

Here are the latest developments on the state and local issues, with a focus on HB 33 State Budget and Housing-related matters:

OHFA - New Low-Income Housing Tax Credit The Ohio Housing Finance Agency (OHFA) has introduced a new low-income housing tax credit program to support affordable housing projects. This nonrefundable credit complements the federal low-income housing tax credit (LIHTC) and is applicable against income tax, insurance premiums tax, or FIT.

The Director of OHFA now has the authority to reserve a state tax credit for any project in Ohio that receives a federal LIHTC allocation and begins renting units after July 1, 2023. However, please note that the Director is prohibited from reserving any credits after June 30, 2027.

To ensure responsible allocation, the state credits that can be reserved in a fiscal year are limited to \$100 million. However, any unreserved credit allocations, as well as recaptured or disallowed credits, can be added to the credit cap for the subsequent fiscal year.

Additionally, OHFA is now required to ensure that projects benefiting from these credits actually create housing units that wouldn't have been developed through other state, federal, or private financing. This requirement aims to address housing needs more effectively and prioritize the creation of new housing options.

The Tax Commissioner will prescribe a formula for uniformly valuing federal subsidized rental housing, taking into account the property's operating income, expenses, and a uniform capitalization rate. Property owners of such housing will be required to report the operating income and expenses annually to the county auditor for the purpose of applying this formula. The formula will also include presumptive amounts for certain income and expenses based on a percentage of gross potential rent or operating income, which may be exceeded by a property's actual reported amounts. A minimum total value for such properties has been set, either 150% of the unimproved land value or \$5,000 per dwelling unit.

Additionally, the legislation removes an existing law provision that authorized county auditors to value low-income housing tax credit property using various approaches, such as the income approach, cost approach, or comparable sales approach. This change aims to establish a standardized and consistent valuation method across the state.

Health Department Childhood Lead Program The Health Department Childhood Lead program has received an increase in funding, now allocated at \$7.5 million per fiscal year. This represents an increase of \$1 million per year compared to the previous appropriation and is more than \$2 million above the actual spending in FY 2023. The additional funding will bolster the program's efforts in addressing childhood lead exposure and its impact on public health.

Homeownership Savings Linked Deposit Account A new provision authorizes an income tax deduction for contributions made to homeownership savings linked deposit accounts. Couples can claim deductions of up to \$10,000 per year, while individuals can claim deductions of up to \$5,000 per year. The lifetime maximum deduction for both is \$25,000. This measure aims to encourage and facilitate homeownership for individuals and families in Ohio.

Joint Committee on Property Tax Review and Reform To address concerns regarding property tax law, the creation of the Joint Committee on Property Tax Review and Reform has been proposed. The committee will consist of five Senators and five Representatives, tasked with submitting a report to the General Assembly by December 31, 2024, with recommendations for property tax law reforms. The committee will also be authorized to hold hearings and make recommendations on pending legislation related to property taxation.

OHFA - New Single Family Housing Tax Credit OHFA has introduced a new tax credit program for single-family housing. Under this program, OHFA will prepare and annually update a list of all Ohio federally subsidized residential rental properties and certify it to the appropriate authorities, including the county auditors. This list will be made available to the public as a record of certified properties.

Increase in Signatures for Township Zoning Plan Repeal The legislation has increased the number of signatures required to place a question on whether to repeal a township zoning plan on the ballot for the electors to vote on. The requirement has been raised from not less than 8% of the total vote cast in that township for all candidates for governor at the most recent general election at which a governor was elected to 15%. Originally, the Senate had proposed setting the requirement at 25%.

Other Items of Interest The CAT (Commercial Activity Tax) has undergone significant changes, including exclusions based on taxable gross receipts. For tax periods starting in 2024, all taxable gross receipts of \$3 million or less will be exempt from CAT. This exclusion will increase to \$6 million or less for tax periods beginning in 2025. Amounts above these thresholds will continue to be subject to the existing 0.26% rate. This marks the first major change to the CAT since its inception in 2005. Taxpayers with taxable gross receipts exceeding the above exclusion amounts will be subject to the existing CAT rate of 0.26% on the excess. Additionally, the minimum tax has been eliminated, benefitting 90% of all CAT payers by removing them from the state's primary business tax.

Personal Income Tax The bill introduces a two-year phase-in of income tax reduction, reducing the number of brackets from four to two. Marginal rates will be set at 2.75% for incomes over \$26,050 and 3.5% for incomes over \$100,000. Ohio residents earning \$26,050 or less will be exempt from paying income taxes.

Local: City of Columbus Pay to Stay The City of Columbus introduced an ordinance that requires owners to accept late rent, eliminating the option of owners to refuse late rent at their discretion. Additionally, the ordinance increases the maximum late fee to \$50 from \$25. The Columbus Apartment Association (CAA) has expressed opposition to this ordinance and has communicated its concerns to all members of the Council and the Mayor. The ordinance is scheduled for a vote at the next Council meeting, and it is expected to pass.

We will continue to monitor these developments closely and keep you informed on any further updates. Your engagement and support are crucial in shaping these policies and their impact on our community.