CENTRAL OHIO RESIDENTIAL DEVELOPMENT WHITE PAPER

MONTROSE LAW FIRM, LLC

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

September, 2022

Dear Friend:

Residential development in growing and struggling markets has never been more important to a region's economic success. However, residential development does not simply happen with private sector investment. Local and state governments play a critical role in the development of residential projects. Developing in markets such as Central Ohio driven by the nearly 1,000,000 residents who live in Columbus, Ohio offer an opportunity to meet a substantial demand for new housing but require an understanding of how the City of Columbus regulates and promotes housing development and how state of Ohio programs can assist in those developments.

Providing an understanding of the role of local and state government's impact on residential developments in Columbus is the purpose of this white paper. This white paper will outline:

- Public-policy and market opportunities in Columbus;
- Municipal land use issues such as zoning impacting residential development in Ohio;
- State of Ohio programs that permit local governments to incentivize residential development and fund public infrastructure associated with residential development as well as direct state funding opportunities for the same; and
- Creation of an action plan for developers seeking to develop residential projects in Columbus to seek the land use entitlements, tax incentives, and public infrastructure funding needed for a site to be transformed into a productive residential project.

Montrose Law Firm, LLC (Montrose Law) provides economic development legal services with a team of lawyers and non-lawyer, economic development professionals. Montrose Law negotiates Public-Private-Partnerships on behalf of developers across the state of Ohio to gain land use entitlements, economic development incentives, and public infrastructure funding. Montrose Law hopes you enjoy this Central Ohio Residential Development White Paper. Please note this Central Ohio Residential Development White Paper should not be considered the provision of legal advice and those reading the guide should seek qualified counsel if they have specific issues or questions on economic development or other matter.

Sincerely,

David J. Robinson, Esq.

Central Ohio Residential Development White Paper Executive Summary

Central Ohio is a growing job market attracting a young, highly educated workforce.

- The 11-county Central Ohio region had a net gain of 238,000 people from 2010 to 2020 with that growth prime to jump even more with the announcement of a $20 B Intel facility.

Central Ohio is not meeting the demand for residential development.

- Columbus region needs 14,000 new residential units a year but is only building 8,000 annually and home values have increased by 85% over the last five years.

Central Ohio offers multiple markets primed for residential growth.

- Urban, rural and suburban markets are primed for residential growth and select areas may have economic development incentives designed to attract residential development.

Ohio Land Use Process Empowers Local Governments to Support Real Estate Development.

- Ohio empowers local governments to regulate land use matters that include permitting residential development utilizing a traditional Euclidian Zoning model but permits amendments to the zoning code through a public process.

Columbus Zoning Process Driven by Development Department with Local Community Input.

- With the city-wide election of City Council members, Columbus' Development Department administers zoning amendment and variance process based upon local neighborhood group input and approval from Columbus City Council.

Ohio Economic Incentive Program Primes the Pump for Residential Development.

- Ohio cities and townships can provide real estate property tax abatements to incentivize residential property development through the Community Reinvestment Program (CRA) which includes Pre-1994 CRAs that offer a full 100%, 15-year real property tax abatement for future taxes and Post-1994 CRAs that offer a range of real property tax abatements as negotiated with local political jurisdictions and school districts.
- Ohio cities and townships can provide public infrastructure for residential development through Tax Increment Financing and New Community Authorities.
- Ohio port authorities can provide sales tax exemptions for construction material purchases for economic development projects including potentially residential development.
- Ohio provides tax credits for residential development through the Ohio Historic Preservation Tax Credit Program, Ohio New Markets Tax Credit Program, Ohio Opportunity Zone Tax Credit Program and the Ohio Transformational Mixed Used Development program offers $100 M in premium tax credits for large-scale mixed-use projects.

Columbus Offers Property Tax Abatements to Incentivize Residential Development

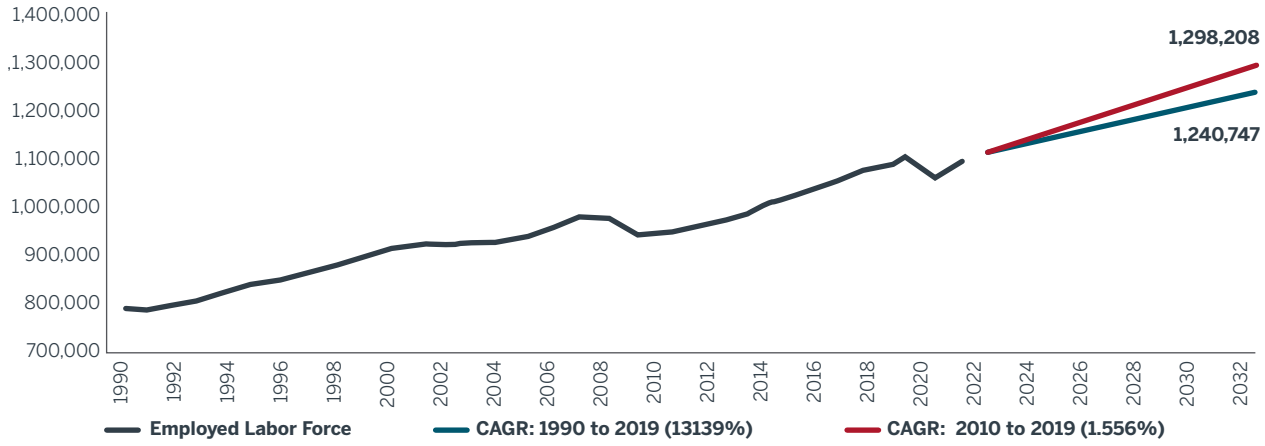
- City of Columbus, Ohio, with its growing, nearly 1 M population base and growing economy offers a strong residential housing market and uses economic development incentives to foster the development of workforce housing in targeted communities.
- Columbus offers Pre-1994 CRAs including Downtown Columbus offers a full 100%, 15-year property tax abatement, a Downtown TIF District to support the development of parking, and a Downtown SID to provide services to residents, office tenants, and building owners.
- Columbus offers Post 1994 CRAs giving housing developers the option of setting aside 10% of units for residents earning 60% AMI and 10% for residents earning 80% AMI, going wider in creating affordability by setting aside 30% of units for residents earning 80% AMI or paying a one-time fee of $32,000 per affordable unit; $16,000 per unit in ready-for-revitalization areas; and $5,000 per unit in ready-for-opportunity areas.

Central Ohio is a Growing Market Attracting a Young, Educated Workforce.

The Central Ohio region, anchored by Ohio's capitol city of Columbus, is a fast-growing mid-sized metropolitan area in line with other large urban centers across the United States driven by population and economic growth. The 11-county Central Ohio region has a net gain of 238,000 people from 2010 to 2020 while the other 77 counties in Ohio have only added roughly 23,000 new residents. Columbus' population is near 1 million people and has the same population as Cleveland, Cincinnati and Toledo combined. The Mid-Ohio Regional Planning Council (MORPC) suggests that the 15-county Central Ohio region continues to be on track to reach 3 million residents by 2050, compared to 2.2 million residents in 2010. This translates to nearly 1.2 million households and 1.5 million jobs in 2050. The same story can be seen in Austin, Raleigh-Durham, Nashville, and other fast-growing midsized urban markets. In addition, substantial new corporate site location wins that include a $20 B Intel fabrication facility and the $300 M Hyperion hydrogen car investment bringing 700 jobs are two 2022 corporate site location wins that illustrate the post-World War II growth pattern benefiting highly educated regions like Central Ohio will continue. As an example, a similar facility was developed in Chandler, Arizona—a Phoenix suburb was developed in 1980 and now 11,000 employees work in Chandler at the Intel site. This Intel

development was one of the key factors that drove Phoenix's population from 1.4 M in 1980 to 4.5 M today. Central Ohio's job creation growth over the past several decades is substantial, and, as the table above illustrates is about to hit overdrive based upon the Intel and other economic development project announcements. The Columbus region is likely to have similar growth from the Intel investment as well as the overall growth trend of Central Ohio.

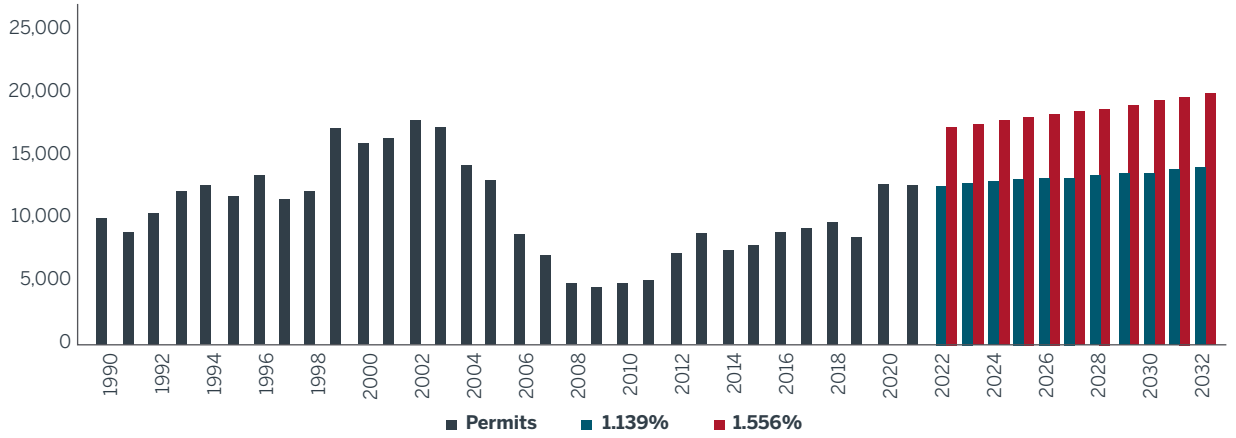
Columbus Region Labor Force and Projected Job Growth



Source: VSI Insights

Central Ohio is not meeting the demand for residential development.
The growth in job creation also creates a substantial opportunity for residential development in Central Ohio. In fact, meeting the demand for residential development in Central Ohio may be one of the larger public policy challenges for Central Ohio as the coming decades of large-scale growth occur. Columbus is one of the top 10 housing markets best positioned for growth in 2022, according to rankings by Realtor.com, and they predict sales will surge by 13.7% and prices will grow by 6.3% this year. The Zillow Home Value Index (ZHVI) for Columbus is $241,472 through May 2022, and home values in Columbus increased by 17.3% over the last year according to Roofstock.com. Over the past five years, home values in Columbus have increased by more than 85%, and the median listing price of a single-family home in Columbus is $240,000 based on the most recent report from Realtor.com (April 2022). No matter the measure, Central Ohio is primed for residential growth and the community desperately needs it to meet its economic potential. The availability of workforce housing is a critical issue the Central Ohio marketplace faces.

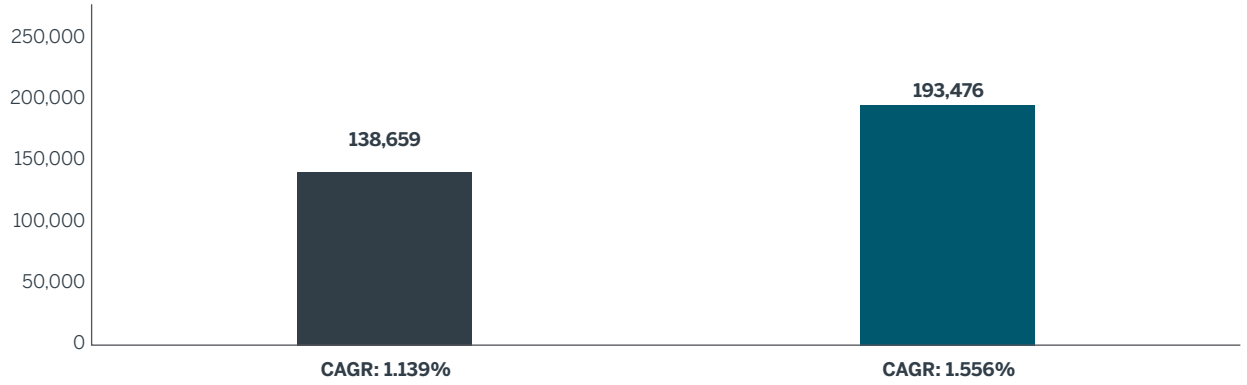
Columbus Region Historical Building Permits and Projected Job Additions



Source: VSI Insights

As the Building Industrial Association of Central Ohio has recognized and the chart above illustrates, the development of housing in Central Ohio is not keeping pace with the job creation now or in the recent past. The BIA of Central Ohio conducted a recent Housing Need Assessment that determined that 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. But Central Ohio is currently building about 8,000 housing units per year, meaning there is a shortfall of about 6,000 units or 43%. This study was completed prior to the Intel and Hyperion project announcements and the table below illustrates the current residential demand in the Central Ohio marketplace which is substantial—totally a demand for nearly 200,000 by 2032.

Projected Housing Demand 2022-2032



Source: VSI Insights

Central Ohio Offers Multiple Markets for Residential Development.
Residential development will not automatically happen in Central Ohio. Rural and suburban school districts in many cases are actively opposing residential development as creating additional financial pressure on school districts to serve students while providing fewer resources. Not all communities are open to new housing investments. Recently, voters in Etna Township in Licking County rejected a proposed residential development through the referendum process that overturned zoning approval granted by the Township Trustees. Residential developers had to seek reversal of a Jerome Township position to not approve residential development by successfully going to the U.S. Federal District Court. Traditional greenfield residential development also is now forced to compete for land with the booming industrial market.

However, several opportunities for residential development exist in Central Ohio worthy of consideration. Growing mid-sized communities like Columbus have an opportunity to meet the housing challenge through the development of multi-family projects in urban centers like Downtown Columbus. Downtown Columbus has traditionally been defined as the area between the box of Interstate highways, I-70 to the south, I-71 to the east, I-670 to the north, and State Route 315 on the west in the City of Columbus. The Columbus Capital Crossroads Special Improvement District (Capital Crossroads SID) reports that 11,200 people reside in Downtown Columbus and the pre-pandemic workforce was near 90,000 people making it a major jobs center competing with the suburban Easton Development and Polaris developments as the center for office jobs in the Central Ohio market. With 14 projects under construction and another 19 proposed, downtown could see close to 15,000 residents by the end of 2024 again according to the Capitol Crossroads SID. The population of Downtown Columbus still trails that of many peer cities, including Cleveland and Cincinnati. But, amid the Columbus region's rapid growth in recent years, downtown reached a major milestone: surpassing 10,000 residents in 2020. According to the Capitol Crossroads SID, average rents and home prices climbed during the year, and the median sale price of owner-occupied units increased 12% from the previous year to $354,000 with one-bedroom rent prices soaring 20% to reach $1,393 per month.

The Downtown Columbus office market is struggling. According to a recent Colliers report, the Downtown Columbus vacancy rate hit 12.8 percent in Q4 2021 which is the highest it has been since 2011. New investments continue in Downtown Columbus. The traditionally strong Statehouse office tower market surrounding the Ohio Statehouse is at a historic weak position with many buildings facing 70% vacancy rates as companies have moved to the Arena District, and large corporations such as Chase have ended leases to move workers to home or to their company-owned space on the outer belt. On the positive side, the conversion of Downtown Columbus office towers has begun as illustrated by the redevelopment of half of the 360,000 square feet of the PNC Tower into residential units by the Edwards Company. At $211 M, the second phase of the Scioto Peninsula development was among noteworthy proposals unveiled in 2021. It will include a 30-story residential tower, 245,000 square feet of office space, a parking garage, and street-level retail if new state funding can be gained. The White-Haines Madison block along High Street is being redeveloped by the Edwards Cos. The plan incorporates the former Madison's department store and White-Haines buildings, as well as a new 15-story apartment building on a vacant lot to the north.

Columbus and other mid-sized cities' residential growth prospects could be supported by the Work-From-Home (WFH) movement among companies and employers that are emptying traditional Downtown office buildings of tenants and creating concern among local government officials around the traditional flow of income and property taxes that are generated by Downtown office towers. Some estimates indicate that Columbus could lose as much as 30% of its income tax revenues due to WFH. The remodeling of Downtown office towers into residential units is possible but the costs to do so are substantial and parking restraints of Downtown Columbus and similar markets will be stretched even further with a large in-flow of Downtown residents.

Ohio Land Use Process Empowers Local Governments to Support Development.

Local governments manage design, growth, and development typically through a comprehensive plan that can serve as a legally binding document that sets the overall goals, objectives, and policies to guide the local legislative body's decision-making regarding the development of a region or community. Municipal or county planning commissions help guide growth and development and set the framework for zoning regulation. These local government organizations could be elected, or appointed officials and their focus is the development of studies, maps, and plans that recommend planned uses for land-based upon the physical, environmental, social, economic, and governmental characteristics, functions, services, and other aspects" of their geographic area.[i] Planning commissions are also responsible for the initial review of new zoning ordinances or amendments to existing zoning ordinances.[ii]

Article XVIII, Section 3 of the Ohio Constitution, known as the home-rule amendment, allows municipalities to adopt a home-rule charter. This charter is the functional equivalent of a constitution and establishes in broad strokes how the municipality will be organized and how it will exercise its powers of self-governance, including planning and zoning regulation.[iii] Municipalities that have such charters are not required to follow the Revised Code with respect to enacting, amending, or administering zoning ordinances. Instead, they follow the procedures set out in their charter.[iv] When there is no charter or ordinance or a city's charter is silent on zoning regulation, however, the city must follow the specifics of the law as established by Ohio Revised Code Chapter 713.[v] Zoning is a key component of the basic system of land use regulation. Zoning regulations provide for orderly growth, generally in furtherance of comprehensive plans; limit the interaction of incompatible uses; and protect the public health, safety, and welfare. The constitutionality of zoning regulation, as an exercise of police power, is established by the Supreme Court in *Euclid v. Ambler Realty Corp*.[vi] As a direct result of Euclid, most zoning in America creates housing subdivisions characterized by auto-dependent design and segregated land uses, resulting in massive suburban development. This conventional zoning creates neighborhoods with five key components:

- Housing subdivisions;
- Shopping canters, composed of single-use retail buildings, usually a single story with exclusive parking areas;
- Office/business parks, also single-use and served by exclusive parking areas;
- Civic institutions, such as churches, schools, and libraries, generally large and separated from other uses and served by exclusive parking areas; and
- Roadways connecting these separated land uses and designed exclusively for the use of automobiles.[vii]

Traditional zoning divides land within a jurisdiction into districts, or zones, with varying restrictions on uses that may be established and conducted in the different zones and standards (such as size and location of

buildings, yard areas, and intensity) such uses must meet. The local legislative body may divide the municipality into districts of such number, shape, and area as may be best and within such districts, it may regulate and restrict the erection, construction, alteration, repair, or use of buildings, structures, or land.[viii]

Economic development projects that need to change the zoning at their site can achieve that zoning change using a zoning amendment, use variance, area variance or non-conforming use. A zoning amendment is the rezoning of a parcel (s) from one zoning category to another that better permits the intended use of the land. As an example, a site that is currently zoned to permit agriculture will need to be rezoned to a manufacturing or logistics category to permit that site to be transformed into an industrial park. Many regions have created special zoning categories for industrial parks that contain a full package of zoning mandates consistent with the land use, building heights, roadway access, and other issues relevant to special industries such as logistics.

Changes to the use of property can also be achieved through the variance process. A use variance is a request to deviate from current zoning requirements, and it permits the owner to use the land in a manner not otherwise permitted by the zoning ordinance.[ix] Area variances are also permitted the depart from the zoning code for size and setback requirements. This type of variance is held to a lesser standard, and property owners seeking an area variance must only prove the zoning ordinance creates "practical difficulties" for the burdened parcel.[x] A variance is a specific waiver from the zoning ordinance and standards for awarding a variance focus on whether the property owner can demonstrate that existing zoning regulations present a practical difficulty in making use of the property.[ix] The process for awarding a variance is similar to that of gaining a zoning amendment. A zoning variance application must be filed and notice is provided to adjacent property owners.[xii] Public hearings by a city planning or development commission or a township zoning commission prior to the final decision by the city council or township trustees are held with recommendations provided by the planning or zoning commission and the final decision resting with the city council or township trustee.[xiii]

A nonconforming use is a permitted use of property that would otherwise be in violation of the current zoning ordinance.[xiv] The use is permitted or "grandfathered in" because the landowner was using the land or building for that use before the zoning ordinance became effective. the property almost always needs to have been continuously put to the non-conforming use to gain the permit.[xv] Finally, conditional use permits allow an otherwise non-permitted use of the property that the zoning code does not include.[xvi] Conditional use permits are usually granted at a public hearing before a political body, usually with the conclusion that the new use of the property will be in the public interest.[xvii]

Many successful zoning change applications start with an aggressive pre-application approach that begins with meeting the local government zoning staff and impacted community. Early completion of traffic and engineering studies pays big dividends later. Next, those seeking zoning changes obtain written service commitments for public sewer and water services, engineering approval of the legal description, and an outline of the economic model and time constraint for the project. The project may then be prepared to file a zoning application. The zoning application includes a statement of compliance to the comprehensive plan applicable to the area, detailed legal descriptions of all subareas, site plans, elevations, and construction materials palette. Project drawings illustrate how the proposed development "fits in." Also, the zoning applicants provide certification of financial capability to execute the project if approved and a vicinity map showing the names of neighbors.

Zoning Process

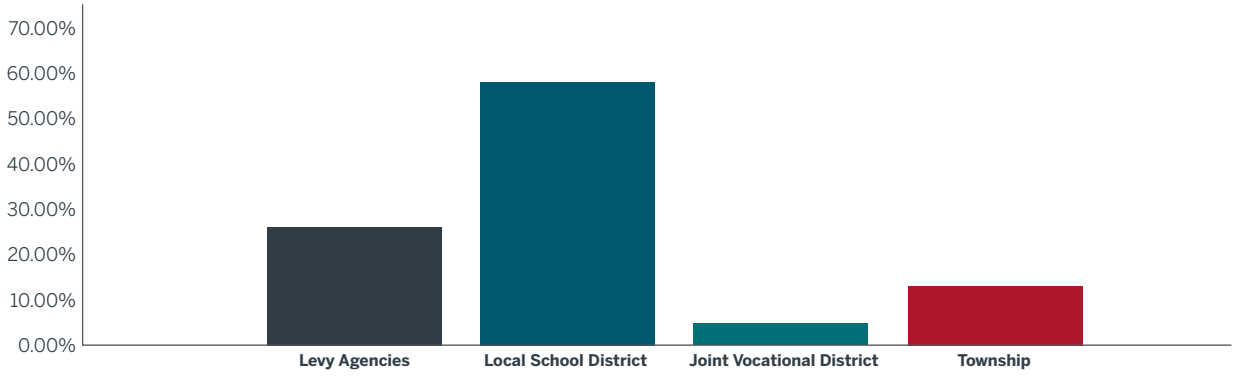
Notice is then provided to all persons mandated by the zoning ordinance/resolution, mailed to the tax mailing or street addresses, through publication in a newspaper of general circulation or posting a sign(s) on the property. Once the zoning application is received by the zoning official, the staff reviews for accuracy and completeness, and a hearing is held before a regional planning commission. A written recommendation to the jurisdiction's planning commission is then created, and ultimately a vote is taken on the zoning by the city council or township trustees. However, in many jurisdictions, the citizens still retain the right to place a referendum on the ballot to overturn the zoning action by the city council.

Ohio Streamlines Property Tax Appraisal Process

The Ohio General Assembly passed a significant reform that will make sweeping changes to the state's real property tax law. HB 126, once signed by Governor Mike DeWine in the coming weeks, will effectively end practices that have impacted Ohio property owners for years. Currently, Ohio school districts are able to challenge property values to increase the assessed value or fight property owners' attempts to lower their assessed values. Essentially, school districts can file complaints to make property owners pay more money in real estate taxes to increase the school district's funding.

The Ohio local property tax process is governed by the Department of Taxation which ensures uniformity through its oversight of Ohio's county auditors' appraisal work. Auditors conduct a full reappraisal of real property every six years and update values in the third year following each sexennial reappraisal. The department's Division of Tax Equalization then compares the assessed property values to sale prices, then uses these "sales ratios" to evaluate assessments and, if necessary, seeks changes. The real property tax base, according to Ohio Revised Code 5713.03 and 5715.01, is the taxable (assessed) value of land and improvements. The taxable value is 35% of market value, except for certain land devoted exclusively to agricultural use. Under Ohio Revised Codes 319.301, 5705.02-.05, and 5705.19, real property tax rates are levied locally and vary by taxing jurisdiction. The total tax rate for any parcel includes all levies either enacted by a legislative authority or approved by the voters of all taxing jurisdictions in which the property is a part. Some examples include school districts, counties, municipalities, townships, and special service districts. Each unique combination of these taxing jurisdictions creates a separate taxing district. Each taxing district has its own unique way of divvying up property taxes and PILOTs to different entities. Below is an example of how a taxing district distributes these dollars.

Property Tax and PILOT Distribution



Ohio is one of only a few states in the country that permits school districts to challenge the county auditor's valuations. Additionally, according to WalletHub, Ohio has the 13th highest property taxes in 2022 with an average annual property tax of $2,271 on homes priced at the state's median value. There has been growing concern among state representatives that by continuing to allow school districts to use these tactics, it would take away money from Ohio's economy and funding for other taxing authorities and social service programs. HB 126 aims to fix this issue by changing the structure of Ohio real property tax valuation contests such as:

1) Limiting the filing of property tax complaints by boards of education and other subdivisions to instances where (i) the property was sold in a recent arm's length transaction in the year before the tax year for which the complaint is filed, (ii) the sale price of the property is at least 10% and $500,000 more than the auditor's value, and (iii) the subdivision first adopts a resolution authorizing the complaint with notice sent to the property owner at least seven days before adopting the resolution. These limitations would end the practice of retroactive tax increases attributable to years in which a sale occurs. The $500,000 threshold also is indexed to increase each year with inflation.

2) Ending private pay settlement agreements between a property owner and a board of education after the effective date of the bill. Currently, property owners would make a settlement payment to the board of education to dismiss, not file, or settle a complaint by agreeing to new value for the property that is not reflected on the tax list. HB 126 would also prohibit a subdivision's standing to appeal a board of revision decision to the Board of Tax Appeals. Although the bill is silent on whether a subdivision could enter as an appellee in a BTA appeal from a BOR decision.

3) Removing the requirement that school districts receive notice of a complaint.

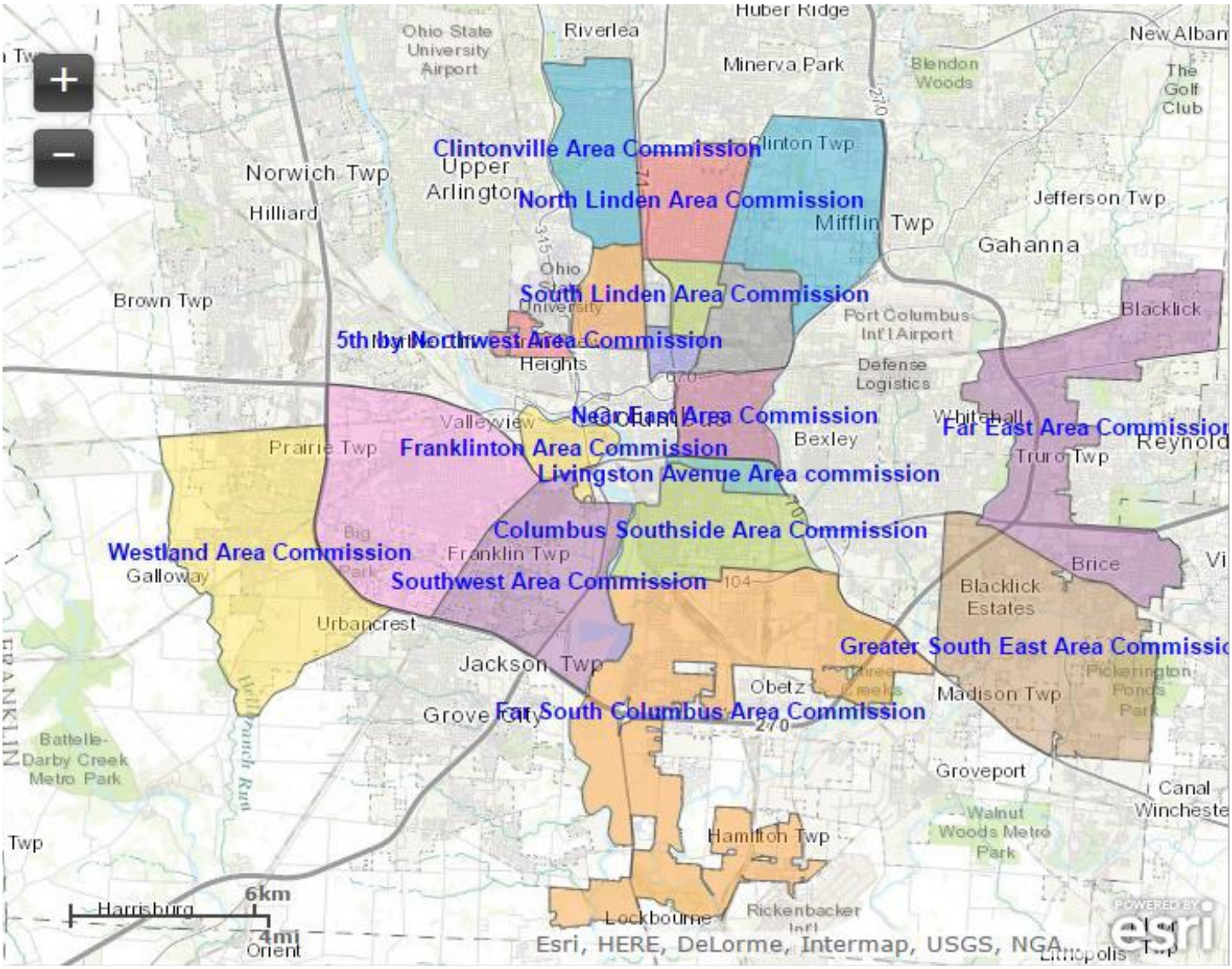
4) Modifying the timeline in which school districts can file a counter-complaint to 30 days after the initial complaint is filed. Currently, a school district may file a counter-complaint within 30 days after receiving notice of the owner's complaint.

5) Requiring that a county Board of Revision dismiss a complaint filed by a subdivision within one year after the complaint was filed if the Board of Revision does not render a decision within that timeframe.

HB 126 specifies that most of its changes will apply to complaints or counter-complaints filed for tax year 2022 and thereafter, except for provisions regarding private payment agreements which will apply on or after the bill's effective date. The bill is expected to affect each property owner differently. For more details on HB 126, visit https://www.legislature.ohio.gov/legislation/legislation-documents?id=GA134-HB-126.

Columbus Zoning Process Driven by Development Department with Community Input.
The City of Columbus implements Ohio's statutory framework for land use regulation through the adoption of a city-wide comprehensive plan, but also regional land use plans gathered with input from community groups. Communities like the City of Columbus, Ohio operates with an at-large city council that generally receives zoning amendment recommendations from the Columbus Development Commission and a local area commission. Columbus operates with 16 area commissions that include: 5th by Northwest; Clintonville; Far East; Far South; Franklinton; Greater Hilltop; Greater Southeast; Livingston Avenue; Milo-Grogan; Near East; North Central; North Linden; Southside; Southwest; South Linden; and Westland. Columbus Area commissions are established to afford additional voluntary citizen participation in decision-making in an advisory capacity and to facilitate communication, understanding, and cooperation between neighborhood groups, city officials, and developers. Disclosure of the bylaws, procedures, and rules assures accessibility of necessary information. General standards and filing procedures serve as guidelines for the establishment of area commissions, assure compliance with minimum requirements, effect area representation, and permit flexibility and individuality without the legislative burden of detailed codification and periodic amendments for each commission. Suggestions and comments of the area commission are advisory only and failure of the applicant to comply therewith shall not in itself constitute grounds for denial of the application. Failure of the applicant to consult the appropriate area commission in a timely manner, however, may be grounds for postponement of further action by other bodies. Columbus area commission also plays a role in local planning and community liaison role such as creating plans and policies which will serve as guidelines for future development of the area, bringing problems and needs of the area to the attention of appropriate government agencies, recommending solutions or legislation, holding regular public meetings, public hearings on problems, issues and proposals affecting the area, public forums and surveys for interested parties to state problems and concerns, soliciting active cooperation of all segments of the area, initiating and supporting local proposals, and promoting and encouraging local businesses.

City of Columbus Area Commissions



Recommendations for Columbus zoning amendments following a recommendation from a Columbus area commission then goes to the Columbus Development Commission for a recommendation to Columbus City Council. The Columbus Development Commission has have all of the powers, authority and duties granted to it by ordinances of council, and by Section 713.02 of the Ohio Revised Code which outlines the duties of Ohio municipal planning commissioners to the extent that the same are not in conflict with the Columbus City codes, the charter, or with ordinances or resolutions heretofore enacted by council. The Columbus Development Commission is an advisory body to the Director of Development and Columbus City Council in matters related to the preparation, execution and administration of urban renewal development, rehabilitation and conservation plans. The Columbus Board of Zoning Adjustment hears appeals for variance requests in the City of Columbus, Ohio.

Ohio Local Economic Development Incentive Program Prime Residential Pump. Ohio offers a range of tax incentives and public finance tools to develop residential projects. These tools range from tax abatements to tax credits to sales tax exemptions to grants and loans to infrastructure funding.

Community Reinvestment Act Tax Abatements. 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. The program is delineated into two distinct categories, those created prior to July 1994 ("pre-1994") and those created after the law changes went into effect after July 1994. The Ohio CRA Program is a direct incentive tax exemption program benefiting property owners who renovate existing or construct new buildings. This program permits municipalities or counties to designate areas where investment has been discouraged as a CRA to encourage the revitalization of the existing housing stock and the development of new structures. Local municipalities or counties can determine the type of development to be supported by the CRA Program by specifying the eligibility of residential, commercial and/or industrial projects.

CRA Program Benefits Exemption Levels

Exemption Levels	Pre-July 1, 1994, CRA	Post-July 1, 1994, CRA
Real Property	Must be 100%	Up to 100%**
Personal Property	None	None
Inventory	None	None

The exemption percentage and term for commercial and industrial projects are to be negotiated on a project-specific basis. If the proposed exemption exceeds 50%, local school district consent is required unless the legislative authority determines, for each year of the proposed exemption, that at least 50% of the amount of the taxes estimated that would have been charged on the improvements if the exemption had not taken place will be made up by other taxes or payments available to the school district. Upon notice of a project that does not meet this standard, the board of education may approve the project even though the new revenues do not equal at least 50% of the projected taxes prior to the exemption.

Term Exemptions	Pre-July 1, 1994, CRA	Post-July 1, 1994, CRA
Residential Remodeling (2 units or less; minimum $2500)	Up to 10 years as specified in the legislation that creates the CRA	Up to 15 years as specified in the legislation that creates the CRA
Residential Remodeling (more than 2 units; minimum $5000)	Up to 12 years as specified in the legislation that creates the CRA	Up to 15 years as specified in the legislation that creates the CRA
Residential New Construction	Up to 15 years as specified in the legislation that creates the CRA	Up to 15 years as specified in the legislation that creates the CRA
Commercial and Industrial Remodeling (minimum $5000)	Up to 12 years as specified in the legislation that creates the CRA	Up to 15 years as negotiated and approved in an CRA Agreement
Commercial and Industrial New Construction	Up to 15 years as specified in the legislation that creates the CRA	Up to 15 years as negotiated and approved in an CRA Agreement
Personal Property	None	None

Downtown Redevelopment Districts. Ohio's Downtown Redevelopment District Program permits the capture of up to 70% of the future property tax growth around 10 acres of a historic structure for public infrastructure, historic groups, building renovations, and innovation districts. Ohio's Downtown Redevelopment District (DRD) program is a critical tool for municipalities in Ohio to use for redeveloping important historic structures. Downtown Redevelopment Districts work like Tax Increment Financing in that they capture new growth in property taxes in a defined 10-acre district continuous to a certified historic structure. Unlike a TIF that is generally restricted to public infrastructure improvements, a DRD can be used to redevelop the historic building, encourage economic development in commercial, mixed-use and residential areas, build public infrastructure or fund local economic development groups associated with the projects. Within a DRD, the municipality may also designate an Innovation District that support business incubators and accelerators, growing high-tech companies in the community. DRD's must be created, implemented and administered by a municipality. The applicable city or village council of a municipal corporation may adopt an ordinance creating a Downtown Redevelopment District and declaring improvements to parcels within the district for a public purpose and thereby exempt from taxation. The ordinance must specify all the following:

- The boundary of the district, including specific permanent parcel numbers of each parcel within the district;
- Identification of the parcel(s) within the district that include an historic building that is, or will be rehabilitated; and
- The proposed life of the district.

Additionally, the applicant municipality must draft an Economic Development Plan for the district that includes all of the following: a statement describing the principal purposes and goals to be served by creating the district; an explanation of how the municipal corporation will collaborate with businesses and property owners within the district to develop strategies for achieving such purposes and goals; a plan for using the service payments provided for in the Ohio Revised Code to promote economic development and job creation within the district; If an Innovation District will be created within the DRD, strategies for achieving Innovation District goals must also be identified; provide required notices and public hearings in accordance with the Ohio Revised Code and the Ohio Development Services Agency. Once a DRD is created through a municipal ordinance, the municipality must: 1. file annual DRD status reports to the Ohio Development Services Agency, and 2. file an annual DTE 24 Form with the Ohio Department of Taxation.

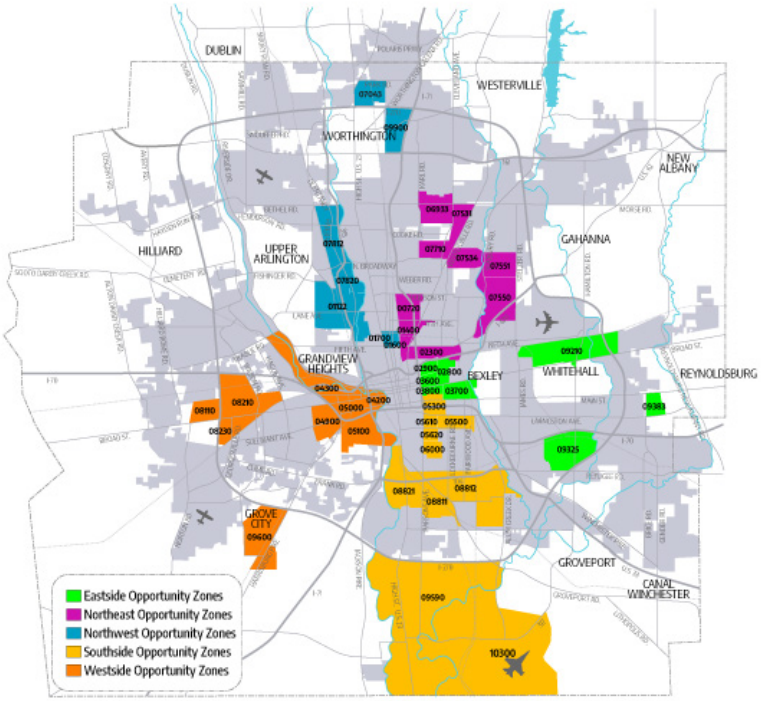
The municipal corporation can exempt up to 70% of the increase in assessed value of the qualified parcels within the DRD for up to 10 years. In certain instances, the exemption may extend out to 30 years with the consent of the affected school district. The municipality may require owners receiving tax exemptions within the DRD to make PILOT payments (payments in lieu of taxes). These PILOT payments are then directed as financial resources back into the District to advance its Economic Development Plan objectives. DRD's can also choose to impose redevelopment charges on properties, which are imposed as a lien on the property and may be collected in the same manner as real property taxes by the County Auditor. Redevelopment charges are considered a covenant on the property and are transferrable and binding on future owners of the land. These redevelopment charges can be collected in a variety of manners including: as a fixed dollar amount; calculated on the basis of the assessed valuation of the property; or calculated on all or part of the profits, gross receipts or other revenues of a business operating on the property, including lease revenues.

New Community Authority (NCA). A new community authority or "NCA" is a special unit of government authorized under Chapter 349 of the Ohio Revised Code. NCAs are to be created to encourage the orderly development of well-planned, diversified, and economically sound new communities by encouraging the initiative and participation of private enterprise in such undertakings; and encouraging cooperation between the developer and the community authority to carry out a new community development program. NCAs permit landowners to create a special assessment known as a Community Development Charge to finance and construct community facilities that include any kind of public improvement within the district and include facilities that are used in furtherance of community activities such as cultural, educational, governmental, recreational, residential, industrial, commercial, distribution and research activities.

Ohio Historic Preservation Tax Credits. The Ohio Department of Development awards twice annually Ohio Historic Tax Credits for designated historic properties (structures 50 years or older) that can provide direct building funding for historically consistent remodeling costs. State Historic Preservation Tax Credits are awarded twice annually. 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. Projects certified on or before June 30, 2021, can apply for the tax credit against applicable commercial activity taxes. Projects certified after this date will not be able to apply the tax credit in that way. Owners and long-term lessees of historically designated buildings who undertake a rehabilitation project may apply for the Ohio Historic Preservation Tax Credit. A building must be individually listed on the National Register of Historic Places; contribute to a National Register Historic District, National Park Service Certified Historic District, or Certified Local Government historic district; or be listed as a local landmark by a Certified Local Government to be eligible. Properties that will be used as single-family residences or multi-family residential condominiums are not eligible. According to the Ohio Department of Development, 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 B in private development funding and federal tax credits directly through the rehabilitation projects.

Ohio New Markets Tax Credit Program. The Ohio New Markets Tax Credit program provides an incentive for investors to fund businesses in low-income communities in federal government-certified New Markets Tax Credit census tracts. The Ohio New Markets Tax Credit Program awards tax credit allocation authority to Community Development Entities (CDE) serving Ohio that serves as an intermediary between investors and projects.[xviii] The investor provides cash to a CDE in exchange for the tax credit (39 percent of their investment claimed over seven years). The CDE uses the cash for projects in low-income communities.[xix] Ohio offers $10 million in tax credit allocation authority is available to CDEs each year.[xx] Tax credit allocation authority is awarded to CDEs, who sell the credit to investors and use that money for high-impact projects. The tax credit can be applied to applicable financial institutions and foreign and domestic insurance premiums.[xxi] Applications are received annually for the Ohio New Markets Tax Credit. Qualified CDEs with available (or anticipated) federal NMTC allocation can file a competitive application with the Ohio Department of Development.[xxii] Ohio NMTC awards are announced after the annual federal NMTC award announcements to coincide with the allocations.[xxiii]

Ohio Opportunity Zone Tax Credit. The Ohio Opportunity Zone Tax Credit Program provides an incentive for Taxpayers to invest in projects in economically distressed areas known as "Ohio Opportunity Zones". These Ohio Opportunity Zones are qualified opportunity zones in this state designated by the Federal Statute 26 U.S.C. 1400Z-1.[xxiv] The Taxpayer invests cash in the Ohio Qualified Opportunity Fund ("Ohio QOF"), which in turn must invest that money in a Qualified Opportunity Zone property in Ohio.[xxv] Once the money is invested in the Qualified Opportunity Zone property ("QOZ Property"), the Taxpayer is eligible for a non-refundable tax credit equal to 10% of the number of its funds invested by the Ohio QOF in the QOZ Property, and the Taxpayer may invest in multiple Ohio QOFs and may receive tax credits totaling up to $2 million dollars during the 2022-2023 biennium period.[xxi] The Ohio Opportunity Zone Tax Credit is applied to the individual income tax, as outlined in the Ohio Revised Code Section 5747.02, and the tax credit may be claimed for the Taxpayer's qualifying taxable year or the next consecutive taxable year.[xxviii] For the 2022-2023 biennium, a total of $50 million in tax credit allocation is available, and taxpayers that have invested in an Ohio QOF must apply directly to the Ohio Department of Development ("Development") for the tax credit during the established application period, occurring annually in January 2.[xxviii]



Ohio Transformational Mixed-Use District (TMUD). $100 M in premium insurance tax credits is available for large-scale mixed-use developments in major and non-major cities over the next four years awarded by the Ohio Department of Development. A project within a major city (100,000 or more in population) is eligible for a TMUD tax credit if it exceeds $50 million, includes the renovation, rehabilitation, or construction of at least one new or previously vacant building; is 15 stories in height, or is at least 350,000 sq. ft., or is a project which

creates $4 million in annual payroll. A project not within a major city (100,000 or more in population) is eligible for TMUD tax credits if the project includes at least one new or previously vacant building that is two or more stories in height, or is at least 75,000 sq. ft.

Ohio Sales Tax Exemption. Ohio port authorities are permitted to offer a sales tax exemption on construction materials used for economic development projects. An Ohio port authority such as the Columbus-Franklin County Finance Authority issues taxable bonds to finance the project, they hold the title to the building and enters into a long-term lease with the client (typically five years), the bonds may be purchased by the client's bank or a related entity of the client itself, the port authority could place the bonds in the capital markets, at the end of the lease term, the building's title would be transferred to the client for a nominal amount, and the client would be viewed as the building's owner for federal tax purposes and therefore would be able to take depreciation on the building.

Tax Increment Financing. Ohio's Tax Increment Financing (TIF) Program funds public infrastructure through the capture of future property tax growth of a defined district or site. An Ohio local political jurisdiction may exempt from real property taxes the value of private improvements up to 75 percent for a term of up to 10 years for a General Purpose TIF. Local governmental bodies seeking to offer greater amounts of assistance under the TIF must first obtain the concurrence of the affected local board(s) of education. With the concurrence of its school board(s), a local political jurisdiction may exempt the value of improvements up to 100 percent for a term of up to 30 years. Funding for a General Purpose TIF can be used for "public infrastructure improvement" that includes, but is not limited to, public roads and highways; water and sewer lines; the continued maintenance of those public roads and highways and water and sewer lines; environmental remediation; land acquisition, including acquisition in aid of industry, commerce, distribution, or research; demolition, including demolition on private property when determined to be necessary for economic development purposes; stormwater and flood remediation projects, including such projects on private property when determined to be necessary for public health, safety, and welfare; the provision of gas, electric, and communications service facilities, including the provision of gas or electric service facilities owned by nongovernmental entities when such improvements are determined to be necessary for economic development purposes; the enhancement of public waterways through improvements that allow for greater public access; and off-street parking facilities, including those in which all or a portion of the parking spaces are reserved for specific uses when determined to be necessary for economic development purposes. An Incentive District TIF is defined as (a) an aggregation of individual parcels of real property comprising an area no larger than 300 contiguous acres and (b) exhibits one or more characteristics of economic distress. Local governments may authorize Incentive District TIFs to fund a number of public infrastructure needs including public roads and highways, water and sewer lines, remediation, land acquisition, demolition, the provision of gas, electric, and communications service facilities, and the enhancement of public waterways (note: public infrastructure does not include police or fire equipment for Incentive Districts TIFs created after March 30, 2006, and no Incentive District TIF service payments collected in such Districts may be used for such purposes). Along with public infrastructure improvements previously noted, Service Payments generated from private improvements in an Incentive District TIF may be used to fund residential housing renovation projects if the TIF includes a public infrastructure component.

Special Improvement Districts. Ohio's Special Improvement Districts (SID) permit property owners in a defined area through a majority vote to create a special assessment to fund area public infrastructure improvements and provide services. A SID is established when owners representing 60% of the front footage or 75% of the land area of the district sign a formal petition to establish it. Services must be for the public good and may include maintenance, physical improvements, cleaning, and additional safety among a variety of activities. The services are chosen by the property owners themselves, through a Board of Directors, and cannot replace city services.

Ohio Prohibition Against Local Government Rent Control. In response to a ballot initiative proposed in the City of Columbus, the Ohio General Assembly recently enacted state legislation to provide a statewide prohibition against local rent control ordinances and regulations. The General Assembly amended Ohio's landlord and tenants law applying to all local government political subdivisions—townships, cities and counties to prohibit rent control or rent stabilization ordinances and regulations adopted by political subdivisions unless the property is owned by the political subdivision, or such regulating is related to voluntary agreements or incentives to increase or maintain the supply or improve the quality of available residential premises to

promote affordable housing provided under LIHTC or similar programs or where, in return for granting some type of tax abatement or credit, the city requires, and the owner agrees, to limit rents. The new law defines "Rent control" as "requiring below-market rents for residential premises or controlling rental rates for residential premises in any manner;" "rent stabilization" is defined as "allowing rent increases for residential premises of a fixed amount or on a fixed schedule as set by a political subdivision."

Central Ohio Residential Development Incentives Support Housing Investments.
Several communities use economic development incentives to foster private residential development. These markets include urban, rural and suburban communities that may be focused on urban infill, development of town centers and large-scale multi-family and single-family homes.

Dublin, Ohio is a major Central Ohio suburb home to Jack Nicklaus' Muirfield Village Golf Club and home to Cardinal Health and several other large corporate headquarters. Bridge Park is Dublin's newest urban, walkable neighborhood complementing Dublin's vibrant Historic Downtown. Spanning 30 acres along the Scioto River, Bridge Park builds upon Dublin's rich history of iconic developments and will usher in a new era as a social, commercial and experiential destination. Integrating retail and residential uses within a walkable and inviting neighborhood, Bridge Park will feature condominium homes and apartments, boutique grocery store, retail, office and a hotel and conference center developed in multiple phases over the next few years. The project also will include 3,165 parking spaces – on-street and structured parking garages. CRAs, TIFs, NCAs and other economic development tools were at the centerpiece of developing Bridge Park that included the development of multiple public parking garages and a bridge spanning the Scioto River linking Bridge Park to Historic Dublin.

Marysville, Ohio is the county seat of Union County just northeast of Columbus and closely connected to a number of Honda automobile manufacturing facilities and substantial suburban growth. In 2002, the Marysville City Council approved the continuance of a CRA in the Uptown District and its surrounding residential areas in Downtown Marysville.[xxix] The main purpose of the CRA is to encourage development, redevelopment, and revitalization in the older areas of Marysville to improve economic stability, maintain real property values, and create new employment opportunities.[xxx] The CRA program's main mechanism is the use of tax incentives granted to property owners for real property improvements to their buildings which meet the goals, objectives and requirements listed below.[xxxi] The abatement reduces the increase of property taxes that occur as a result of the completion of renovations or new construction.[xxxii] It does not reduce existing property taxes.[xxxiii] Eligible real property improvements include building and structural modifications such as a new addition, new windows, new façade, new storefront, new awnings and major structural repair.[xxxiv] Residential (no more than two units in building), commercial, and/or industrial property owners in the CRA designated zone (refer to CRA Boundary Map) who plan to make structural improvements meeting the CRA requirements may qualify.[xxxv] Uptown area commercial buildings with residential units on the upper levels will be considered as commercial buildings.[xxxvi] Qualifying residential properties may receive a 75%, seven (7) year real property tax abatement for new improvements for which the cost of remodeling is at least $7,500.[xxxvii] These residential buildings cannot have more than two residential units, need to be owner-occupied, and not have commercial on the first floor. The review and approval of the Marysville Housing Officer is required.[xxxviii] The City shall consider the following when reviewing each application:

- Residential building is less than two units and is owner-occupied;
- Use of building shall meet zoning and building regulations;
- Shall encourage private investment that will repair, construct, or improve a building; and
- Commercial and industrial projects that create new employment, restore historical significance or promote the revitalization of the Uptown area are preferred.[xxxix]

London, Ohio offers another rural model focused on residential development. London sits as the County seat to Madison County located west of urban Franklin County. Madison County is home to a substantial logistics industry in West Jefferson, Ohio. London created a certified CRA zone focused on promoting residential development. London built a Public-Private-Partnership with the local school district that established if a new developer comes in that wants to build homes, a 100% abatement would be available for up to 3 years or upon the sale of the property to a homeowner. This was created to encourage housing development and minimize risks for developers and home builders. While not every development has received or will receive incentives, since the CRA was put into place, 60 future homes were announced in London by Arbor Homes (could be up to 15 over multiple phases) and approximately 230 homes were recently announced by Pulte for the City of London.[xl]

The city of Columbus offers discretionary real property tax abatements to incentivize residential developments in targeted communities. As permitted by state law, Columbus offers a 100% real property tax abatement on the growth in property tax for 100% of the tax for 15 years in areas recognized as a Pre-1994 CRA.[xli] It is critical to note that real property tax abatements operate in these areas as a matter of legal right and do not require action by Columbus City Council. These real property tax abatements are provided through an administrative process with the Columbus Development Department that does not require even an economic development agreement. However, other economic development incentives residential projects may be seeking such as public infrastructure or parking investments through TIFs or NCAs or construction materials sales tax exemptions may require action by Columbus City Council and the Columbus Development Department or the Columbus-Franklin County Finance Authority; thus, potentially creative leverage on developers for the creation of a public-private-partnership for the projects. These areas are outlined on the map below.

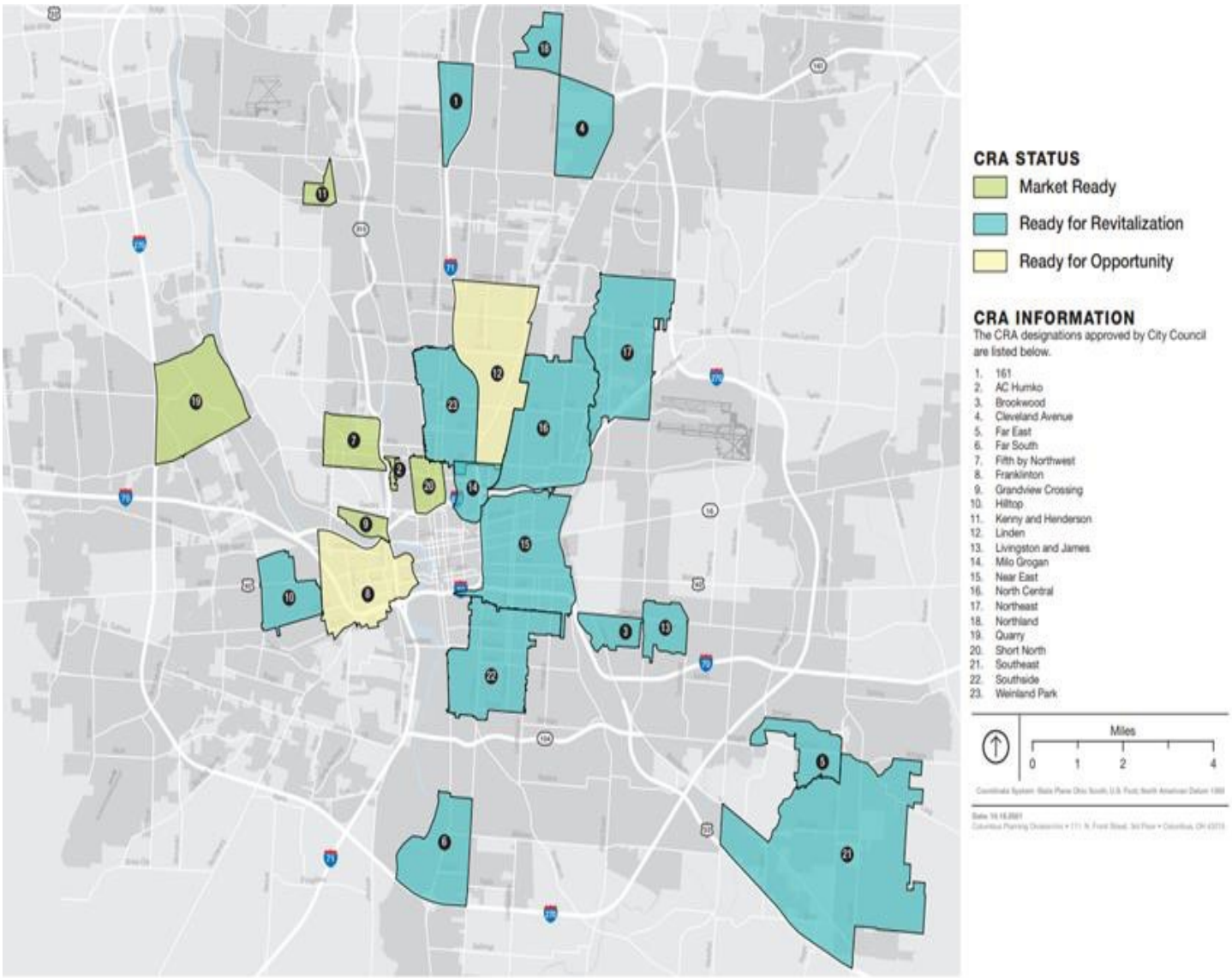
1. It is worthy of note that all of Downtown Columbus is located in a 1994 Pre-CRA district as are several other areas such as the Southside of Columbus that are primed for residential development. The City of Columbus created an expedited land use entitlement process for Downtown Columbus to ease the efforts to develop the Central Business District through the creation of a special zoning process for Downtown Columbus. First, Columbus created the Downtown Columbus Commission to review all land use issues in Downtown Columbus. The Downtown Commission was formed in 1997 with the adoption of the Downtown District chapter (CC 3359) of the Columbus Zoning Code. Adoption of the code resulted in all of Downtown's 4,000 plus parcels being combined into a single zoning district where most uses are permitted pending design review. A major update to the district and a set of companion Design Guidelines were adopted by City Council in July 2013. The Downtown Commission functions as the district's development review body-serving as the Development Commission, Board of Zoning & Adjustment, and Graphics Commission for the downtown. The Commission evaluates applications based on their compliance with the provisions of CC 3359 and the Downtown Design Guidelines. The Commission also considers city-adopted plans and policies for the downtown and related applicable regulatory requirements. The City of Columbus Downtown District DD zoning covers all of Downtown; thus, no rezoning for transitioning existing office into residential is required. Instead, companies seeking to transition an existing use need to seek a change of use permit provided by the Columbus Building and Zoning Services. The Downtown Commission will review any exterior modifications to the building or site plan, as well as graphics and lighting. I have attached an application and a meeting schedule. The City of Columbus is undergoing the development of a Downtown Comprehensive Land Use Plan as well as is in discussion to determine how tax incentives can best be used to foster the development of affordable housing. However, the Downtown Columbus CRA does not currently assess any affordable housing fees or mandate any level of affordable housing rates for a residential project's potential residents. Other regions in Columbus do not have this advantage; however, the City of Columbus is likely to propose contributions to the Columbus Housing Fund or mandate a percentage of affordable units for new Downtown Columbus projects.

Recently, the City of Columbus has updated its requirements for post-1994 CRA tax exemptions for developers granted permits after September 1, 2023.[xlii] Adopted in 2018, the Columbus CRA residential abatement policy is a tool the city can use to encourage developers to create space for everyone in Columbus' neighborhoods, and the 2018 policy designates specific geographies within the city as reinvestment areas, based on six distress criteria (population growth, median household income growth, poverty rate, growth in median rent, housing vacancy rate, mortgage foreclosure rate):

- Market Ready areas meet 1-2 distress criteria;
- Ready for Revitalization areas meet 2-4 distress criteria; and
- Ready for Opportunity areas meet 5-6 distress criteria.[xliii]

Within these areas, housing developers are eligible for tax abatement if they set aside a percentage of a development's units for residents that meet certain income criteria.[xlive] The U.S. Department of Housing and Urban Development (HUD) defines and calculates Area Median Income (AMI) for every region of the country, and at 100% AMI, half of the families earn more than the median, and half earn less than the median.[xlv] The CRA policy creates affordable units in Columbus by offering tax abatements to developers that set aside a certain number of housing units for individuals who earn the median income or less. Income-qualified tenants are not charged market-rate rent, but rather, a rent that is aligned with their ability to pay without being rent burdened.[xlvii] At 100% of AMI it is estimated that an individual earning $57,800 could afford rent and utilities of $1445, 80% of AMI provides an affordable rent of $1174 for an individual earning $46,960, and a rent of $880 for an individual earning $35,220.[xlviii]

Columbus Post 1994 CRA Housing Incentive Map



The Columbus Development Department conducted a review of its 2018 CRA residential tax abatement program and has identified opportunities to ask developers to expand the affordability captured for the value of the abatement. Based on an independent analysis of 2021 market conditions, the new Columbus policy asks developers to go deeper or wider in creating affordability, in order to earn an abatement.[xlix] The policy set in 2018 asked developers to set aside 10% of units for residents earning 80% AMI and 10% for residents earning 100% AMI in order to earn an abatement.[l] Under the proposed policy, developers could choose to go deeper in creating affordability by setting aside 10% of units for residents earning 60% AMI and 10% for residents earning 80% AMI, or, go wider in creating affordability by setting aside 30% of units for residents earning 80% AMI.[li] As required by the current policy, developers earning these incentives would be required to report to the city annually to ensure compliance with the policy. Developers that fail to stay in compliance with the policy for the full 15 years are subject to fines and the property may be placed back into taxable status.[lii] This policy change was made in an effort to ensure the development of more affordable housing units.[liii] Columbus has also raised the cost to buy out units by 300%. After these changes take effect, developers seeking a CRA tax exemption in market-ready areas could pay a one-time fee of $32,000 per affordable unit; $16,000 per unit in ready-for-revitalization areas; and $5,000 per unit in ready-for-opportunity areas.

Summary of Proposed Columbus Post-1994 CRA Housing Incentives Policy Changes

	2018 Current Policy	2022 Policy Recommendation
Affordability Criteria	100%, 15-year abatement for inclusion of affordable housing units • 10% of units set aside for 80% AMI • 10% of units set aside for 100% AMI	100%, 15-year abatement for inclusion of affordable housing units • 10% of units set aside for 60% AMI • 10% of units set aside for 80% AMI OR 100%, 15-year abatement for inclusion of affordable housing units • 30% of units set aside for 80% AMI
Single Family New Construction Eligibility	100%, 15-year abatement for designated affordable housing new construction Not eligible for abatement if market rate	100%, 15-year abatement for designated affordable housing new construction (up to 120% AMI) Not eligible for abatement if market rate
Single Family Rehabilitation Eligibility	100%, 15 year abatement	100%, 15 year abatement, if designated for affordable housing (up to 120% AMI) Not eligible for abatement if market rate
Height Requirement	Five-story height requirement for projects with four or more units	No five story height requirement
Fee-in-Lieu Option	Annual payments of 150% of the difference between the lowest market rent and the affordable rent per required affordable unit	One-time payment of $32,000 per required affordable unit
Unit Distribution	No distribution requirement	Requires affordable units set aside match the distribution of units in the building
Ready for Revitalization 2-4 distress criteria		
Affordability Criteria	100%, 15-year abatement for inclusion of affordable housing units • 10% of units set aside for 80% AMI • 10% of units set aside for 100% AMI	100%, 15-year abatement for inclusion of affordable housing units • 10% of units set aside for 60% AMI • 10% of units set aside for 80% AMI OR 100%, 15-year abatement for inclusion of affordable housing units • 30% of units set aside for 80% AMI
Single Family New Construction Eligibility	100%, 15-year abatement	100%, 15-year abatement for designated affordable housing new construction (up to 120% AMI) Not eligible for abatement if market rate
Single Family Rehabilitation Eligibility	100%, 15 year abatement	100%, 15 year abatement for designated affordable housing units (up to 120%AMI) Not eligible for abatement if market rate
Fee-in-Lieu Option	One-time payment of $5,000 per required affordable unit	One-time payment of $16,000 per required affordable unit
Unit Distribution	No distribution requirement	Requires affordable units set aside match the distribution of units in the building
Ready for Opportunity 5-6 distress criteria		
Affordability Criteria	100%, 15-year abatement	100%, 15-year abatement for inclusion of affordable housing units • 10% of units set aside for 80% AMI • 10% of units set aside for 100% AMI
Single Family New Construction Eligibility	100%, 15-Year Abatement	100%, 15-Year Abatement
Single Family New Rehabilitation Eligibility	100%, 15-Year Abatement	100%, 15-Year Abatement
Fee-in-Lieu Option	N/A	One-time payment of $5,000 per required affordable unit
Unit Distribution	N/A	Requires affordable units set aside match the distribution of units in the building

Downtown Columbus Entitlement and Incentive Action Plan for Residential Development. Based on the growing Central Ohio market and the need for additional housing, a clear action plan can be defined to promote residential development in Downtown Columbus.

2. **Property Identification.** A developer needs to first identify the property in question in Downtown Columbus that is a prime spot for residential development and gain control of the property in some legal form. A due diligence period needs to be established that is long enough that permits the developer to negotiate a development agreement with the City of Columbus, gain needed land use entitlements, and gain approval of economic development incentives.
3. **Development Agreement.** Once a developer gains control of the property for residential development in Downtown Columbus, the developer needs to reach a development agreement with the City of Columbus, Ohio that outlines the land use, economic development incentives and public infrastructure needs that the developer and city agree are needed for the site to successfully develop. The development agreement acts as a framework for both parties to understand what is required
4. **Zoning.** Following the developer gaining control of the property in Downtown Columbus, the developer needs to gain land use entitlements associated with the project that permitted the use envisioned for the site. The City of Columbus created an expedited land use entitlement process for Downtown Columbus to ease the efforts to develop the Central Business District through the creation of a special zoning process for Downtown Columbus. First, Columbus created the Downtown Columbus Commission to review all land use issues in Downtown Columbus. The Downtown Commission was formed in 1997 with the adoption of the Downtown District chapter (CC 3359) of the Columbus Zoning Code. Adoption of the code resulted in all of Downtown's 4,000 plus parcels being combined into a single zoning district where most uses are permitted pending design review. A major update to the district and a set of companion Design Guidelines were adopted by City Council in July 2013. The Downtown Commission functions as the district's development review body-serving as the Development Commission, Board of Zoning & Adjustment, and Graphics Commission for the downtown. The Commission evaluates applications based on their compliance with the provisions of CC 3359 and the Downtown Design Guidelines. The Commission also considers city-adopted plans and policies for the downtown and related applicable regulatory requirements. The City of Columbus Downtown District DD zoning covers all of Downtown; thus, no rezoning for transitioning existing office into residential is required. Instead, companies seeking to transition an existing use need to seek a change of use permit provided by the Columbus Building and Zoning Services. The Downtown Commission will review any exterior modifications to the building or site plan, as well as graphics and lighting. The City of Columbus is undergoing the development of a Downtown Comprehensive Land Use Plan as well as is in discussion to determine how tax incentives can best be used to foster the development of affordable housing. However, the Downtown Columbus CRA does not currently assess any affordable housing fees or mandate any level of affordable housing rates for a residential project's potential residents. Other regions in Columbus do not have this advantage; however, the City of Columbus is likely to propose contributions to the Columbus Housing Fund or mandate a percentage of affordable units for new Downtown Columbus projects.
5. **Downtown Columbus Tax Incentives.** A Downtown Columbus residential project is eligible for a CRA property tax abatement for the tax gain that results from new investment at the site, and a developer of a Downtown Columbus residential project should seek that CRA tax abatement. Downtown Columbus is in a Pre-1994 CRA which provides a 100%, 15-year property tax abatement for residential projects based upon the new capital investment without negotiating a compensation agreement or needing approval from the Columbus City School Board or paying into a Columbus Housing Trust Fund.
6. **Public Infrastructure.** Public infrastructure such as parking and other improvements needed for the successful Downtown Columbus residential development should be sought from the City of Columbus. Downtown Columbus has had TIF districts since 2008 that capture future property tax growth from a 735-acre district in Downtown Columbus that funds the development of publicly owned parking garages and other public infrastructure in strategic locations in Downtown Columbus. Two new TIF districts were created in 2020 within the Downtown around the underutilized PNC Plaza located at 155 and 195 East Broad Street. The development will include new Class A office space, residential units, public greenspace, and improvements to the above-ground pedestrian walkway for residents and employees traversing downtown. The adjacent Gilbert Building will be converted to residential, with 20% of the building's units designated for affordable housing. If public infrastructure improvements are needed, a TIF agreement can be negotiated that captures the growth in property tax not abated.

7. **Construction Materials Sales Tax Exemption.** A Downtown Columbus residential project should seek a construction materials sales tax exemption from the Columbus-Franklin County Finance Authority that can provide a construction materials sales tax savings generally around 40-50% of the project's construction costs. The Franklin County Commissioners must approve of the sales tax exemption award and a sales-leaseback agreement will need to be negotiated with the Columbus-Franklin County Finance Authority.
8. **Downtown Columbus SID.** A Downtown Columbus residential developer should be aware of potential assessments certain sites may have to fund the operations of one of two Downtown Columbus SIDs. Capital Crossroads and Discovery SIDs were created by property owners in Downtown Columbus to provide services that support a safe, clean, vibrant, and welcoming downtown. Property owners in each SID fund the program through assessments, and the board of trustees determines the focus. Capital Crossroads SID focuses on safety, cleaning, landscaping, homeless outreach, economic research, Downtown C-pass, and the Pearl Market. Discovery SID focuses on safety, homeless outreach, economic research, first-floor graffiti removal, and creative placemaking. Each SID employs ambassadors to patrol the streets and provide assistance, information, and a reassuring presence in Downtown Columbus.
9. **State of Ohio Incentives.** If a Downtown Columbus residential project involves the redevelopment of a historic structure, the building may be eligible for substantial funding opportunities from federal and state historic preservation tax credits or through the creation of a Downtown Redevelopment District program. In addition, if the development involves a substantial mixed-use development, the project may be eligible for the Ohio TMUD tax credit. Other state economic development incentives may be of interest to urban residential developers as well.

[i] See Ohio Attorney General Economic Development Manual, 2017.
[ii] Ibid.
[iii] See Ohio Attorney General's Economic Development Manual, 2017.
[iv] Ibid.
[v] Ibid.
[vi] Euclid v. Ambler Realty Corp., 272 U.S. 375 (1926).
[vii] Andres Duany, Elizabeth Plater–Zyberk, and Jeff Speck, Suburban Nation: The Rise of Sprawl and the Decline of the American Dream (Union Square West, NY: North Point Press, 2000), 5–7.
[viii] Zoning Guide (Washington, DC, U.S. Department of Commerce, rev. ed. 1926, §1–§2).
[ix] https://realestate.findlaw.com/land-use-laws/zoning-changes-variances-and-more.html#:~:text=A%20variance%20is%20a%20request,requirements%20of%20the%20zoning%20ordinance.
[x] See Ohio Attorney General's Economic Development Manual, 2017.
[xi] https://realestate.findlaw.com/land-use-laws/zoning-changes-variances-and-more.html#:~:text=A%20variance%20is%20a%20request,requirements%20of%20the%20zoning%20ordinance.
[xii] Ibid.
[xiii] Ibid.
[xiv] Ibid.
[xv] Ibid.
[xvi] Ibid.
[xvii] Ibid.
[xviii] https://development.ohio.gov/business/state-incentives/ohio-new-markets-tax-credit-program
[xix] Ibid.
[xx] Ibid.
[xxi] Ibid.
[xxii] Ibid.
[xxiii] Ibid.
[xxiv] https://development.ohio.gov/business/state-incentives/ohio-opportunity-zones
[xxv] Ibid.
[xxvi] Ibid.
[xxvii] Ibid.
[xxviii] Ibid.
[xxix] https://www.visituptown.org/cra
[xxx] Ibid.
[xxxi] Ibid.

[xxxii] Ibid.
[xxxiii] Ibid.
[xxxiv] Ibid.
[xxxv] Ibid.
[xxxvi] Ibid.
[xxxvii] Ibid.
[xxxviii] Ibid.
[xxxix] Ibid.
[xl] https://www.bizjournals.com/columbus/news/2022/04/14/berkshire-hathaway-owned-company-homes-coming.html
[xli] https://www.columbus.gov/Development/
[xlii] Ibid.
[xliii] Ibid.
[xliv] Ibid.
[xlv] Ibid.
[xlvi] Ibid.
[xlvii] Ibid.
[xlviii] Ibid.
[xlix] Ibid.
[l] Ibid.
[li] Ibid.
[lii] Ibid.
[liii] Ibid.