



100 Dayton St.
Yellow Springs, OH 45387

DATE: October 4, 2024
TO: Village Council
FROM: Village Team
RE: Low Income Housing Tax Credit (LIHTC) Project Update

Background

A housing needs analysis and the Village comprehensive plan support Village efforts to pursue construction of a large scale affordable, multi-family development.

In 2017 the Village hired Bowen National Research to complete a Housing Needs Assessment for the Village. The report evaluated past, current and projected demographic characteristics, employment characteristics and trends, as well as the economic drivers impacting the area; determined current characteristics of all major housing components within the market (for-sale/ownership and rental housing alternatives); calculated a housing gap by tenure and income segment; evaluated ancillary factors that affect housing market conditions and development; and compiled local stakeholder and local resident’s perceptions of housing market conditions and trends, opinions on future housing needs, and identified barriers to residential development in the area. Based on this comprehensive analysis it was recommended that the Village add 515 housing units at a variety of price points.

The table below (Table 1) provides the total housing units added since completion of the study¹ compared to the recommendations from the study. One-hundred (100) housing units have been added since 2018 and 415 are still needed. The total amount still needed (415) was based on the approved building permits, some fully constructed and some about to start construction. The column labeled “Pending” includes projects that are still in various stages of the entitlement process and have not obtained approved building permits.

In 2020 the Village embarked on a community-wide effort to update the Comprehensive Plan, a document intended to guide Village Staff and Village elected officials on policy decisions and on business decisions. Housing policies are predominantly documented in the 2020 Yellow Springs Comprehensive Plan. One policy reads:

Yellow Springs will promote retention, rehabilitation, and development of diverse types of rental and home-ownership housing to meet current and future needs. With a focus on low-income, workforce, family and senior households, the result is a mixed-income, environmentally sustainable neighborhood.

¹ Housing Needs Assessment effective December 15, 2017, revised January 8, 2018



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This policy was created with valuable stakeholder input, and with consideration of the 2018 Bowen Housing Needs Analysis.

Table 1.

<i>HOUSING UNITS ADDED* SINCE COMPLETION OF BOWEN STUDY (January 2018-September 30, 2024)</i>				
<u>Housing Segment</u>	<u>Housing Units Needed Per Bowen</u>	<u>New Added*</u>	<u>Remaining Needed as of 10/1/24</u>	<u>Pending (these do not have approved building permits)</u>
<i>Rental: Subsidized Housing (Senior & Family) Very Low (<40% AMI) Income less than \$20,000</i>	100	0	100	50 LIHTC project
<i>Rental: Low-Income Housing Low (40-60% AMI) Income \$20-34,999</i>	80	20	60	14 from Cascades
<i>Rental: Affordable Workforce Housing Workforce (81-120% AMI) Income \$50-74,999</i>	70	0	70	128 from Windsor**
<i>Rental: Market-rate Housing High (above 120%) Income over \$75,000</i>	60	0	60	
<i>Senior Care Housing - Over 65 w/assistance</i>	15	0	15	
<i>For-sale: Entry-Level Homes (price \$100-149,000) Low/Moderate Income \$20-49,999</i>	40	6	34	10 from Cascades
<i>For-sale: Moderate Income Homes (price \$150-249,999) Moderate/Workforce (81-120% AMI) Income \$50-74,999</i>	30	0	30	
<i>For-sale: High Income Homes (over \$225,000) High Income over \$75,000</i>	120	74	46	56 from Spring Meadows
	515	100	415	

*New construction with approved building permits

** Windsor is under contract on the Kettering and Sontag-Fels building's and there is the potential for additional senior and family rental housing but the total number and unit size are unknown



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Specific to the pursuit of a LIHTC project at the intersection of E. Enon and Dayton St. the Village has had various stakeholder meetings and communications throughout 2023 and 2024. The primary focus was to evaluate the properties within the Village municipal limits that also fell within the very high Opportunity Index scoring and included existing utility services, or within close proximity. There was also discussions with landowner that had property that adjoined the Village municipal boundary.

What is LIHTC?

There are different types of Low Income Housing Tax Credit (LIHTC) options available that can be pursued based on the specifics of the development team, project location, and other financial aspects of the project. It is important to note that the state of Ohio also has its own LIHTC program with state tax benefits versus federal taxes credits.

The 9% Low-Income Housing Tax Credit (LIHTC) program, created in 1986 and made permanent in 1993, is an indirect federal incentive used to finance the construction and rehabilitation of affordable rental housing. Although governed by the Internal Revenue Service (IRS), it is administered on a state-by-state basis through state housing credit agencies. As Ohio's state credit agency, Ohio Housing Finance Agency (OHFA) retains responsibility for allocating federal LIHTCs to facilitate the development of affordable rental housing throughout the state.

The LIHTC gives investors a dollar-for-dollar reduction in their federal tax liability in exchange for providing investment equity to develop affordable rental housing. Investors' equity contribution helps developments maintain financial viability while restricting rents to affordable levels. In return, investors receive tax credits paid in annual allotments, generally over 10 years. LIHTC-financed developments must keep the units rent restricted and available to low-income tenants for at least 30 years.

A developer applying for the 9% LIHTC is required to go through three approval steps: 1- Pre-application, 2-Proposal Application 3-Final Application. Each of these steps have different submittal deadlines and OFHA reviews different aspects of the developer and the proposed project. The developer is still required to obtain the appropriate approvals from the local jurisdiction. More information can be found at <https://ohiohome.org/ppd/9percent-htc.aspx>

Recent public discussions have focused on the scoring criteria called "Opportunity Index". This is one of several scoring components that help OFHA determine the eligibility of a project for application submittal. The end total score is what is significant when applying to OHFA. OHFA has incorporated the Opportunity Index map into its Qualified Allocation Plan (QAP) to help guide them on determining eligibility of LIHTCs. This is a recent tool added in the 2018-2019 cycle. The federal government



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requires the state agency responsible for allocation of LIHTCs to adopt a QAP and to update it annually. Although the LIHTC program is governed by the IRS, each state credit agency must design and administer a QAP setting forth the “selection criteria to be used to determine housing priorities of the housing credit agency which are appropriate to local conditions.” The Opportunity Index map is one way to receive a higher score which makes the project more likely to be selected.

Project Specific Details-420 E. Enon Rd.

The Village and School Board have entered into an Intergovernmental agreement (September 25, 2024) to pursue development of family housing at 420 E. Enon Rd. Several steps have been taken to prepare the property for this but many more are still ahead. In order to ensure productive and effective management of the project the Village Council has designated two council members as the representatives- Carmen Brown and Brian Housch- and designated Johnnie Burns, Village Manager, as the project lead. All communications should be directed to them.

Zoning

The property owned by the Yellow Springs Exempted School District at 420 E. Enon Road totals 32.2 acres and very recently 3.6 acres was split off through a Minor Subdivision process. The 3.6 acres is in the Low-Density Residential (R-A) and Gateway Overlay Zones and the school district is in the process of obtaining approval of a rezone to High-Density Residential (R-C). The remaining 28.624 acres would remain R-A.

The zoning designation R-C and Gateway Overlay allows Multi-family as a permitted use and any new development must comply with the standards for the zone, such as setbacks, height, lot coverage, density, etc. If the project *can not* meet the standards from the R-C and Gateway Overlay then the developer would need to apply for a PUD or Variance to continue with the project. If the project *can* meet the standards then a Site Plan application will need to be prepared by the Developer and they must receive approval from the Village prior to starting construction. In both scenarios, Building permits would be prepared by the developer and reviewed and approved by the Village.

There are quite a few standards to contemplate for a multi-family development such as Parking and Loading, Screening and Buffering, Signs, and Site Plan Review (includes landscaping and engineering) but the fundamental standards that are typically considered initially when determining the functional ability of property to develop are provided below:



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Table 1248.03a Dimensional Requirements: Residential Districts

Zoning District	Maximum Building Height (Ft./stories)	Minimum Yard Setbacks (Ft.)				Max. Lot Coverage (%)
		Front	Side		Rear	
			Total	Least		
R-C	35/3	20	10	5	15	50

Since the property is in the Gateway Overlay the standards in that zone also apply. The majority of the standards refer back to the underlying one or the R-C. It reads “Dimensional Requirements. The minimum setback, height, width and area requirements of the underlying district shall apply, except as specifically modified in this section”. The modified standards are pasted below:

“(e) Design Standards.

- (1) Landscaping. All sites shall be landscaped, as applicable, in accordance with the provisions of [Chapter 1270](#). In addition, a front yard greenbelt, the depth of which shall be at least 20 feet, shall be provided in accordance with the requirements of Section [1270.02](#). For corner lots, the required front yard intersecting street frontage for a distance of at least 50 feet from the intersection.
- (2) Signs. The requirements of [Chapter 1266](#) shall be met, as applicable to the underlying zoning district; provided, pole signs shall not be permitted.
- (3) Buildings. Buildings and structures within the overlay district shall not exceed two stories or 30 feet in height.
- (4) Parking. All parking shall be located in the side or rear yard and shall be setback a minimum of ten feet from the property line. Except for necessary drives, the front yard shall be landscaped in accordance with the requirements of subsection (e)(1) of this section.

(f) Accessibility.

- (1) A maximum of one driveway for each lot or parcel shall be permitted along any abutting street. Where practical, shared driveways shall be encouraged between two or more properties to minimize the number of access points along major entrances into the village.
- (2) No driveway shall be located within 100 feet of another driveway on the same side of the street and no closer than 125 feet from another driveway on the opposite side of the street, measured centerline to centerline.
- (3) In any case, no driveway shall be located within 150 feet of a street intersection, measured from pavement edge to pavement edge.
- (4) A sidewalk or pathway, as specified by the Planning Commission, shall be constructed along the entire frontage of the lot or parcel. Sidewalks shall be a minimum of five feet wide and pathways shall be a minimum of eight feet wide, constructed according to Village standards.



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(5) Greenbelt shall be established and maintained along the frontage, and shall not include any land in the public right-of-way.”

A developer will need to review these along with several other factors to determine if the site would be appropriate to develop for the purpose of obtaining LIHTC. It is our belief that this can be explored more deeply through the RFP/RFQ process.

Replacement Property

The School Board adopted a resolution that requires that a replacement property be identified prior to entering into a purchase/option agreement with the Village. The replacement property will need to be appropriately zoned for soccer fields and depending on the property there is a potential it will need to be subdivided.

RFQ vs. RFP

In general, a Request for Qualifications (RFQ) is used to pre-qualify potential contractors and the Village would be reviewing a firm's qualifications and experience related to the desired activity, while a Request for Proposal (RFP) is used to solicit bids from qualified contractors that detail out the cost to perform the activity.

An RFQ is used to invite interested parties to submit a qualification statement. The requester uses the statements to evaluate a shortlist of potential contractors. RFQs are usually briefer than RFPs and are used when a business already knows the product or service they need and is only looking for a price.

RFPs are used when a business isn't entirely sure what they need and is requesting vendors to send a proposal outlining how they would solve the problem. RFPs are more comprehensive than RFQs and require vendors to submit a detailed explanation of how they would approach the problem.

RFQs are typically posted for a minimum of two weeks. The evaluation team scores the responses and identifies those suppliers who meet the minimum qualification requirements. Then, only qualified suppliers are asked to participate in the RFP process.

The Village team will prepare the RFQ/RFP and will include, but not limited to, the following:

1. Context
 - a. Yellow Springs community values
 - b. Housing needs
2. Scope



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- a. Development requirements-to include family units
- b. Development preferences
- c. Land Zoning
- d. Land value
- e. Submission process
- f. Evaluation criteria

Property Entanglements

There are property liens attached to the property at 420 E. Enon. At the June 17, 2024 Village Council meeting, VC authorized staff to secure bond counsel to seek clarity on the extent of the property encumbrances and if necessary to seek removal. Three different entities were identified. BAM and US Bank have both communicated their willingness to seek removal of the encumbrance. Presently, Bond Counsel is preparing documents for removal. It is undetermined on the amount of time it will take for this to occur.

Upcoming Steps - LIHTC Project Timeline

Taking all this into consideration, and knowing that many of the associated actions will require authorization by two different public bodies, Village staff has prepared a hypothetical timeline.

- **October 7, 2024:** First reading of Rezoning Ordinance (Ordinance 2024-11); VC authorized RFP and appraisal of 3.6 acres
- **October 8:** Appraisal commenced for 3.6 acres; staff working on RFP with VC reps
- **October 10:** School Board meeting-obtain direction on replacement property, need clarification of resolution
- **October 20:** Appraisal completed
- **October 21:** Second reading of Rezoning Ordinance (2024-11); draft RFP presented to VC
- **October 21-25:** Finalize RFP
- **Oct 28:** Release RFP
- **November 1:** Due diligence on properties completed, property entanglements sufficiently addressed to enter option/purchase agreement
- **November 4:** Village Council meeting, VC review due diligence findings and authorize staff to enter into purchase option
- **November 8:** Purchase option for 3.6 acres finalized and RFP issued
- **Week of November 18:** Review responses to RFP (determine team that will review)
- **Week of November 25:** Enter into an agreement with a developer/CHDO



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- **December 1:** All necessary information provided to the developer/CHDO
- **December 2:** Village Council votes on agreement with developer
- **January 3:** Deadline so submit Pre-application
- **February 27:** LIHTC Proposal application deadline
- **April 11:** Preliminary scoring announced by OFHA
- **May 23:** Conditional Qualifications Letters announced by OFHA
- **September 18:** Final applications due to OFHA