The Montrose Group, LLC

TRANSFORMING YOUR WORLD

PLACEMAKING WHITE PAPER:

THE NEW ECONOMIC & WORKFORCE DEVELOPMENT FRONTIER

JULY 2022

100 East Broad Street, Suite 2320, Columbus, Ohio 43215

July 29, 2022

Dear Community Leader:

Montrose Group is a national consulting firm that provides corporate site location, economic development planning, and lobbying services for public and private sector entities. We are proud to present the Placemaking White Paper: The New Economic & Workforce Development Frontier.

The goal of the *Placemaking White Paper: The New Economic & Workforce Development Frontier* is to identify shifts in the economy that have been accelerated by the worldwide pandemic and highlight the need to shift the way we think about traditional economic and workforce development and site selection approaches. As workplace dynamics shift and employees adapt to new work environments, where talent wants to live trumps where talent needs to live. This new frontier challenges communities to:

- *Assess Overall Quality of Life Attributes.* Placemaking and a community's Quality of Life Index is playing a more dominant role in the corporate site selection process. Communities must understand how they rank against key competitors and define areas where improvement can be made.
- *Develop Placemaking Strategies.* Comprehensive and multi-partner approaches to implement Placemaking strategies, combined with access to funding and incentives, are necessary to drive revitalization, attract talent, and enhance equity in communities.
- *Pursue Historic Preservation.* Preserving and redevelopment historical assets not only creates a unique sense of place, it also is an opportunity for mixed-use and small business development and encourages environmental sustainability and reuse priorities.
- *Grow Green Spaces & Alternative Transportation Routes.* Green spaces and alternative transportation routes enhance the health and wellbeing of residents and supports access to job centers, health care, education, and other community assets that attracts residents and enhances equity.
- *Attract Housing Opportunities.* As the nation struggles to meet housing demands, communities with strong Placemaking efforts will attract housing developers that will bring diverse housing options by way of mixed-use development, historic preservation, and single-family homes that access community assets like green spaces and trail systems.

Incorporating Placemaking as an economic and workforce development priority takes an appetite for innovative tactics and will pay dividends in the new world of development and attraction.

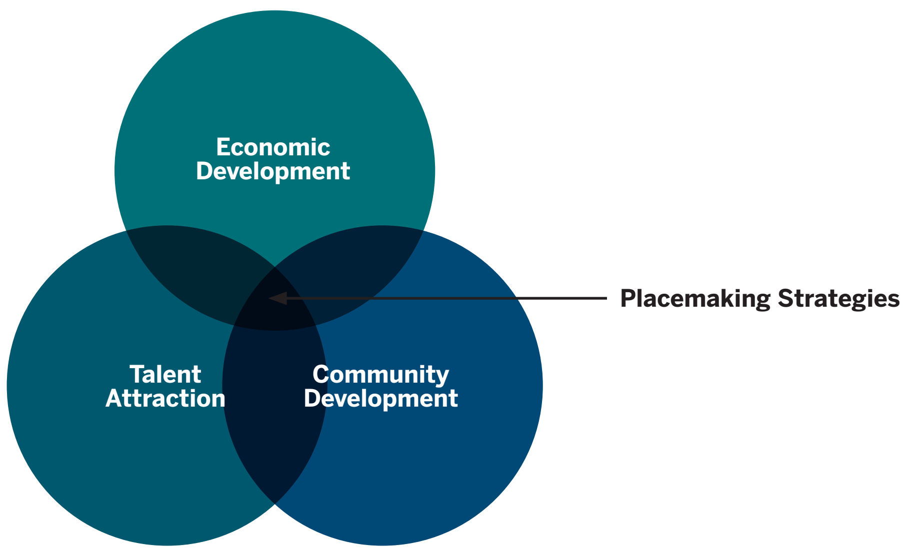
Sincerely,

David J. Robinson
Principal, Montrose Group, LLC

MONTROSE GROUP'S PLACEMAKING WHITE PAPER: THE NEW ECONOMIC & WORKFORCE DEVELOPMENT FRONTIER

Executive Summary. The United States is in a battle for talent now more than ever and as the workforce landscape continues on the accelerated path of adding more knowledge workers and Work from Home (WFH) employees. Couple this transition with the exit of Baby Boomers from the workforce and the corporate site location process now focuses on where companies will find concentrations of talent. This is the new frontier of economic and workforce development; where Placemaking strategies that attract a highly mobile workforce, and the next generation of talent, is no longer a luxury but is now a must have strategy.

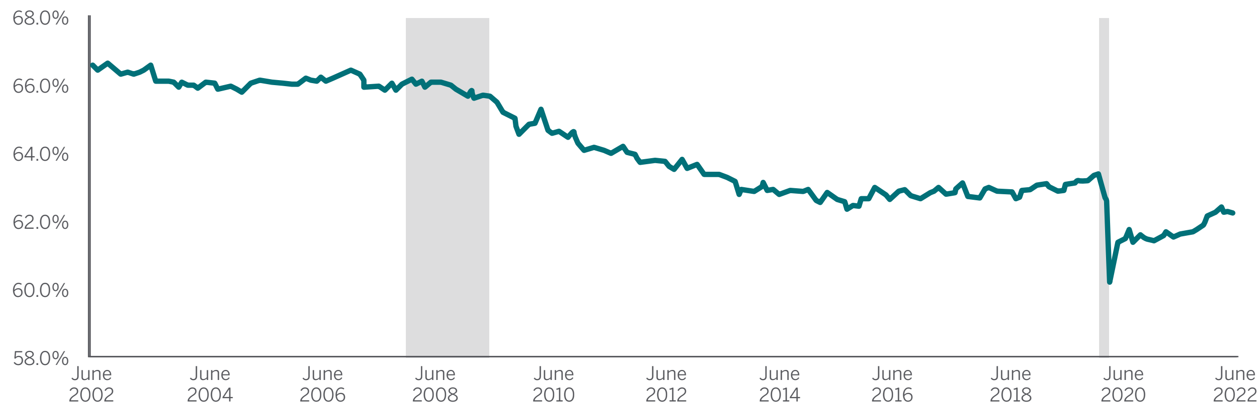
Traditional economic development focuses on three primary pillars and include 1.) attracting private sector capital investment through existing business expansions and new business attraction; 2.) creating new, high-paying jobs that improves quality of life and increases buying power; and 3.) increasing the tax base and wealth of a community through increased real property values, new sales tax, and increased income taxes. In the new frontier of economic and workforce development, these pillars remain unchanged however the ability to successfully grow a community's wealth and health is driven by the ability to grow its talent pool and population.



Communities must create a sense of place that convinces the workforce they will thrive personally and professionally by being a part of the community. Through effective Placemaking strategies, communities gain economic competitiveness, are more attractive to developers and companies, redevelop historic districts, create alternative connectivity routes for recreation and workforce mobility, generate much needed housing options, and create an environment favorable to entrepreneurial and small business growth.

Population Shift Challenge. How a community stacks up compared to peers when it comes to quality of life is an important measure for companies making corporate site location decisions. Since the mid-1980s, there has been a shift from labor-intensive occupations to automation, outsourcing of many traditional manuals or cognitive occupations found in manufacturing or similar industries, and average growth of 1.9 M knowledge workers annually in the United States. This shift in needed occupational skill sets has resulted in shifts in the site location process as well, causing companies to evaluate the communities they call home and seek communities with growing populations. No one, companies included, enjoys the thought of relocating however as access to talent becomes tighter and talent is increasingly more mobile and seeks communities with exceptional quality of life attributes, companies will need to follow. While companies seldom base their site-selection decisions solely on quality-of-life assets such as housing, schools, healthcare, amenities, and low-crime areas, these factors are becoming increasingly important in this decision-making process, especially for those dependent on the talents of highly educated workers[1] – and communities need to create and actively market these assets in business attraction efforts.

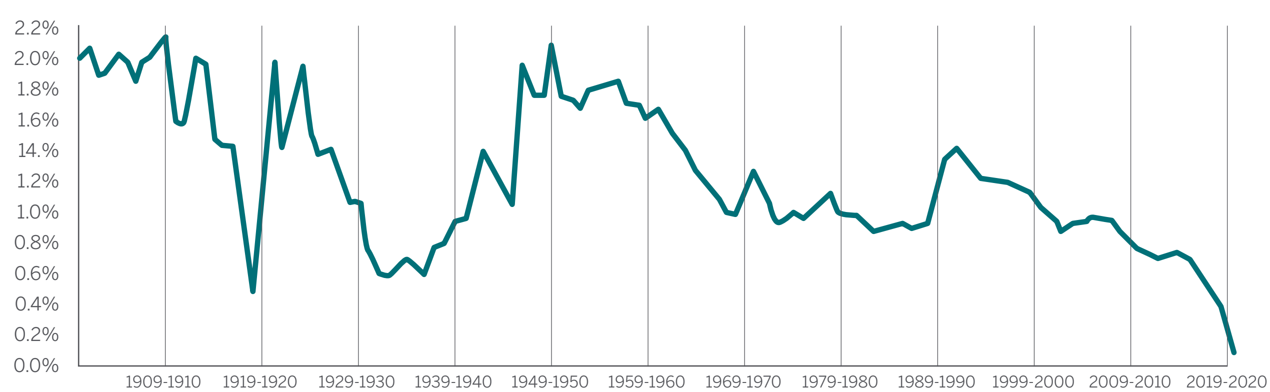
Civilian labor force participation rate, seasonally adjusted



Source: U.S. Bureau of Labor Statistics

WFH growth is clearly one of the long-term trends created by COVID 19 that is pushing companies to permit workers to not come into traditional offices, creating new opportunities for large and small communities to attract a new generation of often highly paid workers. Finally, fewer people are working period. According to the Bureau of Labor Statistics, during the 2012–2022 period, the growth of the labor force is anticipated to be due entirely to population growth, as the overall labor force participation rate is expected to decrease from 63.7 percent in 2012 to 61.6 percent in 2022. While this decline in labor force participation rates has averaged just 0.2% per year in the last decade, the trend since 2002 paints a much different story. In June 2002, labor force participation rates were 66.6% but by January 2019, the rate had fallen year-over-year to 63.1% and has continued to decline to 62.2% even after the COVID 19 pandemic rebound.

US annual population growth, years 1900-01 to 2020-21



Source: Brookings Institute

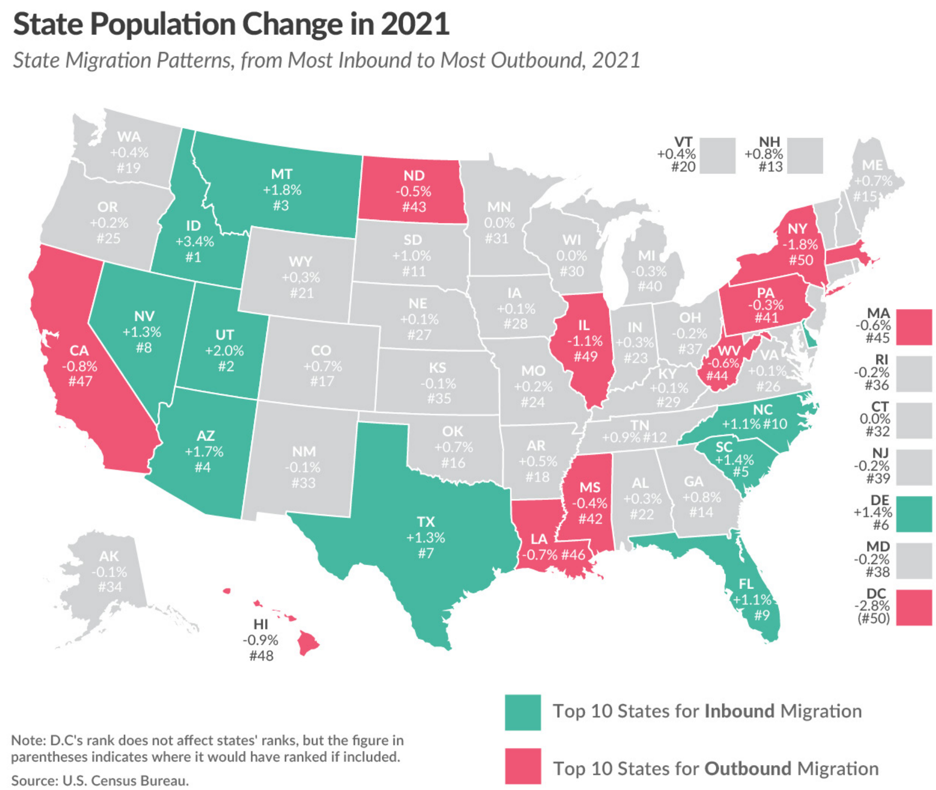
Long-term, declining trends in annual population growth rate figures also demonstrates the importance for Placemaking to attracting talent. Many of the steep declining statistics reported by the U.S. Census Bureau align with changing birthing trends such as postponement of childbearing for young adult women to major economic and environmental crises such as the Great Depression in the late 1920s and early 1930s, the 2007-2009 Great Recession, and the COVID 19 pandemic in 2020. Latest U.S. Census Bureau data shows population growth declined in 31 out of 50 states, with 18 of those states experiencing devastating population losses.[2] States like California and New York saw some of the starkest population declines which can be attributed to out-migration during the pandemic, while other states such as Florida and Texas saw the largest population in-flows.[3] While COVID 19 played an obvious role in near-zero population growth (0.12%), the decade prior to the pandemic recorded the second-lowest population growth in the country's history.

States with Population Loss, 2018-2021

States with Population Loss, 2018-2021					
2018-2019		2019-2020		2020-2021	
New York	-80,967	New York	-126,355	New York	-319,020
Illinois	-57,668	Illinois	-79,487	California	-261,902
West Virginia	-10,690	California	-69,532	Illinois	-113,776
Pennsylvania	-10,224	Michigan	-18,240	Massachusetts	-37,497
Connecticut	-8,539	Pennsylvania	-15,629	Louisiana	-27,156
Hawaii	-7,487	Louisiana	-12,967	Pennsylvania	-25,569
Louisiana	-6,165	Mississippi	-11,441	District of Columbia	-20,043
Mississippi	-4,652	West Virginia	-10,476	Michigan	-16,853
Alaska	-3,021	Connecticut	-9,016	New Jersey	-12,613
Michigan	-2,491	New Jersey	-8,887	Ohio	-10,570
Rhode Island	-1,180	Hawaii	-8,609	Hawaii	-10,358
Vermont	-756	Ohio	-3,290	Maryland	-7,550
New Jersey	-472	Alaska	-2,445	Mississippi	-6,905
Kansas	-113	Massachusetts	-1,309	West Virginia	-6,839
		Rhode Island	-1,033	North Dakota	-4,014
		Vermont	-699	New Mexico	-1,689
				Kansas	-1,298
				Rhode Island	-619

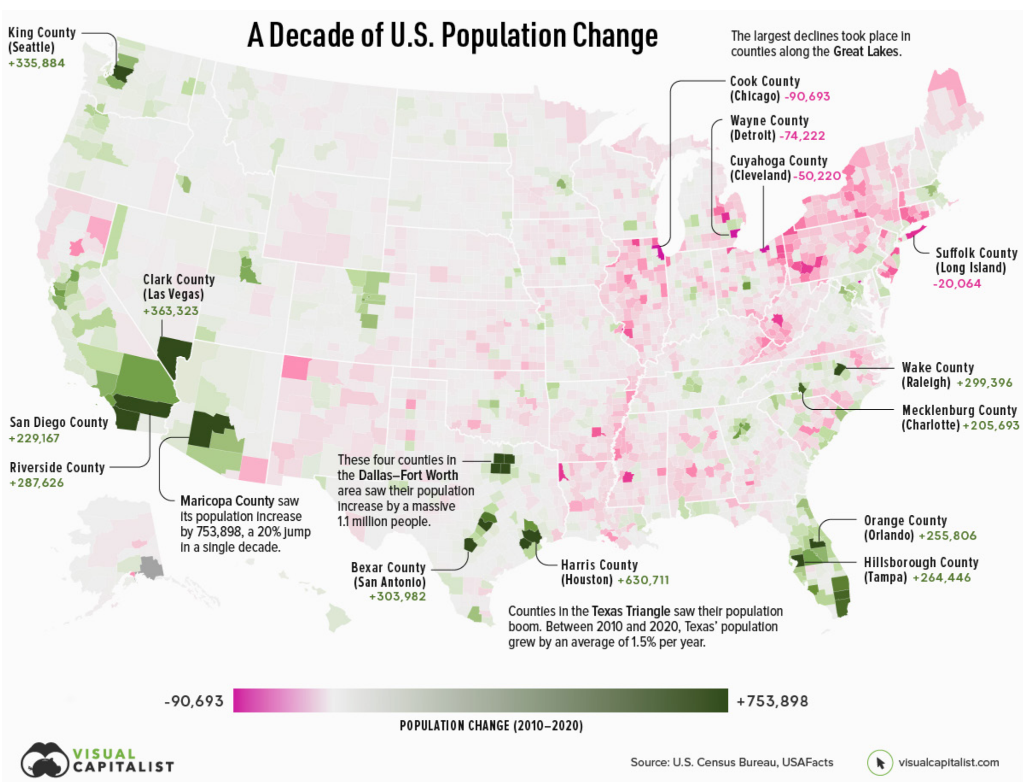
Source: Brookings Institute & U.S. Census Bureau Estimates, December 21, 2021

U.S. population migration patterns happen for various reasons – economic and employment opportunities, shifts in tax policies, and quality-of-life are dominant factors in the patterns. Implications of the COVID 19 pandemic on population shifts shows a clear route out of high-tax, high-cost states and into lower-tax, lower-cost states.[4] The individual income tax is only one component of overall tax burdens, but it is often highly salient and drives an individual's decisions on where to live. Including the District of Columbia, the top one-third of states for population growth since the start of the pandemic (April 2020 to July 2021 data) have an average combined top marginal state and local income tax rate of 3.5 percent, while the bottom third of states registers at approximately 7.3 percent.[5] Six states in the lowest one-third taxed states forgo individual income taxes (Florida, Tennessee, Texas, Nevada, New Hampshire, and South Dakota) and the highest top rate state is Maine's 7.15 percent.[6] Among the bottom third, four jurisdictions—California, New Jersey, New York, and the District of Columbia—have double-digit income tax rates, and the lowest rate is in Pennsylvania, where a low state rate of 3.07 percent is paired with some of the highest local income tax rates in the country. Five states in the bottom third have local income taxes; none in the top third do.



Source: Tax Foundation, 2021

As the battle for talent attraction ensues, nine states with the lowest tax rates either implemented or enacted individual or corporate income tax cuts in 2021. Only two states in the bottom third did so. Meanwhile, New York and the District of Columbia actually raised income taxes in 2021, the only places to do so, which was likely a major factor in population out-migration.[7]



Sources: VisualCapitalist.com, U.S. Census Bureau, & USAFacts

Placemaking Defined. Placemaking is really a workforce development strategy to retain and attract the best talent by improving the quality of life of where those workers will live, work and play whether it is through attractive taxing policies or green spaces and trail systems. Placemaking is nothing new. Communities in urban, suburban, and rural markets have been focused on placemaking for decades. The International Economic Development Council has defined placemaking as "the practice of enhancing a community's assets to improve its overall attractiveness and livability.[8] " Often, placemaking is defined as large-scale projects like the creation of new or revitalized public spaces, alternative transportation infrastructure, pop-up retail, housing, or Downtown beautification projects. Bike trails, public beer gardens, parks, and other public spaces often mix uses and are attractive to residents and visitors alike. Successful Placemaking brings mass and density to a site but on a human scale that is walkable to ensure it is pedestrian-oriented, bikeable, and environmentally conscious. On the heels of the COVID 19 pandemic and U.S. population migration trends, the importance of Placemaking and quality of life factors in attracting talent is apparent.

Successful Placemaking is not the result of one public project but instead needs to involve the creation of a community-wide plan and a commitment to the implementation of that plan using a wide range of economic development tools. Traditional economic development measures such as transportation access, low tax rates, proximity to markets, and available sites now must be coupled with data that demonstrates how communities are desirable places to live. Montrose Group has developed a Quality-of-Life Index (QLI) measure to analyze a community's success at placemaking and, through a strategic planning process, to provide insights on what that community can do to enhance its quality of place. Montrose Group's QLI measures seven critical community characteristics and benchmarks them to like communities to provide a community insight on how they are doing compared to their peers.

Montrose Group utilizes demographic and economic measures to determine how a community is doing at placemaking. These demographic and economic measures consider the growth or decline in crime, the availability of workforce housing compares commute times to national averages as well as vital health statistics such as the average life expectancy of the residents in a region compared to a national average. Education levels of the residents and performance of the public schools are reviewed with higher levels of educational attainment awarded higher point totals. Finally, economic measures such as personal income, small business startups, and overall economic gains are measured.

Montrose Group QLI

- **Crime**
- **Housing**
- **Commute Time**
- **Health**
- **Education**
- **Wealth**
- **Economy**

Montrose Group's QLI relies less on the traditional cost of doing business measures such as occupational wage rates, tax rates, construction, and real estate costs and other traditional costs of doing business measures that drive larger manufacturing, logistics, and industrial or technology-based corporate site location projects. Placemaking does impact the decision of companies in these industries to locate in a region, but these efforts are not necessarily about a specific site. Many companies are more focused on the long-term prospects for a region to succeed and to be attractive to their workers to live.

As far back as 2015, the National Association of Realtors and Portland State University documented that 48 percent of respondents to a national survey would prefer to live in communities containing houses with smaller yards, but within easy walking distance to community amenities, as opposed to living in communities with larger lots and requiring residents to drive to amenities.[9] Fast forward to 2022 and the market is seeing those preferences dominate landscapes of communities large and small. Formerly vacant office buildings are being repurposed into mixed-use buildings with upper-floor residential and office and retail spaces on lower levels. Companies are following suit, again to follow access to talent pools, and this has created a growing demand for walkable communities.[10]

A *Crime Index* provides a view of the relative risk of crime in a community as compared to the rest of the nation using data from resources such as the Federal Bureau of Investigation's Uniform Crime Reporting system. According to economic theory, crime should decrease as economic growth and opportunity improve. Communities with lower crime indexes suggest higher labor force participation rates, stable wage rates, and lower risk for business operations.

Housing is an essential sector of the economy and makes up the largest component of an individual's wealth at almost a third of the total assets.[11] Quality housing must not only be reflected in the structural aspects of a home, but also in average prices. For individuals, the lower the price, the better. For communities, the higher the price the better as property values translate into a tax base. However, adequate housing can also facilitate labor mobility within an economy and as communities grow, the corresponding growth of residential housing options must also keep pace. When looking at Placemaking, housing affordability and availability are key to ensuring mobile talent considers your community as a viable community to live in and there is adequate housing stock to choose from.

Commute Times vary depending on the geographic locations and access to multiple modes of transportation. A diverse transportation network shortens commute times, increases company productivity and competitiveness, and increases access to a broader pool of talent. Arduous commutes may deter talent from considering jobs in a given location.[12] As businesses look to communities with strong quality-of-life features, convenient locations and ease of travel to work by car, bike, or foot should be considered.

A *Walkability Index* is a nationwide geographic ranking system led by the U.S. Environmental Protection Agency. The Walkability Index uses selected variables on density, diversity of land uses, and proximity to transit to calculate the ease of walking around. Walkable communities vary depending on population and land mass (urban, suburban, rural) and take into account access to public transit.[13] The EPA's Walkability Index covers every census block group in the nation, providing a basis for comparing walkability from community to community. Selected variables incorporated into this index include:

- Intersection density - higher intersection density is correlated with more walk trips
- Proximity to transit stops – distance from population center to a nearest transit stop in meters where shorter distances correlate with more walk trips
- Diversity of land uses:
    - Employment mix – the mix of employment types in a block group (such as retail, office, or industrial) where higher values correlate with more walk trips
    - Employment and household mix – the mix of employment types and occupied housing such that a block group with a diverse set of employment types (such as office, retail, and service) plus many occupied housing units will have a relatively high value and higher values correlate with more walk trips.[14]

Access to health care and services, and improving health outcomes, can demonstrate the health and wellbeing of a community. A Healthcare Index considers access to health care services and helps identify underperforming markets where barriers to health care, such as social, racial, economic and physical factors may exist, and where there are markets that have the services needed to support healthy living.[15]

The strategy for communities looking to attract talent and grow their population should include an analysis of *Education*. Educational attainment has long been a cornerstone for business retention, expansion, new business attraction, and entrepreneurship. The level of education and occupational skills found in communities traditionally correlates to demonstrated economic growth and stability. Approximately half (51.4%) of all entrepreneurs hold at least a bachelor's degree.[16] From an individual's perspective, higher educational attainment is generally linked to better employment prospects, higher income, and a better quality of life. And from a Placemaking and QLI standpoint, communities should maximize opportunities to attract a skilled workforce that will not only fill existing jobs but will attract new employers and generate entrepreneurial activity that will draw in new entrepreneurs and business start-ups.

Wealth in a QLI analysis considers education and income, however, it also looks at the wealth of a community. Is a community's tax base growing? Are property values increasing? Are homeownership rates strong? Are residents actively engaged in the workforce? While these factors are analyzed individually, collectively they paint a strong picture for Placemaking strategies that diversify and grow your community.

Similar to wealth, the economic landscape of a community is oftentimes an integrated index of multiple factors such as industry sector strengths, existing occupational skill sets, educational attainment, and growth in sales and income taxes. An analysis of a community's Economy helps to pave the way for Placemaking strategies where communities capitalize on their competitive advantage and identify market gaps where new opportunities for business growth exist.

Case Study – City of Medina, Ohio Historic Downtown District & Public Square. The city of Medina, Ohio is located 30 miles south of Cleveland and 20 miles west of Akron. The city has three distinct business districts, however, the Historic District and its Victorian Era architecture, located in the city's core, is one of Ohio's most successful examples of downtown development. The Public Square and the buildings in the historic district surrounding the uptown park have been recognized as physical, symbolic, commercial, governmental, cultural, and social center of Medina since its founding nearly two centuries ago.[17] Today, the city's historic center defines the image of the community and small businesses and entrepreneurs line the perimeter of Public Square and include upscale and casual dining, fine wine and local brew options, and a nostalgic toy shop. Upper-floor residential housing compliments first-floor retail and office, and four museums within the Historic District offer cultural amenities to residents and visitors alike.

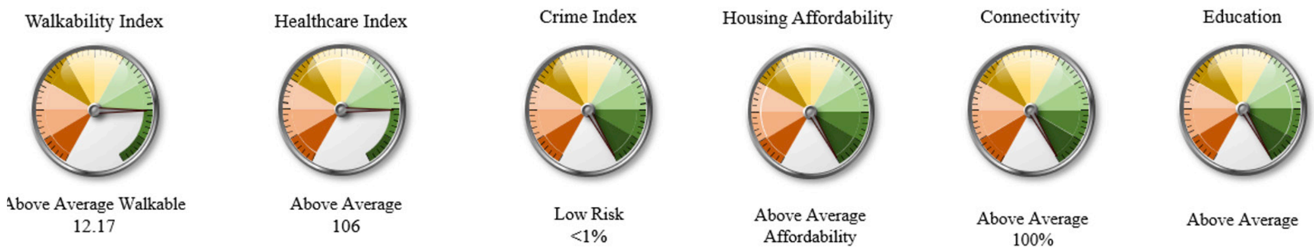
Demographic Overview – City of Medina, Ohio

	City of Medina, OH	Medina County, OH	State of Ohio	United States
Population, 2021	25,934	183,092	11,780,017	331,893,745
Population, 2010	26,678	172,332	11,536,504	308,745,538
% Change	-0.3%	0.6%	0.2%	0.7%
Median Income	$66,691	$77,784	$58,116	$64,994
Labor Force Participation Rate	69.7%	67.5%	63.0%	63.0%
Educational Attainment (HS or higher, 25+ yrs.)	95.7%	94.7%	90.8%	88.5%
Broadband Connectivity* (minimum 25/3)	100%	99.59%	94.87%	98%
Average Home Value	$176,100	$205,800	$151,400	$229,800
Average Commute Time	26.8	27.3	23.7	26.9

*Source: U.S. Census Bureau and *Connected Nation*

Despite a slight decline in population between 2010 and 2021, the city of Medina has strong demographics when it comes to a higher median income, exceptional Broadband connectivity, competitive home values, and average commute times as compared to state and national averages. These key indicators suggest an opportunity to attract new residents and talent and developers will be looking at markets such as Medina to invest.

As discussed previously, key Quality of Life Index measures demonstrates the attractiveness of communities like Medina. Medina's Public Square district has benefitted from diverse investments in historic redevelopment, mixed-use development, and museums. Considering various QLI factors helps reinforce the momentum and attractiveness in Medina, such as factors like a Walkability Index of 12.17 which scores the district as an above-average walkable community with easy access to employment and commerce areas; an above-average Healthcare Index suggesting adequate access to health care resources; a low Crime Index suggesting safety; Housing Affordability below county and national averages and announcements of new housing stock coming online; and Broadband infrastructure Connectivity that supports the backbone of information access to business, employees, WFH employees, and residents alike.



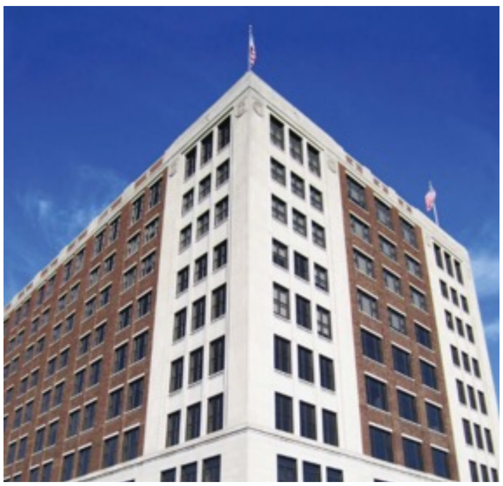
Medina's QLI ratings around the Historic District and Public Square make the community an attractive location for continued reinvestment. Most recently, the city of Medina and Medina City Development Corporation announced a new, four-story mixed-use space that will bring 9,100 square feet of ground-level retail and three floors of 39 loft-style apartments into the historic district. The new $9.3 million investment, Liberty View, will be constructed in a 19th Century architectural style to provide continuity with surrounding Historic District properties.

The exceptional nature of Medina's historic downtown district and Public Square have served as a catalyst for surrounding economic development investments and in 2021 alone, the county attracted $263 million in new capital investment, 362 new jobs, and over 542,000 square feet of space absorbed. In addition to new capital investment, more than $373 million in new consumer spending was generated in sectors such as housing, education, food and beverage, manufacturing, transportation, retail and entertainment, healthcare, and financial services.[18] In summary, the Montrose Group utilizes numerous demographic and economic measures to determine how a community is doing at Placemaking. These demographic and economic measures consider the growth or decline in crime, the availability of workforce housing, compares commute times to national averages as well as vital health statistics such as the access to health care and average life expectancy of the residents in a region compared to a national average. Education levels of the residents and performance of the public schools are reviewed with higher levels of educational attainment awarded higher point totals. Finally, economic measures such as personal income, small business startups, and overall economic gains are measured to generate an overall QLI assessment that assists companies with their site location decisions. As companies shift their approach to site location, communities must also look at how Placemaking is driving economic and workforce development priorities.

Historic Preservation Redevelopment Can Drive Placemaking Economic Development. Saving historic structures can be another key element of a Placemaking economic development strategy. One of the most overlooked aspects of historic preservation is its economic impact on communities. Historic preservation increases land values and enhances the regional economy by keeping historic main streets and downtowns economically viable.[19] Cities like Detroit, Cleveland, and Pittsburgh that were once thriving industrial cities have witnessed an exodus of manufacturing facilities, jobs, and residents over numerous decades as companies moved to larger greenfield sites in suburban and rural markets. After decades of decline and economic erosion, many of these once industrial meccas are turning to their past to find redevelopment opportunities through historic preservation.[20] Supporting this renaissance and effort to regain the unique histories and architecture of our communities have been a number of federal programs central to the National Historic Preservation Act. Economic development and Placemaking tools such as the NPS Preservation Tax Credit Program and the National Trust for Historic Preservation's Main Street Program have been vital to bringing significant historic preservation redevelopment to life throughout the United States.[21]

Historic preservation is a tool local communities can choose to revive neighborhoods, enhance environmental quality, and reduce infrastructure costs by promoting development in existing areas rather than sprawling out. It is estimated that historic preservation projects save 50-80 percent in infrastructure costs compared to new suburban development.

Tax credits and public finance programs can spur historic preservation-based economic development. State and federal historic preservation tax credit programs incentivize placemaking investments. 41 of the 50 states offer some form of state historic preservation tax credit that can help transform structures over 50 years old from underutilized or abandoned buildings into housing, retail, office, or other productive uses.


Source: National Park Service

Dubuque, Iowa has engineered an economic revitalization with historic preservation playing a key role in the city's success. Taking advantage of grants and state and federal tax credits, projects such as the $45 million rehabilitation of the Roshek Building have taken place and helped build a knowledge economy in downtown. The Roshek Building received $5.7 million in state historic preservation tax credits through the Iowa Department of Cultural Affairs' State Tax Credit Program which provides an income tax credit of up to *25 percent of qualified rehabilitation expenditures* (QREs).[22] The tallest building in Dubuque, the Roshek Building served as the regional headquarters of IBM's global delivery center until 2020 when IBM consolidated operations into a Missouri location. The redevelopment project was commissioned by Dubuque Initiatives, a nonprofit development company dedicated to downtown revitalization, and was the largest LEED-certified sustainable project in the City's history.[23] The revitalization project not only created an initial 1,300 high-tech jobs at IBM, it also retained 61 jobs at various tenants that were housed in the deteriorating building. Following IBM's departure, the Roshek Building was purchased jointly by two regional employers, Cottingham & Butler and Heartland Financial USA, Inc, as part of individual company expansions.[24]

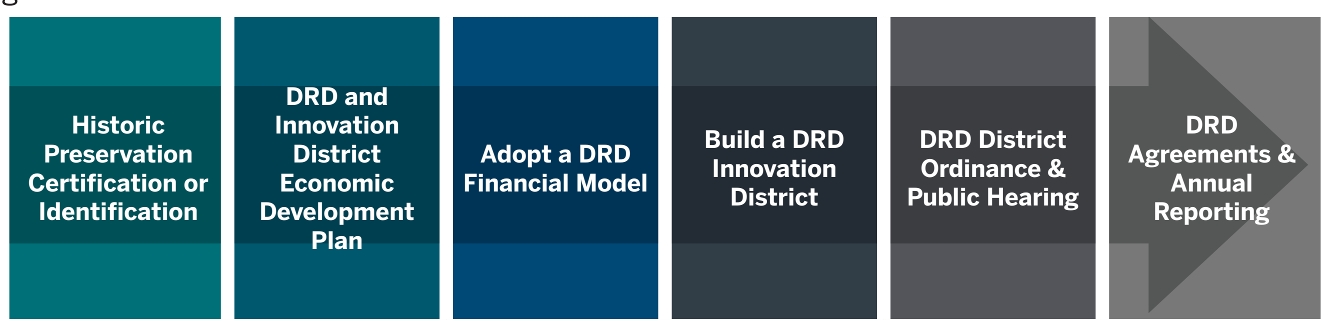
Ohio has also benefited substantially from their state and federal historic preservation tax credit programs. Cleveland State University in partnership with TeamNEO recently completed an economic impact study of construction and selected operating impacts of all rounds of the Ohio Historic Preservation Tax Credit Program and found that $1 M in tax credits creates $40 M in total economic impact. Ohio offers a worthy example of a successful state historic tax credit program. The Ohio Historic Preservation Tax Credit Program provides a tax credit to leverage the private redevelopment of historic buildings. The Ohio Historic Preservation Tax Credit Program provides a state tax credit for up to 25% of qualified rehabilitation expenditures incurred during a rehabilitation project, up to $5 million. The tax credit can be applied to applicable financial institutions, foreign and domestic insurance premiums, or individual income taxes. Projects certified on or before June 30, 2021, can apply for the tax credit against applicable commercial activity taxes. The program is highly competitive and receives applications bi-annually in March and September. With 28 rounds of funding complete, tax credits have been approved for 562 projects to rehabilitate over 795 historic buildings in 77 different Ohio communities. The program is projected to leverage more than $8.09 billion in private development funding and federal tax credits directly through the rehabilitation projects. Round 28 of the Ohio Historic Preservation Tax Credit Awards were announced on June 22, 2022. The Ohio Department of Development awarded $39.87 million in Ohio Historic Preservation Tax Credits to rehabilitate 39 historic buildings in 18 communities. Recently, the Ohio

General Assembly made changes to Ohio's Historic Preservation Tax Credit Program. The funding for the Ohio Historic Preservation Tax Credit was increased for State Fiscal Year 2023-2024 from $60 M to $120 M, permits temporary benefits for new awards during SFY2023-2024 and taxpayers who have already been awarded tax credits after June 30, 2020, who can apply for this improved credit so long as construction has not yet commenced. Also, these tax credits for projects in any county, township, or municipalities with populations under 300,000 (per the 2020 census) are increased from up to 25% to up to 35% of qualified expenses, and the individual project cap increases from $5 million to $10 million for all projects and these credits are refundable—meaning if the credit claimed in any tax year exceeds the tax otherwise due, the excess is refunded to the taxpayer, similar to catalytic projects, and not subject to a cap. The Ohio Department of Development must also consider the rehabilitation of historic buildings previously used as theaters that will be rehabilitated and will be used as theaters, and they must consider the extent to which the rehabilitation will increase attendance and gross revenue at the theater.

Source: Newark Development Partners

Historic Newark, Ohio Arcade Gains State and Federal Historic Preservation Tax Credits. One of Ohio's last remaining historic arcade buildings, the Newark Arcade in downtown Newark, Ohio was awarded state and federal historic tax credits as part of the state's commitment to preserving historic buildings that will transform communities. The Newark Arcade is a commercial and residential building that was constructed in the early 1900s and previously housed businesses until it became underutilized and in disrepair to the point where the building flooded due to freezing sprinkler lines and water main breaks and was placed on a 24-hour a day fire watch. The 44,000-square-foot building occupies an entire city block in the downtown historic district. The City's economic development organization, Newark Development Partners, acquired the Historic Newark Arcade in 2019 and plans to invest north of $17.5 million to renovate and redevelop the structure. Together with a $1.1 million state historic preservation tax credit, a $1.56 million Ohio Transformational Mixed-Use Development tax credit, $2.8 million in federal historic preservation tax credits, and more than $9 million in private pledges, the Newark Arcade project is set to transform the downtown. The Arcade revitalization will add enormous economic benefit, pedestrian traffic, and commerce to the downtown Newark business district and the community icon can return to life and be a main focal point of the downtown. A revitalized and re-opened Arcade will also provide a permanent home for Newark's coveted Winter Farmers' Market.

Ohio and Michigan also offer local public finance programs that can support historic preservation-based development. Ohio municipal corporations can create Downtown Redevelopment Districts (DRDs) and innovation districts to promote rehab of historic buildings if a city has a certified historic structure, creates a district as large as 10 contiguous acres around that historic structure and develops a DRD economic development plan under recently enacted HB 233. Six steps exist for redevelopment historic property using DRDs.



1. **Historic Preservation Certification and Renovation Plan.** The DRD process begins with the identification of a certified historic structure or undertakes the process of gaining that historic certification. DRD historic certification is accomplished through four different routes including if a building is on the National Register of Historic Places, contributes to a National Register Historic District, located in a National Park Service Certified Historic District or a Certified Local Government Historic District. Historic preservation certification also requires an approved renovation plan to keep historic building "historic."

2. **Complete a DRD and Innovation District Economic Development Plan.** DRD districts must have an economic development plan. A DRD economic development plan should identify the redevelopment project costs including building, infrastructure and operations, financial modeling of the parcels within 10 acres around the historic structure and review of other tax credits, grants, loans and private contributions to address those costs, a site development plan that considers the economic potential of the DRD through commercial, mixed use and research market research, determines the DRD broadband service to see whether the DRD qualifies as an Innovation District, and outlines that local government process and agreements needed to formally create a DRD.

The Montrose Group, LLC DRD ED Plan Model

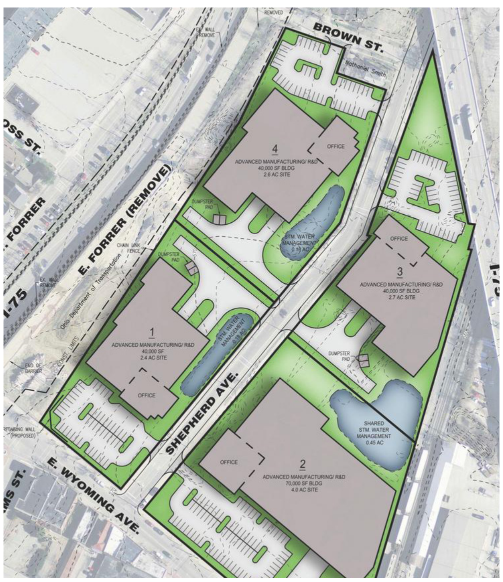
Learn	Listen	Do
• The first step to create a DRD Economic development plan is to define exactly who a community is through research from primary data sources to determine the assets and liabilities of a community • **Elements** - identify area historic structures - research potential project ideas around historic structures including potential for innovation districts in the DRD based upon a community economic development SWOT analysis - define one or more DRD's up to 10 acres in a municipality - determine speed and availability of broadband service in identified DRD - Identify costs of project including historic and non-historic building rehab and infrastructure - develop funding models to address various costs through DRD PILOTs, redevelopment charges and other resources - outline local government process for creating DRD	• The second step is to listen to community, political and business leaders and the public for what economic direction the community wants to go. • **Elements** - one on one interviews - focus groups surveys - public meetings	• Finally, mixing who a community is with what they want to become needs to turn into a concrete action plan to develop high-wage jobs and capital investment. • **Elements** - Recommend a land use and site development plan to determine the building, operational and infrastructure costs and the zoning for specific sites within the DRD - Recommend DRD tax incentive and redevelopment charges that will cover the building, operational and infrastructure costs; - Industry market research and marketing plan for the DRD - DRD PILOTs and redevelopment charge agreements - Identify additional sources of public and private revenue derived from long and short range planning of community goals.

3. **Adopt a DRD financial model.** Next, the municipality must adopt a DRD financial model addressing the building, infrastructure, and operational costs through a tax exemption up to 70% of the increased value of real property in the DRD providing the collection of service payments in lieu of taxes from the property owners and redevelopment charges assessed to property owners within the DRD- both of which may be levied without property owner approval. The DRD may not be exclusively residential and last for 10 years or 30 years with school board approval. Additional funding for the DRD can be gained from federal and state historic preservation and new market tax credits and state Capital Bill funding.

4. Build a DRD Innovation District. DRDs with a 100-gigabit broadband level or higher can become an Innovation District. Innovation Districts can use DRD generated funds to give grants and loans to high-tech companies. The Innovation District designation can ignite a tech-based economic development project by providing the capital needed for early-stage capital tech companies.

5. Adopt the DRD District Ordinance, Public Hearing & File Annual Reports. DRDs are created through a city ordinance describing the area included in the district, the number of years the DRD will exist, the economic development plan, ID of the historic building (s) in the district, potential designation of an innovation district within a DRD, establishment of a special fund for the deposit and dispersal of service payments and redevelopment charges, and acknowledgement that city must file an annual DRD report to the Ohio Development Services Agency. Finally, the city must hold a public hearing on the proposed DRD ordinance and give notice of the hearing to each property owner in the district.

6. Negotiate DRD Agreements with building owners, school board and other funders. Following passage of a DRD ordinance, municipalities should enter into various agreements with building owners, school board and other funders of the project. Examples of these agreements include local government and school board revenue sharing agreements, development agreements with DRD participants to outline funding terms of the public-private-partnership and grant and loan agreements from other outside public and private sector funding sources.



Source: Alloy Development Co.

"The Locks" Downtown Redevelopment Transforms Former Southwest Ohio Industrial Site. After a multi-year and multi-million-dollar effort to position the former Stearns & Foster industrial area for redevelopment, the village of Lockland, Ohio announced it had selected Neyer Properties to undertake a 12-acre redevelopment project that will position the community to attract new advanced manufacturing investments to the once thriving area.[25] Located north of Cincinnati, the village of Lockland utilized several local, state and federal economic development funding programs, including establishing a Downtown Redevelopment District, to support needed site development and public infrastructure improvements. Funders include the Village of Lockland, Federal EPA, Hamilton County, Duke Energy, Hamilton County Land Bank, and the Ohio Department of Development. The surrounding business district was designated as a historic district by the National Park Service which allowed for the creation of the first DRD in the county.[26] Seventy percent of increased property values as a result of the multi-million investment project will be allocated to a special DRD Fund that can then be reinvested back into the DRD district for eligible costs such as public infrastructure.

Green Space Investments Spur Placemaking Economic Development. Development of green space and parks in a community can provide a substantial return on investment to Placemaking strategies that aim to attract talent and generate wealth in communities, while also supporting equity priorities. Green spaces enhance a city's existing character, revitalize ecosystems, promote outdoor recreational spaces and active lifestyles, protect biodiversity by creating wildlife habitats, and boost a community's economy. Two of the most common green space amenities in communities include parks and trails and the creation of new or revitalized green spaces, alternative transportation infrastructure, pop-up parks or parklets, and Downtown beautification projects serve not only as a talent attraction tool, but also as a way to boost a community's economy and provide access to job centers, healthcare services, educational campuses, commerce centers, and recreational assets.

Public parks are drivers of substantial economic impact. Can anyone argue that the property around Central Park in New York City or Grant Park redevelopment in Chicago has not increased the property values in the area? According to the National Recreation and Parks Association, local park and recreation agencies generated more than $166 billion in U.S. economic activity and supported 1.1 million jobs from their operations and capital spending in 2017. Trails provide an economic benefit as well. Trails increase the value of nearby properties, boost spending at local businesses and can serve to link communities along trails, often called trail towns, creating a benefit from the influx of visitors going to restaurants, snack shops and other retail establishments. On longer trails, hotels, bed and breakfasts, and outdoor outfitters benefit, and trails make communities more attractive places to live, and trails encourage exercise often reducing resident medical costs. Studies in Wisconsin found residential lots near a trail system sold 9% faster and similar studies by the National Association of Realtors and National Home Builders Association found that trails ranked as the second most important amenity for homebuyers. Public spaces transformed into parks and trails create a location that brings residents and visitors together and develop a density of customers for restaurants, bars, arts centers, and other retail companies as well as drive up property values for the surrounding properties.

Four basic features surrounding pocket parks are seating, movement, connectivity and safety. Seating is simple – it adds furniture and encourages people to sit, linger and gravitate to open spaces. Movement is the concept of giving businesses or communities the ability to adapt to environmental conditions, creating outdoor spaces when it is a sunny day and moving outdoor spaces to shaded areas on hot days to encourage utilization of outdoor spaces. Ensuring connectedness between urban parks and other green spaces and pedestrian paths attracts residents in the immediate vicinity for what are otherwise considered "non-necessary" or optional activities. Necessary activities include waiting for a bus or running errands. Optional activities center on leisure or social engagement: taking a walk, having a picnic, bringing children to play. Optional activities only take place when users feel safe and have a space that aligns with their activity of choice. Parklets also create safer outdoor environments through design standards and guidelines.[27] Whether these small spaces are used by individuals to sit and relax with a book or groups to gather and build relationships, small areas of placemaking are essential to reinforce a city's unique personalities.[28]

Source: Alloy Development Co.

Lakewood, Ohio Uses Parklets to Support Neighborhood Restaurant Scene. Several northeast Ohio communities have begun adopting parklet guidelines in recent years as a tool to support neighborhood restaurant and retail corridors and build safer outdoor areas for residents and visitors to explore and enjoy local businesses. In the northeast Ohio community of Lakewood, city council adopted guidelines specific to creating safe outdoor dining areas along curb lanes to expand dining options for customers and support small businesses efforts to recover from impacts of the COVID 19 pandemic and find new ways to grow. Parklets implemented at eateries such as Market Garden, Biermarkt, Nano Brew, and Bar Cento have collectively added 200 outdoor seats, enhanced ADA access for customers with disabilities, and given customers new options to enjoy Lakewood's bustling restaurant scene.[29]

Trails, biking and walking routes, often referred to as "active transportation routes," have long been green space assets in larger urban areas however small communities and regional collaborations have begun investing in active transportation routes to promote interconnectivity, recreation, and community engagement. These projects require creative and strong partnerships for building effective funding strategies and building an integrated trail system in communities. The states of Michigan and Ohio have robust active transportation route programs funded through federal, state, local, and private sources.

Michigan. The state of Michigan has more than 2,100 miles of multi-use trail systems that stretch throughout the state and is one of the most scenic multi-use trail systems in the country. The state has been successful in extending multi-use trails through utilization of federal funding programs, but also using a robust menu of statewide funding and private funding programs.

State Funding Sources

Section 10k of Public Act 51 of 1951, as amended in Michigan's transportation law (MCLA 247.660k), reserves 1% of state transportation funds for nonmotorized transportation. However, any improvement in a road, street, or highway, which facilitates nonmotorized transportation by the paving of unpaved road shoulders, widening of lanes, or any other appropriate measure is considered a qualified nonmotorized facility for the purposes of this section.

The objective of the **Michigan Natural Resource Trust Fund** is to provide grants to local units of government and to the State for acquisition and development of lands and facilities for outdoor recreation or the protection of Michigan's significant natural resources. Applications are evaluated on established criteria such as resource protection, water access, and community recreation and requires at least a 25% match on either acquisition or development projects from local applicants. Recommendations are made by the Michigan Natural Resources Trust Fund Board (members are appointed by the Governor) to the State Legislature for final approval.

Michigan's **Recreation Improvement Fund** is for the operation, maintenance and development of recreation trails, restoration of lands damaged by off-road vehicles, and inland lake cleanup. There is no open application process and most of the money is used on DNR projects, so communities interested in accessing these funds must secure support from the local DNR Division which can sponsor local projects.

Local Funding Sources

Transportation Improvements Program (TIP) and Capital Improvements Program (CIP) funding should be considered for nonmotorized improvements, especially those located within road rights-of-ways, which are most likely to be incorporated into and funded as incidental parts of larger transportation projects, and thus should qualify for the same transportation funds as the rest of the roadway construction or improvement project.

Downtown Development Authorities are formed to promote and fund investment in downtown areas. Districts are defined that qualify for TIF (Tax Increment Financing) and other special funding formulas. Local businesses both benefit from and contribute to these authorities. The public infrastructure improvements that are part of downtown revitalization often include pedestrian facilities and amenities. Bicycle facilities, including bicycle parking and bikeway implementation could also be accomplished within these infrastructure improvements.

Millages, Bonds and Assessments are often utilized by local, county and state units of government through millage approvals or bond issues which are passed by voters or governing bodies. Several Michigan communities – for example, Ann Arbor, Rochester Hills, Grosse Ile, Novi, and West Bloomfield Township – have millages in place for park operations, maintenance, development, and land acquisition which can be one of the most effective approaches for funding a greenway or local trailway system initiative.

Utility Leases are another creative approach to funding public greenway/trailway corridors where communities can obtain lease revenue from compatible uses, such as buried pipelines or communication lines. There can be one-time payments for acquisition or development or annual payments for operation and maintenance.

Private Funding Sources

American Greenways Dupont Awards Program is administered by the Conservation Fund, in partnership with Dupont, and the National Geographic Society, and provides grants of $500 to $2,500 to local greenways projects. These grants can be used for activities such as mapping, conducting ecological assessments, surveying land, hosting conferences, developing brochures, producing interpretive displays and audio-visual material, incorporating land trusts, and building trails. Grants cannot be used for academic research, general institutional support, lobbying or political activities.

The **DALMAC Fund** was established in 1975 to promote bicycling in Michigan and is administered by the Tri-County Bicycle Association and supported by proceeds from the DALMAC (Dick Allen Lansing to Mackinaw) bicycle tour. The Fund has supported safety and education programs, bicycle trail development, statewide bicycle organizations and route mapping projects.

In Southeast Michigan, the **GreenWays Initiative** helps connect the communities of southeastern Michigan through the creation of a connected green infrastructure, including biking and hiking paths, conservation corridors and habitats among and between communities. The GreenWays Initiative was developed to create opportunities for collaboration and shared environmental awareness and appreciation by the residents of Wayne, Oakland, Macomb, Washtenaw, Livingston, Monroe, and Saint Clair Counties. A five-year program of the Community Foundation for Southeastern Michigan, the GreenWays Initiative is a comprehensive effort that will expand and enhance the region's natural landscape. Two types of grants are available: GreenWays Predevelopment Grants for predevelopment activities and GreenWays Land Grants for the physical construction of greenways and trails.

In partnership with the Pure Michigan® tourism initiative, Michigan's Department of Natural Resources created a Trail Town Designation Program which is an initiative of The Progress Fund and is one of the oldest and most successful programs in the country. The Trail Town Program has worked in small rural towns across America, focusing on community and economic development around trail tourism and outdoor recreation to ensure that trail communities and businesses maximize economic potential of those regional trail systems.[30]

Source: City of Marquette, MI Trails Master Plan

Marquette Charter Township's Trailhead #9 Creates Connectivity and Economic Impact. Marquette Charter Township in Marquette County, Michigan formed the formally designated Trailhead #9 trail system that serves as an access point to adjacent commercial, residential and recreational areas in northern Michigan. Other informal access points are served by additional trail networks, with Trailhead #9 essentially being the hub and the informal access points as the spokes of a robust trail system. Marquette Charter Township has used the recognized trail networks as a Placemaking tool to promote the community as an ideal place to live, work, play and visit.[31] Over the period of 2002-2012, the trail system led to 22 major development projects in the region, generating 1,945 new jobs and increasing the township's contribution to the regional tax base by over $123 million.[32]

Ohio. Ohio is home to several creative funding mechanisms for building alternative transportation routes, many of which fall within the state's Department of Transportation and Department of Natural Resources.

Transportation Alternatives Program (TAP) provides funding for projects defined as transportation alternatives, including on- and off-road pedestrian and bicycle facilities, infrastructure projects for improving non-driver access to public transportation and enhanced mobility, community improvement activities, and environmental mitigation; recreational trail program projects; and safe routes to school projects. The TAP program funds up to 80 percent of eligible costs for construction and/or acquisition of property for eligible TAP projects.

Safe Routes to School Program (SRTS) is a federally funded program run through states that provides resources, technical assistance, and project funding to encourage and enable students in grades K-8 to walk or ride their bike to school. A comprehensive approach to SRTS includes both infrastructure and non-infrastructure countermeasures and programs.

This program is funded at $4 million annually for projects in 5 categories: Engineering, Encouragement, Education, Enforcement and Evaluation. Funds are available for:

- Infrastructure projects within two miles of schools serving K-8 students. ODOT will reimburse up to 100% of eligible costs for all phases, including preliminary engineering, detailed design, right-of-way, construction, and construction engineering. Project limit: $400,000.
- Non-infrastructure activities such as education, encouragement, enforcement, or evaluation. Non-infrastructure funding may be requested for assistance with the development of plans. ODOT will reimburse up to 100% of eligible costs for items such as training and materials, program supplies, small safety and education incentives, and public awareness campaigns. Project limit: $60,000.

NatureWorks projects are funded through the Ohio Parks and Natural Resources Bond Issue which was approved by Ohio voters in November 1993. The NatureWorks grant program provides up to 75% reimbursement assistance with a $150,000 maximum award for local government subdivisions (townships, villages, cities, counties, park districts, joint recreation districts, and conservancy districts) to for the acquisition, development, and rehabilitation of recreational areas.

The Clean Ohio Trail Fund (COTF) seeks to improve outdoor recreational opportunities for Ohioans by funding trails for outdoor pursuits of all kinds. Local governments, park and joint recreation districts, conservancy districts, soil and water conservation districts, and non-profit organizations are eligible to apply for COTF funding of up to 75 percent of eligible costs and a grantee match of 25 percent. Eligible projects include:

- Land acquisition for a trail
- New trails or connector-trail development
- Construction grants also might cover the cost of engineering and design

The **Recreational Trails Program** is a federally funded program through the Federal Highway Administration where cities and villages, counties, townships, special districts, state and federal agencies, and nonprofit organizations are eligible to apply for up to 80 percent matching funds for a variety of eligible projects with a maximum award of $150,000.

Eligible projects include development of urban trail linkages, trail head and trailside facilities; maintenance of existing trails; restoration of trail areas damaged by usage; improving access for people with disabilities; acquisition of easements and property; development and construction of new trails; purchase and lease of recreational trail construction and maintenance equipment; environment and safety education programs related to trails.

The **PeopleForBikes** Community Grant Program supports bicycle infrastructure projects and targeted advocacy initiatives that make it easier and safer for people of all ages and abilities to ride. PeopleForBikes accepts grant applications from non-profit organizations with a focus on bicycling, active transportation, or community development; from city or county agencies or departments and from state or federal agencies working locally. PeopleForBikes funds a maximum of $10,000 for projects throughout the United States, with most grant funds awarded for bicycle infrastructure projects, such as:

- Bike paths, lanes, trails, and bridges
- Mountain bike facilities
- Bike parks and pump tracks
- BMX facilities
- End-of-trip facilities such as bike racks, bike parking, bike repair stations and bike storage

PeopleForBikes can also fund limited advocacy projects, such as programs that transform city streets and campaigns to increase investment in bicycle infrastructure. PeopleForBikes will fund engineering and design work, construction costs including materials, labor and equipment rental and reasonable volunteer support costs. For advocacy projects, the program will fund staffing that is directly related to accomplishing the goals of the initiative.

Source: ODNR.gov

Holmes County, Ohio Trail System Accesses Jobs Centers for Employees. Holmes County, located in northeastern Ohio, is the heart of the state's Amish country and is a 23-mile trail that connects Fredericksburg, Killbuck, Glenmont, and Millersburg.[33] While residents and visitors enjoy the recreational aspects of the scenic Holmes County Trail, the trail system also serves as a vital transportation route for the community's Amish workforce, as more than 36,000 Amish residents live in the Holmes County labor shed alone.[34] The path was the first recreational trail in the country designed to accommodate Amish buggies, and throughout much of the route it is just as common to pass a horse-drawn buggy as it is to pass a cyclist or walker. Most recently, Holmes County's Park District Trail received $1 million through the Ohio Department of Natural Resources for completion of the trail between Glenmont and Killbuck, estimated to cost $3.6 million. The Park District has also leveraged funding through the Ohio Department of Transportation Alternatives Program for trail maintenance and resurfacing and through the Rails to Trails program for construction.

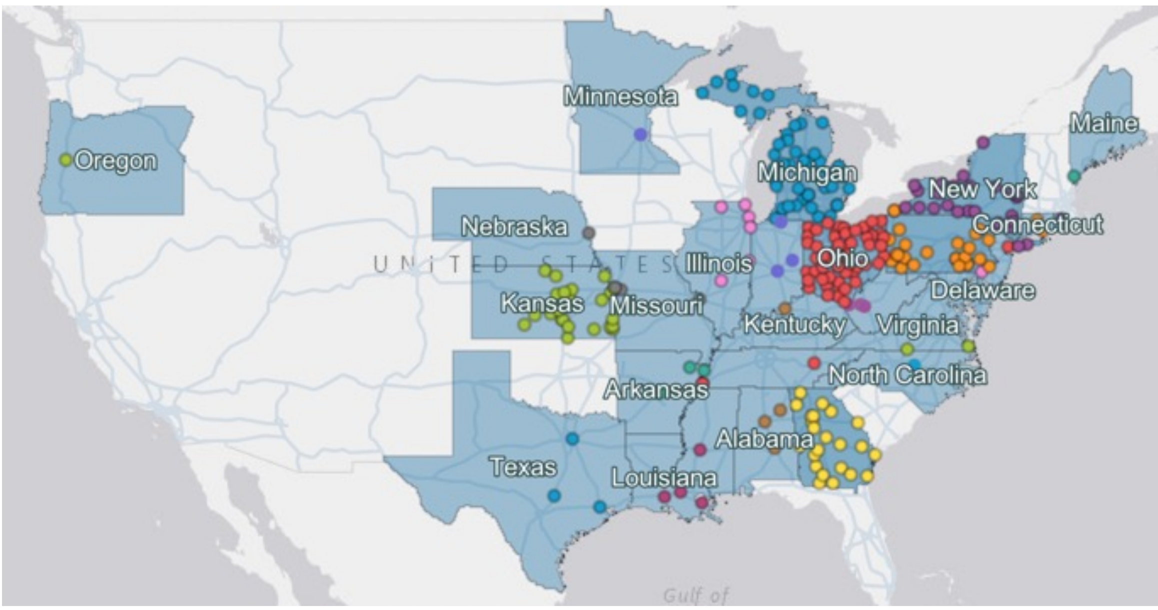
Funding for parks and trails projects can be an important resource for community's seeking to develop Placemaking initiatives that tie communities together and encourage public health.

Land Banks Support Community Redevelopment and Placemaking Strategies. The redevelopment of neighborhoods impacted by vacant housing is a challenge for urban, suburban, and rural communities alike. Housing redevelopments can be a critical placemaking initiative in small and big towns alike, eliminating blight, improving the health and safety of communities, and introducing new uses for once failing properties. Land banks are quasi-governmental entities with unique powers, created pursuant to state-enabling legislation, that are solely focused on converting problem properties into productive use according to local community goals.[35] Vacant, abandoned, and tax-delinquent properties are typically considered problem properties because they destabilize neighborhoods, create fire and safety hazards, drive down property values, and drain local tax dollars. Land banks were created as a direct response to a growing trend of problem properties to strategically acquire them, rehabilitate them, and transfer them to new owners in a manner that aligns with community-based plans.

Land banks can be stand-alone operations or developed within existing entities, such as redevelopment authorities, housing departments, or planning departments. Land banks have special powers that enable them to undertake these problem properties far more effectively and efficiently than other public or nonprofit entities including the power to: (i) acquire property through mechanisms such as the tax foreclosure process; (ii) hold title to tax exempt property and extinguish back taxes; (iii) clear title; (iv) consolidate and assemble publicly held inventory into a single agency/department; (v) streamline disposition and sale of properties to responsible owners or developers; (vi) lease properties for temporary uses; and (vii) convey property for below market value. Using the powers of a land bank, communities can focus on outcomes that best aligns with future land use goals and community redevelopment strategies, rather than conveying properties to the highest bid price. County land banks can acquire low-value properties and demolition funding from lending institutions (including Fannie Mae) and receive low-value property transfers from the Department of Housing and Urban Development, private developers, and probate estates.[36] Additionally, the county land bank can borrow money, receive money through land sales, and obtain funds as a state or federal grant applicant or co-applicant. When thoughtfully executed, land banks can resolve some of the toughest barriers to returning land to productive use, helping to unlock the value of problem properties, and converting them into assets for community revitalization.

A common misconception is that land banks compete with the private market. Contrarily, land banks remedy the growing inventory of problem properties the private market has altogether rejected. Most vacant and abandoned properties have serious legal and financial barriers, such as clouded title, that detract private investors. Also, many tax-foreclosed properties have accumulated years of back taxes that far exceed the market value of the property. Similarly, many properties left vacant and abandoned for years require an investment in repairs that greatly exceeds what the market could ever return. A land bank, therefore, is designed specifically to address the inventory of problem properties the private market has discarded, and to convert these neighborhood liabilities into valuable assets for the good of the community. However, land banks are not a "silver bullet" for communities struggling with vacant, abandoned, and deteriorated properties. Communities must also have other strategies and activities, such as strategic code enforcement, smart planning and community development, and effective tax collection and enforcement to remedy problem properties.

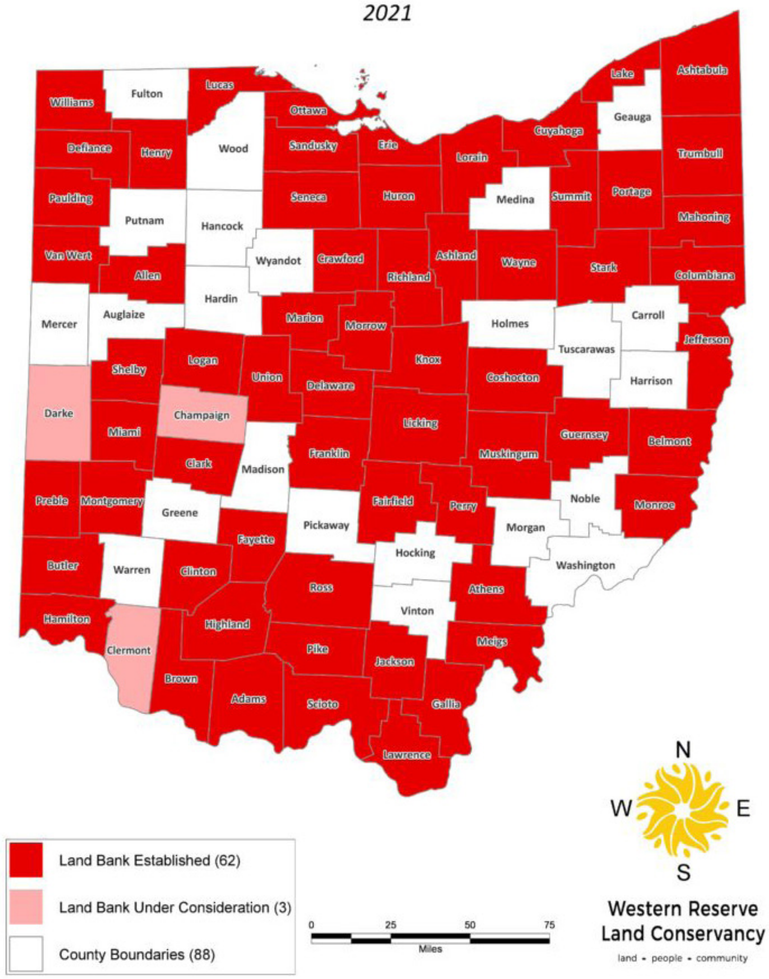
The Current State of Land Banks in The United States. There are currently more than 250 land bank programs in 17 states—most of them existing in Michigan, Ohio, Georgia, Pennsylvania, and New York.[37]



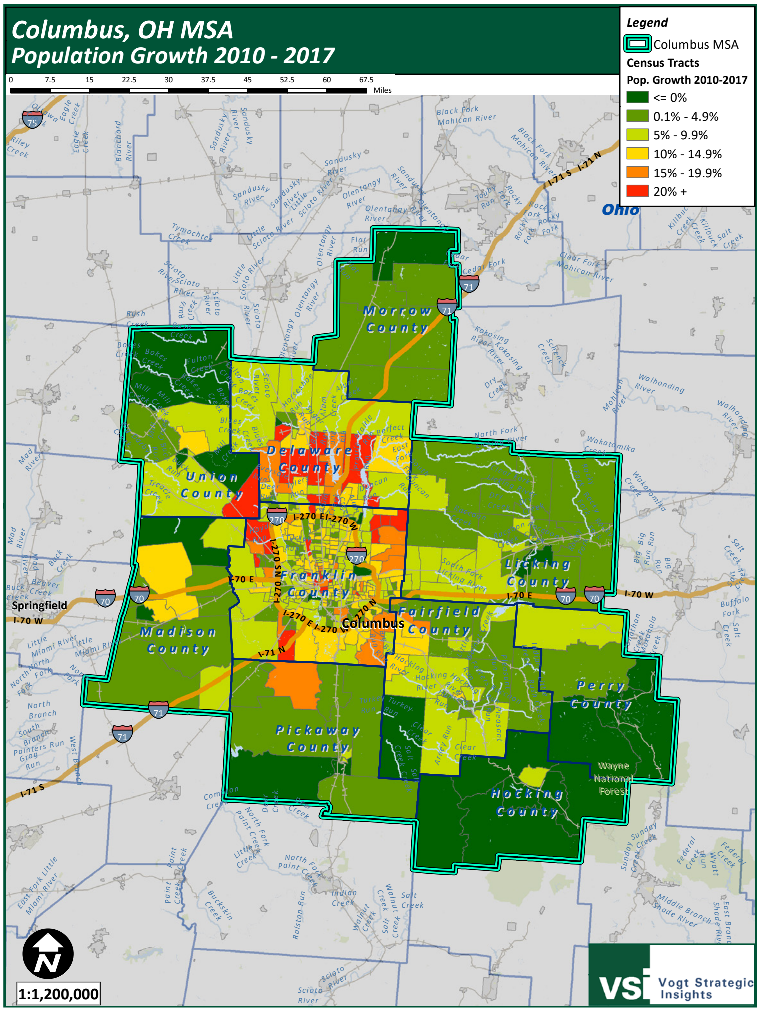
As of 2021, 62 of Ohio's 88 counties have land banks.[38] These programs have been launched in a range of communities, such as "Legacy Cities"—those former industrial cities suffering from decades of disinvestment and population loss—and suburban and rural towns hit hard by the mortgage foreclosure crisis. One notable community in Ohio that has really benefited from land banks is Butler County. In the last decade, the Butler County Land Bank has spent $7.8 million in rehabilitating and reutilizing 1,000 properties.[39] This land bank works with almost all its municipalities— except Monroe, College Corner, and Sharonville. Butler County used Moving Ohio Forward money and the Neighborhood Initiative Program to fund these projects which primarily targeted Hamilton and Middletown. In 2014, the total value of the targeted neighborhoods was $526 million in Hamilton and $81.8 million in Middletown. In 2020, the total value increased to $667 million in Hamilton and $120.6 million in Middletown; a 27% increase and 47% increase in each municipality, respectively. Middletown police calls also dropped 44% from 2016 to 2020, overdose runs decreased 51% and fire calls were down 6%. In Hamilton, vacant house fires dropped 62%. On Feb. 18, Butler County Land Bank Executive Director Seth Geisler submitted 51 projects totaling about $11.5 million to the state. The bulk of the money would go to razing the former Forest Fair Mall as well as demolishing 26 Hamilton properties, 15 Middletown properties, 4 others from Fairfield and one each from New Miami and Lemon, Liberty, Ross, and St. Clair townships. Geisler says land banks are a great opportunity for private investors because the property remains tax-free if the land bank holds the title which could be used as an incentive for public sector-private sector partnerships.

OHIO COUNTY LAND BANKS

2021

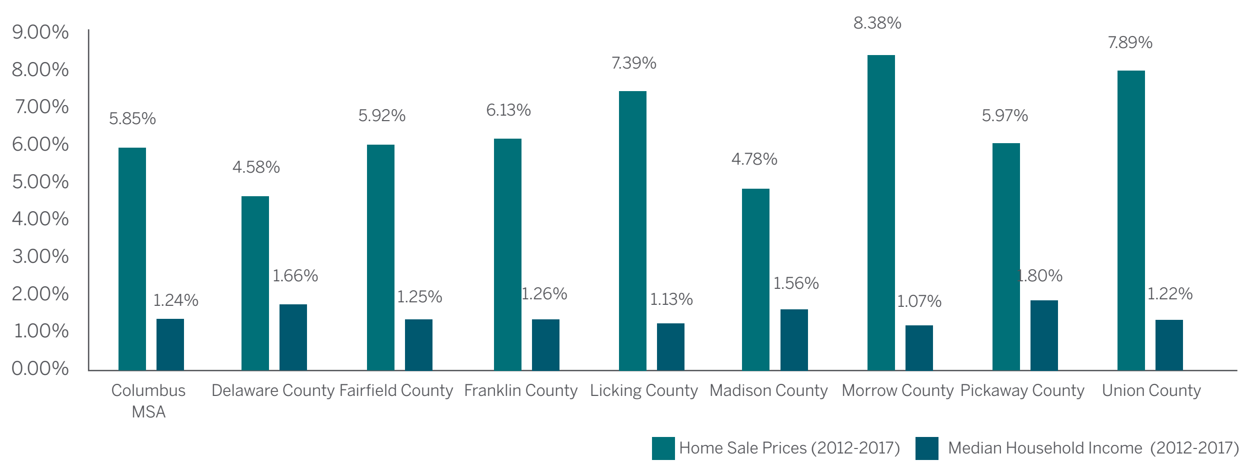


The national average for property tax delinquency rates has declined from 7.1% in 2011 to 5.9% in 2021.[40] However, Ohio has consistently seen a greater percentage of delinquent properties than the national average throughout the last decade. Ohio peaked at 8.9% in 2013 and currently has a 6.6% delinquent property rate, or 0.5% higher than the national average. These statistics indicate a problem for the state of Ohio as, in addition to the delinquent property rate, some of its Metropolitan Statistical Areas (MSAs) have seen a faster rate of population growth and workforce demand than housing development. Columbus, for example, needs additional supply. This is evident by the rapidly escalating prices for homes and apartments. What's been less clear is the extent to which the area may be underbuilding, in which communities and price points, and how the situation may play out over the coming decades. The new Housing Need Assessment report from the Building Industry Association of Central Ohio and the BIA Foundation quantified the significance of the shortfall by estimating the need for new residential housing based on projected job growth through 2050. These findings are concerning. Essentially, Central Ohio must build more than 14,000 housing units per year to accommodate an estimated 500,000 new jobs and 1 million new residents by 2050. The area is currently building about 8,000 housing units per year, meaning there is a shortfall of about 6,000 units, or 43%. The report also examined permitting activity for buildings in the peer markets of Charlotte, Nashville, and Austin. The results conclude that homes and apartments are being built at a much faster rate in those regions to accommodate their own rapid growth projections. In Columbus, the compounded annual growth rate in home price is nearly five times the compounded annual growth rate in the median household income. These trends will further exacerbate affordability housing challenges in the Columbus region and will limit the Columbus market from realizing job growth projections. If Columbus aims to be competitive as an appealing place to live and do business, it must have more affordable housing available to support residents.



The median home sale prices have far outpaced the median household income growth on the outskirts of the Columbus MSA Ohio as well due to high demand and low supply in the area.[41]

Compounded Annual Growth Rate (Home Sales & Household Income)



Predictions are that the U.S. and Columbus MSA employment will return to pre-pandemic levels in 2022. The two key uncertainties are the course of the pandemic and the number of workers returning to the labor force. As currently estimated, Columbus MSA employment grew 23,200 (2.2%) in 2021. This includes Regionomics adjustments to preliminary Bureau of Labor Statistics (BLS) employment estimates in many sectors.[42] This number will continue to grow especially because of the new Intel factory in New Albany which is estimated to create 7,000 construction jobs and 3,000 permanent positions.[43] Central Ohio needs to come up with a way to create more affordable housing at a faster rate or else miss out on other opportunities for economic development. Land banks are a great solution to help supplement housing development in an economically efficient and effective way so Columbus can remain competitive.

2022 Regionomics Columbus MSA Forecast

Sector	Percentage changes, 2020-2021			MSA employment		1968-2000	
	MSA	Ohio	U.S.	2021	2022	Number	Pct.
Total	**2.2%**	**1.6%**	**2.7%**	**1,087,100**	**1,117,200**	**30,100**	**2.8%**
Construction and mining	3.2%	2. 0%	2.3%	45,300	46,800	1,500	3.3%
Manufacturing	2.5%	1.0%	1.7%	72,200	73,500	1,400	1.9%
Wholesale trade	1.7%	0.2%	1. 1%	41,300	42,300	1,000	2.5%
Retail trade	2.8%	3.4%	3.3%	99,100	102,100	3,000	3.0%
Transportation and utilities	7.2%	5.0%	4.3%	84,000	87,300	3,300	4.0%
Information	(3.8%)	0.4%	1.7%	14,700	14,600	(200)	(1.1%)
Financial activities	1.1%	1.0%	1. 3%	86,600	88,200	1,600	1.9%
Professional and business svcs.	1.8%	1.6%	3.6%	177,700	185,200	7,500	4.2%
Professional and tech. services	2.4%	(2. 1%)	3.1%	68,200	71,700	3,600	5.2%
Management of companies	(2.9%)	(1.6%)	(3.4%)	37,200	37,400	200	0.6%
Admin. support and waste svcs.	3.7%	3.0%	4.1%	74,000	76,000	2,100	2.8%
Education and health services	1.0%	0.0%	1.4%	157,200	161,600	4,400	2.8%
Private educational services	9.0%	(2.0%)	2.3%	19,200	20,600	1,400	7.4%
Healthcare and social services	1.0%	0.3%	1.3 %	139,400	141,000	1,600	1.2%
Leisure and hospitality	3.7%	7.0%	9.3%	90,900	93,600	2,800	3. 0%
Other services	6.7%	0.9%	5.0%	40,300	41,900	1,600	3.9%
Gov ernment	0.8%	(1.1%)	(0.5%)	179,100	180,100	1,000	0.5%
Federal government	(2.3%)	(3.1%)	(1.6%)	14,500	14,600	200	1.2%
State government	(1.5%)	(4.2%)	(0.8%)	73,600	73,200	(500)	(0.6%)
Local government	2.5%	0.3%	(0.1%)	90,400	92,300	1,900	2.1%


Source: Lucas County Land Bank

How One Land Bank Is Working to Revitalize Their Downtown. The City of Toledo has been undergoing a surge in redevelopment throughout the downtown and along the Maumee Riverfront. Over the last ten years, public and private partners have driven $1 billion of investment in Toledo's central business district and surrounding neighborhoods. Downtown Toledo's revitalization has been championed, in part, by the Lucas County Land Bank and their partners, the City of Toledo, the Board of Lucas County Commissioners, and the Toledo-Lucas County Port Authority, and ConnecToledo.[44] One of the most recent major development projects underway, the Four Corners Project, is located in the heart the downtown at two of Toledo's most iconic buildings. The Spitzer and Nicholas buildings have stood tall in downtown Toledo for 115 years. These buildings do not just offer a historic significance to the city of Toledo. Combined they offer over 500,000 square feet of total space however the buildings have unfortunately remained vacant and dilapidated for many years. Seeing a need to preserve the iconic historic properties and a need for new mixed-use development, the Lucas County Land Bank acquired the properties in August of 2020 with hopes of revitalizing them back to the significant structures of their past.[45] The Land Bank took swift action to prepare for redevelopment of the buildings, investing $585,000 to repair the roof and skylights on the top of the Spitzer building. As of April 2022, the Ohio Department of Development awarded approximately $1,500,000 for asbestos, lead paint and hazardous materials abatement through the Brownfield Remediation Program.[46] Economic development and land bank partners view the projects as key mixed-use development opportunities featuring much-needed residential housing, retail, and commercial space. This project is a prime example of the necessity land banks have when stimulating future redevelopment of an area. The Four Corners project is crucial to depict the true size and scope of projects that land banks can assist with and how transformational development in the heart of the fourth biggest city in Ohio will lead to long-term economic success.

Housing Development Supports Placemaking Economic Development. Housing developments can be a centerpiece of private investment that spur large community and small placemaking initiatives. Housing in the United States of America has become a hot-button issue as of late. Most states have seen historic price increases in multifamily and single-family residences since 2021. As demand for homes steadily increases, the supply of housing has not been able to keep up. The housing stock around the nation has been widely neglected in recent times with a severe lack of new construction and prolonged underinvestment leading to a shortage of available housing. Developers are facing a multitude of issues making it difficult to get their boots on the ground, including site readiness with a lack of buildable housing lots. Residential developers like to state that there are three L's to building residential properties – land, labor, and lumber. All of which are harder to come by at this current time. So, what is next for our housing market?

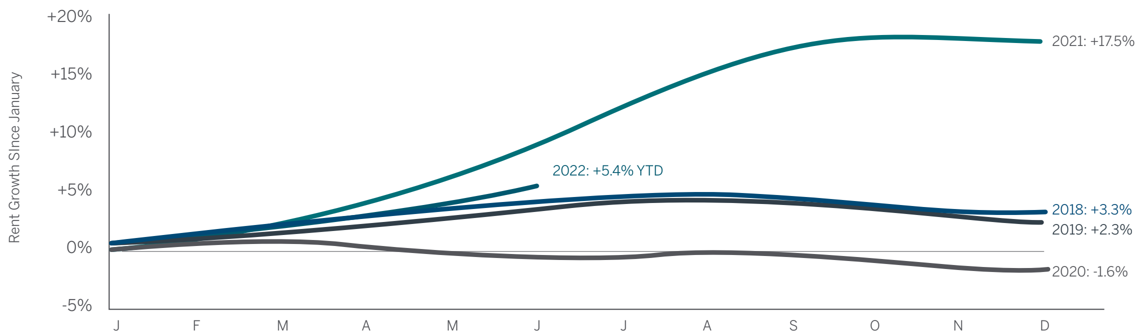
What Does the Data Say About the Current Housing Market? The total stock of U.S. housing grew at an average annual rate of 1.7% from 1968 through 2000. More recently, growth in U.S. housing stock stalled with an annual average growth rate of 1% in the last two decades and only 0.7% growth between 2010 to 2020. What will it take to fill this gap in the underbuilding of homes across the United States? To negate the supply insufficiencies in the national housing market resulting from the past two decades of underbuilding, during the next 10 years, approximately 550,000 additional new housing units would need to be constructed each year over and above the historical trend of 1.5 million new units annually. One interesting statistic to note is that adults aged 25 to 34 years living at home with their parents increased by 2.5 million since 2010 and more than doubled from 2000 to 2020, increasing by 4 million people.[47]

Historical Residential Completions (Units)

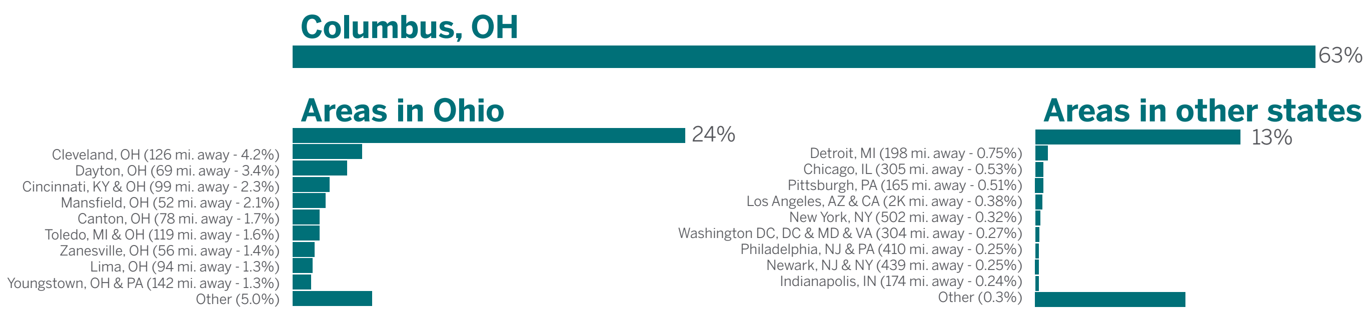
Period	Average Annual Completions
1968-2000	1,501,000
2001-2020	1,225,000
Annual Gap	276,000
Cumulative Gap Since 2001	5,520,000

Are the multifamily rental markets faring any better during this time? According to a market study performed by Apartment List, multifamily properties rents have increased 5.4% across the United States so far in 2022. For comparison, the average rent growth from January to June was 3.1% in 2017, 3.6% in 2018, 3.4% in 2019, and -0.7% in 2020. The growth during 2021 was the highest in recent history increasing 8.8% over the first six months of the year and 17.5% over the entire calendar year. Production of two-to-four-unit structures fell by nearly 75% during the last two decades, when compared with the long-term average from 1968 to 2000. These smaller multifamily properties were consistently available to many Americans as more affordable homes and apartments. The steep drop-off in their construction has heightened the issue here in the United States.[48]

Annual Change in Median Rent United States: 2018-Present



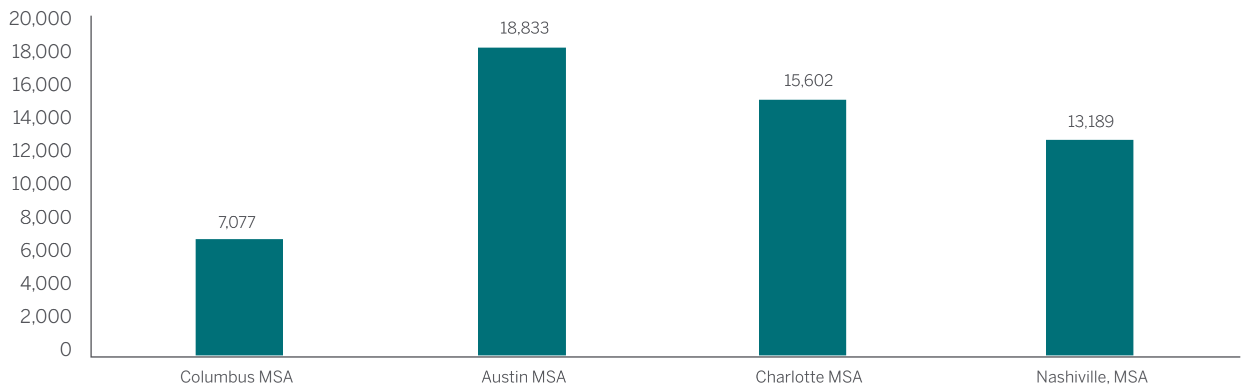
Is Columbus, Ohio faring any better amidst all this uncertainty going on? According to the Urban Land Institute and Mid-Ohio Regional Planning Commission, Central Ohio is expected to add as many as 1,000,000 people by 2050. Is there enough development currently underway to meet this demand? From 2010 to 2017 Columbus averaged 7,077 building permits per year. As Columbus, Ohio's population grows, young talent is migrating to the city primarily from other Ohio communities. New residents to central Ohio are coming from an average of 101 miles away, draining other Ohio communities of residents and talent.[49] While central Ohio looks to meet the demands of its population growth, regions around Ohio must also consider ways to combat young talent population loss through Placemaking strategies that include housing options and quality-of-life measures.



Source: U.S. Census Bureau, Migration Patterns

Other similar cities in the United States like Austin, Texas, Charlotte, North Carolina, and Nashville, Tennessee averaged 13,189 to 18,833 over this same time. If this level of the building continues through the next decades Columbus, Ohio will be unable to meet the rising demand.[50]

Average Permits Per Year (2010-2017)



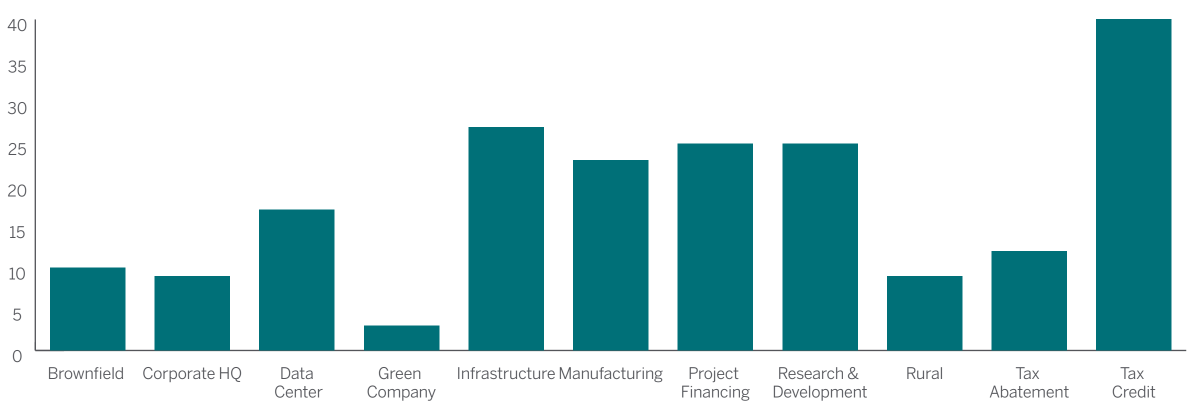
Although, as scary as some of the points provided previously may seem the housing market is not doomed. The situation we are in is not like the infamous 2008 housing market crash. States and local governments are working towards fixing this problem. For example, there are now over 20 states with a statewide low-income housing tax credit (LIHTC) program in place. These programs vary greatly between states based on the wants and needs of the population living there. For example, one of the more interesting programs is the state of Illinois allowing individuals or organizations to receive a tax credit based on their donations to participating non-profit housing developers. Many other states are beginning to see the success of these state-level tax credit programs and are beginning to follow suit. There are other programs to incentivize developers into increasing the current level of development. Ohio law authorizes local governments to provide property tax abatements on new investments up to 100% through the Community Reinvestment Area (CRA) program that does not require local school board approval for districts created before 1994. The Ohio CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRAs are areas of land in which property owners can receive tax incentives for investing in real property improvements. Another program is Ohio's Special Improvement Districts (SID) which permits property owners in a defined area through a majority vote to create a special assessment to fund area public infrastructure improvements and provide services. Developers also need to understand where the available land and demand are before the building process can begin. Housing market studies can provide detailed information about a prospective area. Developers can gain insight into the demand for housing in an area, available land and infrastructure needed for future developments. Working with local government and economic development firms can help increase how successful these developments turn out.

Source: Apartmentlist.com

The Rise Brings Much Needed Housing to Downtown Columbus. During 2021 there were over 550 projects awarded CRA tax abatements throughout Franklin County that supported reinvestment activities across multiple sectors, including residential housing projects. Rising construction and site development costs face many redevelopment projects across the nation. Addressing the growing demand for housing in communities like the city of Columbus requires use of economic and community development tools like the Community Reinvestment Area program. The Rise project, constructed in 2020 is a three-story apartment complex offering 192 residential units.[51] With one- and two-bedroom units ranging from 588 to 1,049 square feet and targeting first-time home buyers and young talent moving into the central Ohio market, The Rise is bringing much needed housing to the downtown Columbus area. To incentivize housing development along Reynolds Avenue, just minutes from downtown Columbus, the $15.508 million project was awarded a 15-year 100 percent CRA tax abatement.[52] The building sits in close proximity to the highly popular Short North District. The popularity of this area has created an influx of citizens looking to relocate into the revitalized neighborhood of the city which, in turn, has created a lower supply of housing units relative to the growing population of the area. Prices of housing in this specific area have skyrocketed over the years, forcing lower income households to seek more affordable housing in other areas. Projects like The Rise are creating a new supply of housing opportunities in the area to both meet the growing popularity of the area and address rising housing prices that are displacing existing residents and discouraging housing equity in the neighborhood. Due to the tax abatement awarded to the property, new construction properties like The Rise are able top come to fruition quicker than ever before while also creating diverse housing options that reflect the existing and new residential customers.

Economic Development Incentives Encourage Placemaking Economic Development. Local, state, and economic development incentives make many placemaking strategies a reality but providing the financing and capital stack models to complete these projects is where the rubber meets the road. Princeton Economics estimates that state and local governments invest about $30 B dollars in economic development incentives annually.[53]

Local and State Economic Development Incentive Programs



Tax credits are tools private developers, investors and individual companies use to reduce tax burdens in exchange for economic growth and state's issue tax credits in many different ways to meet development objectives.

Ohio's Transformational Mixed-Use Development Program (TMUD) provides a tax credit against Development costs incurred during the construction of a project that will be a catalyst for future development in its area. An eligible Development projects for TMUD tax credits includes new construction and/or improvement of vacant buildings that will have a major economic impact on the site and the surrounding area. This Development must be a combination of retail, office, residential, recreation, structured parking, and other similar uses into one mixed-use Development. Projects may be either the entire Development, a phase of the overall Development, or contiguous phases within the Development. Eligible applications are divided based on location of the Development, resulting in two funding groups: "major city" and "general." A Major City Project is located either within one of Ohio's six designated major cities, as defined in program guidelines, or within a ten-mile radius of the corporate boundary of the city. Developments that do not meet these location criteria will be considered General Projects.[54] The Ohio Department of Development has $100 M in TMUD tax credits to award in multiple funding rounds in each of the next two fiscal years. Eligible Development projects must complete an Economic Impact Statement that demonstrates direct, indirect, and induced economic benefit in and around the Development's location and demonstrated economic impact must represent at least 10 percent of the total Development investment.

To attract new businesses and encourage the expansion of existing businesses, state and local governments also may offer tax abatements as an economic development incentive. While this tax incentive has a general effect on property taxes, the means employed by state and local governments to achieve this effect varies from program to program. *Enterprise Zones* are the most common tax abatement program.[55] These programs offer real and personal tax incentives to businesses that expand or locate within designated "Enterprise Zones." First, the locality must designate an area as an Enterprise Zone. Enterprise Zone designation is based upon an areas poverty and unemployment rate. However, state law may not limit which municipality may use the Enterprise Zone program; thus, Enterprise Zones are as prevalent in wealthy suburban communities as they are in the poor, inner city neighborhoods. This goes against the original intent of the Enterprise Zone program. Once designated, businesses that wish to build or expand in Enterprise Zones can apply for the program's abatement. Generally, the tax incentive permits the local government to offer a full or partial exemption of the real or personal property values attributable to the new development.

Port authorities are governmental agencies with few of the restrictions placed on governments. Ports do not need a body of water or an airport to operate. Port authorities operate across the United States and provide services akin to a public bank providing a range of public finance tools critical to economic development projects. Three states have tax incentives designed to support the operation of local port authorities that include Alabama, Georgia, and Virginia. Arkansas, Ohio, and Wyoming also authorize port authorities to provide what is a sales tax exemption for the construction material in economic development projects that can produce substantial economic development savings.

Federal government tax credits and program funding are used to enhance economic growth. The *U.S. Department of Commerce's Economic Development Administration (EDA)* public works grants fund infrastructure related to company attraction and expansion. The program supports locally developed projects that encourage long-term economic self-sufficiency and global competitiveness.[56] These investments support redevelopment of Brownfield and business/industrial development. Public works and economic development programs support infrastructure for industrial park, port, and Brownfield development.[57]

The federal *Opportunity Zone* program designated 8700 census tracts as opportunity zones. Taxpayers who invest their capital gains in a federal certified opportunity zone for ten years will not pay any capital gains taxes on that investment and can defer a smaller percentage they would have to pay in their original capital gain event. States also support opportunity zone investments. The state of Ohio created the state *Opportunity Zone Investment Credit and the Ohio Qualified Opportunity Fund*. The Ohio opportunity zone investment credit is a non-refundable credit that allows a taxpayer to invest capital gains in a qualified opportunity fund. The credit shall equal 10 percent of the taxpayer's investment, capped at $1 M, in a qualified opportunity fund in the taxable year of the investment. The Ohio Department of Development Director cannot issue more than $50 million in Ohio Opportunity Zone Tax Credits over the biennium.

Federal New Markets Tax Credits provide a funding source for projects located in federally designated low-income areas. The Federal New Markets Tax Credit provides a 39% Federal Tax Credit over 7 years. Using a state level $1M Ohio Tax Credit, paired with a Federal Credit, for real estate investments in poor communities through complex transactions involving retail, office, and manufacturing projects. New Market Tax Credit projects involve the gaining of an allocation of the federally awarded tax credit from an awardee of the credit. The challenge for use of this program is the demand for projects far exceeds the availability of New Market Tax Credit allocations.

The provision of infrastructure is the most traditional public subsidy provided by local and state governments to incentivize economic development. Infrastructure is the roads, water, sewer, rail, power, and telecommunications services needed to operate any use of a property. Government provides infrastructure for economic development projects either through their direct resources or through public finance tools that pay for infrastructure over a period.

Tax Increment Financing (TIF) is the most popular tool for local governments to finance public improvements within their districts or areas. TIFs started in California in the 1950s, and today, the District of Columbia and all of the states, other than Arizona, have adopted some form of TIF program.[58] Local government pays for public improvements and infrastructure by capturing the future tax increments from the project's area under a TIF.[59] The local government issues bonds to finance the project, and the bonds are paid for later through the increase in taxable property value the improved area receives.[60] This increase in taxable property value is the "tax increment," and it goes directly toward repaying the debt incurred by the local government on the issued bonds.[61] TIF does not require an increase in taxes or a new tax levy. Generally, property taxes are the type collected, but a few states allow for other taxes, like sales taxes, to be included in the collection.[62] The taxes are then placed in a special fund, which reimburses the principal and the interest of the issued bonds.[63] Once the value of the property increases, the gain in the taxable value goes to the local government to repay the debt incurred by the issued bonds. Thus, if the process works as planned, the project is self-sustaining and provides a benefit to the community without any new or increased taxes.

TIF bonds are permitted to fund project costs and "public infrastructure." What constitutes a public infrastructure varies from state to state. Public infrastructures is defined as improvements to land, streets, water lines, sewer facilities, buildings, bridges, highways, pedestrian walkways, storm drainage, traffic-related instruments, landscaping, schools, and parking structures.[64] More expansive jurisdictions allow for the funding of commercial, industrial, and residential structures.[65] Further, the use of eminent domain to acquire land is permitted in most TIF projects. As to project costs, they typically encompass all necessary and incidental costs of a development project such as the costs of issuing obligations, relocating displaced persons, organizational costs, and professional services fees.[66]

The *Federal Historic Preservation Tax Credit* program was initially created in the 1980s as part of a Reagan Administration economic stimulus package. Federal Historic Tax Credits provide a tax credit to leverage the private redevelopment of historic buildings. The program is considered to be highly competitive within most markets that provide such an abatement. Various states offer historic tax credit programs that can be partnered with historic tax credits and other funding mechanisms to build an overall capital stack. The *Ohio Historic Preservation Tax Credit Program* provides a state tax credit up to 25% of qualified rehabilitation expenditures incurred during a rehabilitation project, up to $5 million. The tax credit can be applied to applicable financial institutions, foreign and domestic insurance premiums, or individual income taxes. In Ohio alone, tax credits have been approved for 562 projects to rehabilitate over 795 historic buildings in 77 different Ohio communities. The program is projected to leverage more than $8.09 billion in private development funding and federal tax credits directly through the rehabilitation projects to Ohio preservation.[67]

Keeping and using old places is one of the most environmentally-sound things a community can do when attracting development redevelopment investments. The building that is the most environmentally friendly to a community is one that is already standing. As the table below illustrates, states like Ohio offer substantial infrastructure and site development incentives that can be inserted into an overall capital stack to make projects attractive to developers, financially feasible, while advancing community development priorities.

Ohio Infrastructure and Site Development Incentives Capital Stack

Ohio Enterprise Zone Program
• Provides real and personal property tax exemptions to businesses making investments that are in conjunction with a project that includes job creation
JobsOhio Revitalization Program
• $500,000 to $5 M in loans and $1M in grants for redevelopment of sites create or retain at least 20 jobs for public or private sector applicants for site demo, environmental remediation, building construction, infrastructure and environmental testing
Ohio Brownfield Remediation Program
• $350 M in Brownfied remediation funding awarded by the Ohio Department of Development
Ohio Building Demolition and Site Revitalization Program
• $150 M in building demo and site revitalization funding awarded by the Ohio Department of Development
Ohio Water & Wastewater Infrastructure Grant Program
• $250 M awarded by the Ohio Department of Development for helping Ohio communities make necessary water & wastewater infrastructure improvements
Tax Increment Financing
• Local governments program that defines districts to capture future assessed value of property tax for the use on public infrastructure

Most states either have their own state historic tax credit program or have programs under consideration. Historic tax credit projects can provide many benefits to a community such as, increase property values, draw new businesses, attract new residents, and enlarge the tax base in a given area. Additionally, historic tax credit programs vary in the types of projects funded and depend on the statewide redevelopment and preservation priorities in place.

Statewide Historic Preservation Tax Credit Programs[68]

State Program	Application Process	Annual State Cap	Transaction Cap	Related Information
Alabama Historic Rehabilitation Tax Credit	1.) The AHC provides technical assistance on application procedures, appropriate rehabilitation work, and will visit properties as needed. 2.) The AHC will recommend qualifying projects to the Historic Tax Credit Evaluating Committee who will rank projects in the order they are to receive tax credit reservations. 3.) Applicants must report progress of the project at 18 months and 36 months of receiving the reservation, and the project must be complete within 60 months.	$20 million in tax credits are available each tax year from 2017 to 2027. No more than $200 million in total credits before Dec. 31, 2022.	$50,000 for residential homes.	Those receiving a reservation have up to 5 years to complete the project and take the tax credit. Any tax credit transferred must be valued at 85 percent or greater of the present value.
Colorado Job Creation Main Street Revitalization Act	In connection with the reservation of tax credits for qualified commercial structures, changes the existing requirements under which the Colorado office of economic opportunity (office) uses a lottery process to determine the order in which it will review applications and plans received on the same day to a process under which the office must date and timestamp each application and review a plan and application on the basis of the order in which such documents were submitted.	$10 million	$1 Million	Credit goes to 30% in a designated disaster area and starting in 2020 goes to 35% for projects in defined "rural" communities under 50,000 in population. 50% of credits to be awarded to projects with QREs less than $2 million; 50% of credits to go to projects with QREs of $2 million and above.
Delaware Historic Preservation Tax Credit Program	Apply for the state credit and federal credit separately. Delaware state applications are broken up into four separate parts. Part four of the application is the application to claim the credit on the property.	$8 million	20 percent of qualified expenditures for income producing buildings, residential buildings, and an additional 10 percent for low-income housing developments. $30,000 cap for single rehabilitation of owner-occupied property.	20 percent credit for properties eligible for federal HTC; a 30 percent credit for homeowners and nonprofits; 100 percent credit for resident curatorship properties. The credit may be carried forward 10 years. The credit may be transferred in whole or in part at any time during the 10-year period. Property owners without tax liability, such as nonprofits or local governments, can take part in the program.

State Program	Application Process	Annual State Cap	Transaction Cap	Related Information
Georgia Income Tax Credit Program for Rehabilitated Historic Property Program	Apply for the state credit and federal credit separately. Before claiming credits, taxpayers must submit an application to the Georgia Department of Revenue for preapproval of credits. This application must include precertification from the Georgia Department of Natural Resources certifying that improvements to the certified structure are consistent with the department's standards of rehabilitation. Qualified rehabilitation expenditures may only be counted once in determining the amount of tax credits, and only one entity may claim credits for qualified rehabilitation expenditures associated with an individual project.	Homeowner projects and commercial projects under $300,000 in credits are exempt from annual aggregate cap of $25 million. Additional 5% credit for residence located in a HUD target area. 2022: $5 million combined for all projects earning $300,000 or less; $25 million for all projects earning more than $300,000. 2023 and 2024: $5 million for historic homes earning $300,000 or more. 2023 through 2027: $30 million in aggregate, excluding historic homes.	$5 million; $10 million in cases where a project creates 200 or more full-time, permanent jobs or $5 million in annual payroll within two years of the placed-in-service date. $100,000 cap on credits received for rehabilitation of historic homes.	25 percent of qualified expenditures. Taxpayers can take credit up to two years after property is placed in service. The credit may be carried forward 10 years. (5 years.)
Indiana Residential Historic Rehabilitation Credit	Submit the application to the Indiana Division of Historic Preservation & Archaeology.	The amount of tax credits allowed under this chapter may not exceed $250,000 in a state fiscal year beginning July 1, 2001, or thereafter.	Not Applicable	The tax credit is equal to 20 percent of the qualified expenditures that the taxpayer makes for the preservation or rehabilitation of the historic property. The qualified expenditures for preservation or rehabilitation of the historic property must exceed $10,000.
Iowa Historic Preservation and Cultural & Entertainment District Tax Credit Program	Part 1 - Evaluates the building's integrity and significance and project eligibility. Part 1.5 Pre-Application Meeting Part 2 - Evaluates that the proposed rehabilitation work meets *The Secretary of the Interior's Standards for Rehabilitation.* Part 2B Registration – Evaluates submitted materials for the project's planning and financial readiness. Agreement - Establishes the terms and conditions that must be met to receive the tax credit. Part 3 - Evaluates that the completed work has met The Secretary of the Interior's Standards for Rehabilitation and that all other requirements of the agreement, laws, and regulations have been met.	$45 million. Allocation of credits: 5 percent of credits for projects with less than $750,000 in QREs.	Not Applicable	At the election of the taxpayer, the credit may be claimed as a nonrefundable tax credit and carried forward up to five years, or until depleted or, in the case of a refundable credit, carried forward as an overpayment.

State Program	Application Process	Annual State Cap	Transaction Cap	Related Information
Michigan Historic Preservation Tax Credits	Michigan State Historic Preservation Tax Credit applications are submitted in three separate parts. Part one contains identification of the site. Part two contains the scope of rehabilitation. Part three contains official documentation showing areas of work and estimated deadlines for project completion.	$5 million statewide cap: $2 million for large nonresidential historic resources, $2 million for small nonresidential historic resources, $1 million for residential historic resources.	$2 million limit per taxpayer per year.	The SHPO has 120 days from receipt of a complete application to issue a determination relating to that portion of the application. A Qualified Taxpayer with a Certificate of Completed Work issued after December 31, 2020 and before January 1, 2031. Incorporated non-profit organizations operating in Michigan are eligible to apply and receive credits, but must transfer credits to a Qualified Tax Payer with Michigan tax liability in order to redeem the credits with the Michigan Department of Treasury.
Montana Historic Rehabilitation Income Tax Credit Program	Applicants submit a three-part Federal Rehabilitation Tax Credit application to the SHPO for review and comment. The application for the state tax credit relates to applicant's submitting their own state income tax forms.	Not Applicable	Not Applicable	The state tax credit is equal to 25 percent of the amount an owner claims under the federal program. The Rehabilitation Tax Credit program is for buildings such as rental housing, commercial space, barns, or offices that are associated with a business venture. Private residential properties do not qualify for the program.
North Dakota Renaissance Zone Rehabilitation Tax Credit	Apply for the state and federal credits separately. North Dakota state tax credit applications require three separate parts.	Not Applicable	$250,000	Credits are 25 percent of qualified rehabilitation expenditures for a project that is part of a renaissance zone project and is eligible to be on the National Register of Historic Places. The credit can be carried forward five years.
Texas Historic Preservation Tax Credit Program	An entity shall file with any report on which the credit is claimed a copy of the certificate of eligibility issued by the commission under Section 171.904 and any other information required by the comptroller to sufficiently demonstrate that the entity is eligible for the credit. The application is broken up into three separate portions covering the entirety of the development process.	Not Applicable	Not Applicable	25% tax credit against franchise and insurance premium taxes for certified historic structures rehabilitated and put in service on or after Sept. 1, 2013. Owners and long-term lessees (with 39-year lease) can use the credit. Public university can use for costs incurred between June 14, 2017 and Jan. 1, 2022. No annual or per-project cap. Carry forward: 5 years. Minimum investment: $5,000.

A wide range of local, state, and federal government incentives exist that can finance transformational Placemaking projects and for many communities, it takes a combination of Placemaking visioning and strategic planning; identifying targeted, transformational development opportunities; attracting investors and developers to lead transformational Placemaking projects; and offering divers financial and incentives programs that make a community a competitive and viable place to invest.

ENDNOTES.

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