zoning plans that include density, lot size, and setback preferences. The rules must be finalized and published to DEV's website by December 31, 2025.

Award

A REDD grant must be used to provide capital for housing development through grants or loans, ready sites for development, provide financial assistance for housing-related infrastructure projects, or to address additional service or public safety needs due to increases in population. If, at the time the grant application is submitted, the subdivision has not yet adopted the pro-housing policies or approved the major workforce housing project described in the application, DEV must confirm that the subdivision follows through with those plans before disbursing grant funds.

Public records

The act provides that all applications for REDD grants and the scoring metrics DEV uses in awarding the grants are public records for purposes of Ohio's public records law.

Residential Development Revolving Loan Program

(R.C. 122.98, 122.981, 176.05, 4115.04, and 5709.89; Sections 259.10, 259.30, and 512.10)

The act creates the Residential Development Revolving Loan Program (RDRLP), with the stated intent of increasing the availability of single-family homes in rural areas.

Eligible borrowers

An eligible borrower for an RDRLP loan is a county, or a township or municipal corporation that is fully or partially located in a county, that has a population not exceeding 75,000, as determined by the most recent federal decennial census, and that authorized less than the average number of building permits for privately owned housing units as compared to other Ohio counties.

Use of proceeds

Borrowers must use the proceeds of an RDRLP loan exclusively 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. A borrower is prohibited from using 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.

Residential development project

The act also includes requirements for the residential development project served by the infrastructure developments, repairs, or upgrades. DEV is prohibited from approving a loan application unless the borrower demonstrates that the project meets all of the following:

- Is fully located in a county that meets the population and building permit criteria described above;
- Has a net density of at least four single-family, residential dwellings per acre;
- Is zoned exclusively for single-family, residential use;
- Does not currently, and will not upon its completion, include low-income housing that receives a federal low-income housing tax credit.

Loan amount

The amount of an RDRLP loan must not exceed the lesser of either:

- 50% of the total cost of the infrastructure developments, repairs, or upgrades; or
- $30,000 per single-family, residential dwelling included in the residential development project served by the developments, repairs, or upgrades.

Application requirements

The borrower must include the following in the loan application:

- A description of the infrastructure developments, repairs, or upgrades to be funded by the loan and an estimate of the total cost to complete them;
- The loan amount requested by the borrower;
- Documentation sufficient to prove that the borrower, residential development project, and the infrastructure developments, repairs, or upgrades meet the act's requirements;
- Certification that the eligible borrower agrees to comply with all provisions of the act.

Administration

The act requires DEV to administer the RDRLP and to begin accepting applications for loans by January 1, 2026. DEV must accept applications and make loans on a rolling basis whenever funding is available. The act authorizes DEV to establish a schedule of fees and charges

to be paid by applicants and loan recipients as necessary to offset the cost of administering the RDRLP.

Conditions for borrowers

Borrowers, as a condition of accepting an RDRLP loan, must exempt the residential development project served by the infrastructure developments, repairs, or upgrades, from any building or road standards that are more stringent than those prescribed by state law. Furthermore, the borrower must exempt the development project from any ordinances, resolutions, rules, or restrictions concerning minimum square footage for residential dwellings, off-street parking, or the existence, size, or placement of a garage.

Within 45 days after receiving an RDRLP loan, the borrower must complete any required traffic reviews or studies for the residential development. In addition, the borrower must provide a quarterly report to the DEV Director on the status of the work funded by the loan and repay the principal and interest of the loan in accordance with terms specified by DEV.

Scoring metrics

The act requires DEV to develop scoring metrics in prioritizing applications, determining whether to approve low-interest loans, and determining the amount of the loans. The metrics must meet the following requirements:

- Give higher priority to projects in locations with greater housing need and lack of private housing investment;
- Consider the potential economic impact of the project and the regional distributive balance of the loans;
- 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.

Payments in lieu of taxes

The act requires a borrower to exempt improvements constructed with loan proceeds from property tax. Property owners would then make payments in lieu of taxes to the borrower equal to the forgone taxes. The borrower then must use those payments to pay off the RDRLP loan. The payments and exemption end after the loan is paid.

RDRLP Fund

The act creates the Residential Development Revolving Loan Fund to fund the program. It is to consist of appropriations made by the General Assembly, moneys received as repayment for loans under the program, fees collected under the program, and any other money transferred to the fund. All investment earnings of the fund are to be credited to the fund. DEV must use money in the fund exclusively to make low-interest loans under the program and to offset the expenditures it incurs in administering the program. The aggregate amount used to offset the Department's expenditures in any fiscal year must not exceed $500,000. DEV must credit to the fund all principal, interest, and fees paid under the program by borrowers.

The act appropriates $90 million to the fund in FY 2026. Any unexpended balance of the appropriation may be carried over to FY 2027.

Building demolition and site revitalization grants

(R.C. 122.6512)

Continuing law authorizes DEV to award grants from the Building Demolition and Site Revitalization Fund for the demolition of commercial and industrial buildings and revitalization of surrounding nonbrownfield properties. DEV, by rule, may set the parameters of project eligibility. At least $500,000 in grants are annually reserved for each county, unless the appropriation for the year is less than $44 million, in which case, each county's minimum reservation is reduced in equal proportions. Under prior law, DEV was required to award these grants on a first-come, first-served basis. The act removes this stipulation, which presumably allows DEV to use other criteria to award the grants.

Brownfield Remediation Program

(R.C. 122.6511)

Background

Continuing law establishes the Brownfield Remediation Program, under which the Director of Development awards grants for remediation and priority investment area eligible projects at brownfields. A brownfield is an abandoned, idled, or under-used industrial, commercial, or institutional property where expansion or redevelopment is complicated by known or potential releases of hazardous substances or petroleum. Remediation involves an action to contain, remove, or dispose of hazardous substances or petroleum. It includes the acquisition of a brownfield, demolition performed at a brownfield, and the installation or upgrade of the minimum amount of infrastructure necessary to make a brownfield operational for economic development activity. A priority investment area eligible project is a project necessary or conducive for generating, transporting, storing, or transmitting electricity at the site of a brownfield or former coal mine. In determining eligibility for a priority investment area eligible project, the Director must prioritize areas of Ohio negatively impacted by the decline of the coal industry.

Under the program, a lead entity for a county must submit grant applications to the Director for projects in that county. A lead entity includes local government entities such as a county, municipal corporation, or local land bank, and organizations for profit. For each fiscal year, money appropriated for the program is first reserved for each of Ohio's 88 counties, with each county receiving $1 million. Any additional money appropriated that is not reserved (or any money not used by a county) is available for grants to projects located anywhere in Ohio. Previously, grants from those funds had to be awarded to qualifying projects on a first-come, first-serve basis.

Alterations to the program

The act alters the program by doing all of the following:

1. For purposes of distributing money appropriated for grants, doing the following:

a. Eliminating the requirement that money not reserved for each county be available for grants located anywhere in the state on a first-come, first-served basis;

b. Instead, doing the following:

i. Requiring any funds appropriated and that are not reserved for a county (or that are not utilized by a county) to be awarded on a case-by-case basis, to be utilized in different regions of Ohio as overseen by the DEV Director, and to be evaluated by the Director in terms of the economic merit of the project to the county, surrounding counties, and state; and

ii. Stating that the changes apply to new projects that are applied for and awarded funding by the Director on and after September 30, 2025. Projects that are applied for or were applied for prior to July 1, 2025, are governed by the prior statute.

2. Altering the definition of "remediation" to include demolition and infrastructure development costs; and

3. Defining "demolition and infrastructure development costs" as demolition costs and costs associated with constructing, upgrading, or extending infrastructure necessary to make a brownfield operational for a planned economic development project, including any other investment in the brownfield.

State private activity bond ceiling and fund

(R.C. 122.97)

The act grants DEV the authority to allocate Ohio's volume ceiling on the aggregate amount of state private activity bonds issued as provided under federal law. Private activity bonds are issued by or on behalf of a state or local government to provide special financial benefits for qualified projects. If the bonds meet specific criteria the interest earned may be tax-exempt. Federal law establishes the ceiling for each state and grants states authority to allocate the ceiling among issuing authorities in the state.[45]

The act requires DEV to adopt rules that do the following:

- Provide a formula for allocating the volume ceiling, as authorized by federal law;
- Authorize procedures to administer those allocations;
- Impose fees on persons to which the allocations are issued;
- Establish any other requirements, processes, or procedures to administer the volume ceiling.

The act creates the Development Volume Cap Fund as a custodial fund consisting of all fees paid by issuers receiving volume ceiling allocations. The fund pays DEV's costs in administering ceiling allocations. The Treasurer of State must disburse money from the fund on

[45] 26 U.S.C. 141 and 146(d) and (e).

DEV's order. All interest and investment income earned by the fund must be deposited into the Fund.

DEV funds

(R.C. 122.451, 122.55, 122.56, 122.561, and 122.57, repealed; and R.C. 122.41, 122.42, 122.47, 122.49, 122.53, 122.571, 122.59, 165.04, 166.03, 166.08, 169.01, and 169.05 (conforming changes))

The act eliminates the following funds:

- The Mortgage Insurance Fund, and the corresponding authority of the DEV Director to insure mortgage payments on behalf of a person, partnership, corporation, or community improvement corporation using money from the fund.
- The Mortgage Guarantee Fund, used for a variety of guaranty programs.
- The DEV Director's Purchase Fund, used for purchasing or improving certain properties.

The act also eliminates sinking fund requirements for certain funds received by the DEV Director: payments of principal of and interest on the loans made by the Director, all rentals received under leases made by the Director, and all proceeds of the sale or other disposition of property held by the Director.

Individual Microcredential Assistance Programs

(R.C. 122.1710, 122.1712, and 122.1713; Section 701.50)

The act enacts the Platinum Provider Act. It modifies the existing Individual Microcredential Assistance Program (IMAP) and creates two platinum provider programs for certain IMAP participants: the Institutional Platinum Provider Program and the Platinum Provider Program. Under the platinum provider programs, certain IMAP participants may be eligible for one or more advance payments in addition to reimbursements for which the participants may be eligible under IMAP. Under continuing law, IMAP reimburses participating training providers for training costs for individuals to earn a microcredential, which is an industry-recognized credential or certificate that an individual may complete within one year and that is approved by the Chancellor of Higher Education.[46]

The act requires the DEV Director, who administers IMAP, to do both of the following with respect to the platinum provider programs:

- Create applications to participate in and seek advance payments under the programs;
- Adopt rules to implement the programs.

Institutional Platinum Provider Program

Under the act, the DEV Director, in consultation with the Governor's Office of Workforce Transformation (OWT), must establish an Institutional Platinum Provider Program (IPPP) for state

[46] By reference to R.C. 122.178, not in the act.

institutions of higher education. A state institution approved to participate in IMAP is eligible to participate in IPPP. The act increases from $500,000 to $1 million the total advance payment or reimbursement a state institution participating in IMAP and IPPP may receive in a fiscal year. The total advance payments a state institution may receive under IPPP in any fiscal year cannot exceed the total reimbursement amount the institution initially seeks under IMAP.

Institutional duties

The act requires each state institution to:

- Provide at least two in-person training programs and at least one online training program for individuals to earn a microcredential; and
- By December 31 immediately after IPPP is established, and by December 31 annually after that, apply to participate in IMAP.

Institutional platinum providers

If the DEV Director approves a state institution's application to participate in IMAP, the following apply:

- The DEV Director must designate the state institution as an institutional platinum provider.
- The state institution may participate in IPPP.
- The state institution is eligible to apply for one or more advance payments under IPPP to cover training costs for individuals to earn a microcredential.

Initial advance payments

An institutional platinum provider may apply for an initial advance payment of not more than 20% of the total reimbursement the state institution seeks under IMAP. If a state institution applies for an advance payment, the DEV Director must provide it in the amount specified in the application.

Subsequent advance payments

After each training program an institutional platinum provider administers during a fiscal year that results in at least one individual earning a microcredential, the state institution may apply for a subsequent advance payment. Each subsequent advance payment cannot exceed 20% of the total reimbursement the state institution seeks under IMAP. If at least 50% of the individuals who participated in the state institution's last training program earned a microcredential, the DEV Director must provide another payment to the institution in the amount specified in the application. If, however, less than 50% of the individuals earned a microcredential, to be eligible for another payment, the institution must refund a certain percent of the advance payment that was last provided to the institution during the fiscal year. The percent is the difference between 50% and the percent of individuals who earned a microcredential. If the state institution refunds that amount, the Director must provide another payment to the institution in the amount specified in the application. If the state institution does not refund that amount, the Director cannot provide another payment.

IMAP reimbursements

If the DEV Director approves an institutional platinum provider's reimbursement application under IMAP, the Director must reimburse the state institution for the total actual training cost less the total advance payment the state institution received under IPPP. The Director cannot reimburse the institution for any amounts the institution refunded under IPPP. If the total actual training cost is less than the total advance payment the institution received under IPPP, the institution must refund the difference between the total advance payment and the actual training cost.

Platinum Provider Program

The act requires the DEV Director, in consultation with OWT, to establish a separate Platinum Provider Program (PPP) for training providers participating in IMAP. A training provider is an Ohio technical center, state institution of higher education, or private business or institution that offers training to allow an individual to earn a microcredential. A training provider that is approved to participate in IMAP and that meets the act's requirements is eligible to participate in PPP. A training provider approved to participate in PPP may receive one or more advance payments to cover the training costs for individuals to earn a microcredential. A training provider participating in PPP may receive a total advance payment under PPP, or reimbursement under IMAP, of up to $500,000 in a fiscal year.

Application

After being approved to participate in IMAP, a training provider seeking to participate in PPP must apply to the DEV Director on a form prescribed by the Director. The training provider must include the following information in the application:

- The initial advance payment amount the training provider is seeking, not to exceed 20% of the total reimbursement the training provider seeks under IMAP;
- Evidence that at least 80% of individuals who participated in training programs offered by the provider in the previous fiscal year earned a microcredential under IMAP;
- The number of microcredentials for which the provider is seeking an advance payment and the names of the microcredentials;
- The training cost for each microcredential for which the provider is seeking an advance payment;
- Proof that the provider has obtained a surety bond that meets the act's requirements.

The DEV Director must notify a training provider in writing of the Director's decision to approve or deny the provider's application.

Initial advance payment

If the DEV Director approves a training provider's application to participate in PPP, the Director must both:

- Designate the training provider as a platinum provider;

- Provide an initial advance payment to the platinum provider in the amount specified in the application, but not exceeding the least of the following:
  - $100,000;
  - 20% of the total reimbursement the provider seeks under IMAP;
  - The amount of the surety bond that the provider must maintain to participate in PPP, less any previous advance payment the provider must refund to the DEV Director.

Subsequent advance payments

After each training program that a platinum provider administers during a fiscal year that results in at least one individual earning a microcredential, the provider may apply for a subsequent advance payment. Each subsequent advance payment cannot be more than the least of the amounts listed above. The provider must include in the application the same information required in the initial application to participate in PPP. If at least 80% of the individuals who participated in the provider's last training program earned a microcredential, the DEV Director must provide a subsequent advance payment to the provider in the amount specified in the application. If, however, less than 80% of the individuals earned a microcredential, to be eligible for a subsequent advance payment, the provider must refund a certain percent of the advance payment last provided to the provider during the fiscal year. The percent is the difference between 80% and the percent of individuals who earned a microcredential. If the provider refunds that amount, the Director must provide a subsequent advance payment to the provider in the amount specified in the application. If the provider does not refund that amount, the Director cannot provide a subsequent advance payment.

IMAP reimbursements and refunds

If the DEV Director approves a reimbursement application a platinum provider submits under IMAP, the Director must reimburse the provider for the total actual training cost under IMAP, less the total advance payment to the provider under PPP. The Director cannot reimburse the provider for any amounts the provider refunded under PPP. If the total actual training cost is less than the total advance payment the provider received under PPP, the provider must refund the difference between the advance payment and the actual training cost. If a provider fails to apply for reimbursement under IMAP, the Director must require the provider to refund the total advance payment the provider received under PPP.

Revocation of platinum provider status

If, at the time a platinum provider seeks reimbursement under IMAP, the DEV Director determines that less than 80% of individuals who participated in the provider's training programs in the fiscal year earned a microcredential, or that the provider has failed to maintain the required bond, both of the following apply:

- The DEV Director must revoke the provider's status as a platinum provider.
- The provider is ineligible to participate in PPP for the following fiscal year.

A training provider whose platinum status is revoked may reapply to participate in PPP in the following fiscal year.

Surety bond

A training provider that is designated as a platinum provider or that seeks to participate in PPP must maintain a surety bond issued by a bonding or insurance company licensed to do business in Ohio. The bond must be in favor of the DEV Director. It must be in an amount not less than the sum of the total advance payments the provider received for the fiscal year plus any advance payments for any previous fiscal year that the provider must refund. The provider must maintain the bond while participating in PPP and cannot allow it to expire or terminate until the provider applies for reimbursement under IMAP or makes any required refunds.

IMAP application period

The act establishes the application period under IMAP to address the interaction between it and the platinum provider programs. Prior law did not specify the application period. Under continuing law, a training provider seeking reimbursement for training costs under IMAP must submit an initial application to participate in IMAP. After being approved to participate and administering a training program, the training provider must submit a separate reimbursement application. The act ties the application period under IMAP to the state fiscal year. It requires the DEV Director to administer IMAP so that the total reimbursement to each IMAP participant occurs at least once per fiscal year. Each training provider seeking to participate in IMAP under the act must apply at or before the beginning of the fiscal year, but not later than the date established by the Director. The provider must submit the reimbursement application during the fiscal year in which the provider applied to participate in IMAP, but not later than the date established by the Director.

Affirmative action programs in public contracting

(R.C. 9.47, repealed; R.C. 125.111, 153.502, and 153.59; conforming changes in R.C. 153.08 and 5525.03)

The act eliminates the following provisions related to affirmative action programs in public contracting:

- A requirement for all contractors from whom the state or a political subdivision makes purchases to have a written affirmative action program for the employment and utilization of economically disadvantaged persons.
- A prohibition against DEV disbursing capital money appropriated for any project unless the project provides for an affirmative action program for the employment and utilization of persons who are disadvantaged due to their culture, race, ethnicity, or other similar reasons.
- A requirement that a person receive a certificate of compliance with affirmative action programs before bidding on a public improvement construction contract or a transportation construction contract awarded by the Director of Transportation.

Subject to the exceptions listed below, with respect to subcontracts of construction managers at risk and design-build firms, the act prohibits a public authority from eliminating a bidder as unqualified on the basis that the bidder has not complied with an affirmative action

program or a diversity, equity, and inclusion program. The prohibition does not apply to either of the following:

- County policies to assist minority business enterprises in competitively bid contracts;
- Any set-aside programs for minority business enterprises or EDGE business enterprises.

Under continuing law, a "minority business enterprise" means a business that is owned and controlled by U.S. citizens who reside in Ohio and are members of one of the following economically disadvantaged groups: Blacks or African Americans, American Indians, Hispanics or Latinos, and Asians.[47] An "EDGE business enterprise" is a business certified by the DEV Director as being owned by one or more individuals who are economically and socially disadvantaged based on wealth, business size, and other characteristics, including color, ethnicity, gender, disability, or some other disadvantage not common to other small business owners.[48]

Welcome Home Ohio Program

(R.C. 122.631, 122.632, and 122.633)

The Welcome Home Ohio (WHO) Program allows DEV to award grants and tax credits for the purchase, construction, or rehabilitation of qualifying residential property. The act makes numerous changes to the WHO Program, including by increasing the tax credit amount, extending grant eligibility to certain nonprofit developers, adjusting the standards for types of properties that may be purchased and rehabilitated, and changing conditions for ownership of a WHO-funded home.

Qualifying residential property

Under prior law, "qualifying residential property" was defined as a single-family residence with at least 1,000 square feet of habitable space. The term included a single unit in a multi-unit property that had no more than ten total units. It explicitly excluded manufactured homes, which are building units or assemblies of closed construction fabricated in an off-site facility and constructed in conformance with certain specified federal construction and safety standards.[49]

The act reduces the minimum square footage of qualifying residential property from 1,000 square feet to 800 square feet. It also allows WHO funds to be used to acquire, construct, or rehabilitate residential units in mixed-use developments, without the ten-unit limitation, and manufactured homes. However, the act prohibits the use of WHO funds on a "mobile home," which is a building unit or assembly of closed construction that is fabricated in an off-site facility, is more than 35 body feet in length or, when erected on site, is 320 or more square feet, is built on a permanent chassis, is transportable in one or more sections, and does not qualify as a manufactured home.[50]

[47] R.C. 122.71, not in the act.

[48] R.C. 122.922, not in the act.

[49] R.C. 3781.06, not in the act.

[50] R.C. 4501.01, not in the act.

If grant funds are awarded to construct or rehabilitate a mixed-use building, the act generally requires those funds to be used in areas of the building that are designated for residential use. However, the funds may be used in common areas so long as they are used by the occupants of the residential units and for improvements that serve both the residential units and other portions of the project. The DEV Director must adopt rules to determine the value of qualifying residential property located in a mixed-use building compared to the total value of the building.

Tax credit

The WHO Program allows DEV to award nonrefundable tax credits against the income tax and financial institutions tax (FIT) to land banks and eligible developers for the rehabilitation or construction of qualifying residential property. An "eligible developer" is one of several enumerated nonprofit entities, provided a primary activity of the entity is the development and preservation of affordable housing or a community improvement corporation or community urban redevelopment corporation.

Under prior law, the tax credit equaled $90,000 per qualifying residential property or one-third of the cost of construction or rehabilitation, whichever was less. The act increases the amount of the credit from one-third of construction or rehabilitation costs to 90% of such costs but retains the $90,000 cap for each residential property. Prior law allowed DEV to issue up to $25 million in tax credits in both FY 2024 and FY 2025 and then sunset the credit. The act extends the credit through the end of FY 2027 and allows $20 million in tax credits to be issued over the course of the biennium.

Qualified nonprofit developers

Prior law limited eligibility for WHO grants to "electing subdivisions" and "county land reutilization corporations," which are collectively referred to in this analysis as "land banks." A land bank is a political subdivision or a special-purpose nonprofit entity designated by a county that acquires foreclosed properties and either sells them or dedicates them to public use.

The act expands eligibility for WHO grants to certain nonprofit corporations, referred to as "qualified nonprofit developers." As a baseline for eligibility, a qualified nonprofit developer must be incorporated in Ohio and engaged in community development activities primarily within an identified geographic area of operation in Ohio. Furthermore, its primary purpose must be to improve the physical, economic, or social environment by addressing critical problems in its geographic area of operation, including housing.

Maximum grant amount

Under continuing law, the amount of a WHO grant to acquire, construct, or rehabilitate qualifying residential property is determined by DEV based on the available funding. Prior law capped the construction or rehabilitation grant at $30,000 per qualifying residential property. The act increases the cap to $100,000 per qualifying residential property. Furthermore, it applies the same $100,000 cap to the acquisition grants, which were not capped under prior law.

Continuing law allows a land bank, and the act allows a qualified nonprofit developer, to receive both an acquisition grant and a construction or rehabilitation grant for the same

qualifying residential property. Therefore, under the act, DEV may approve up to $200,000 in grants for the same qualifying residential property.

Price and income thresholds

Prior law required that WHO-funded homes be sold for $180,000 or less to buyers with annual incomes no more than 80% of the median income for the county where the home was located. The act increases the maximum sale price to $220,000 and the maximum income for buyers to 120% of the median income of the county where the home is located.

Agreement to occupy the home

Continuing law requires buyers of WHO-funded homes to agree to maintain ownership of the home as a primary residence and not rent the home to anyone else. That agreement was for five years under prior law. Also under prior law, if the buyer violated that agreement, they were required to pay a penalty of $90,000 (the maximum grant or tax credit amount) reduced by $18,000 (1⁄5 of that amount) for each year the buyer occupied the home as a primary residence. The act reduces the term of the agreement from five years to three years. Furthermore, it specifies that the penalty is the amount of the grant or tax credit attributable to the home, which might be less than the maximum grant or credit amount, reduced by 1⁄3 for each year the buyer occupied the home as a primary residence. In essence, the act accelerates the rate at which the penalty decreases commensurate with the reduction in time that the agreement applies.

Deed restriction

Continuing law requires a land bank or developer, when conveying a WHO-funded home to a buyer, to include a deed restriction that prohibits subsequent sales to a person who does not meet the income eligibility requirements. Previously, the deed restriction was to last for 20 years following the initial sale of the home. The DEV Director has authority and standing to sue and enforce the deed restriction.

The act reduces the time that the deed restriction applies from 20 years to 15 years. It also allows the land bank or developer to include a right of first refusal in the deed restriction to repurchase the home for the purpose of ensuring that it is ultimately sold to a buyer who meets the income eligibility requirement. The act specifies that the deed restriction is a covenant running with the land and is fully binding upon subsequent buyers of the home until it expires.

Financial literacy counseling

Under continuing law, land banks and developers that receive a WHO grant or tax credit must agree to provide financial literacy counseling to each buyer of a home that is purchased, rehabilitated, or constructed using WHO funds. Buyers of WHO-funded homes must agree to participate in the financial literacy counseling.

The act allows up to $2,000 in grant or tax credit funds to pay for the financial literacy counseling. It requires the counseling to be comprised of a home ownership course with a curriculum that includes basic home maintenance and financial literacy. The course must be offered by a "qualifying counseling provider," that is licensed, certified, or authorized to provide such counseling as one of its primary functions including, specifically, housing counselors certified

by the federal Department of Housing and Urban Development (HUD). The act also reduces the minimum duration of the counseling from one year to six months.

Reinvestment of profits

The act requires the recipient of a WHO grant to use all profits derived from the sale of the WHO-funded home for the land bank's land reutilization program or the developer's housing program.