



**TRANSFORMATIONAL MIXED-USE DEVELOPMENT PROGRAM  
FISCAL YEAR (FY) 2023  
PROGRAM AND APPLICATION FREQUENTLY ASKED QUESTIONS**  
*Updated June 28, 2022*

**General Questions**

How do I make the electronic payment for the application fee?

Please send an email to the program's email address:  
[transformational@development.ohio.gov](mailto:transformational@development.ohio.gov) to request information for the electronic payment.

Will the applicant receive a receipt or payment confirmation for the application fee?

The Ohio Department of Development will notify applicants when the payment is received. However, the payee must reference both 1) the Project name from the application and 2) the fee that is being paid "Transformational Mixed-Use Development Application Fee" on the transfer.

For a multi-phase Development, will the award agreement require completion of those subsequent phases that are not part of the Project but are part of the Development?

The agreement will focus on the Project as presented in the application and certified by the Tax Credit Authority. It will not include a completion requirement for the phases outside the Project as certified.

What is considered a "Recreation Use"?

This could include, but is not limited to, park space; tennis courts; basketball courts; amphitheater; playgrounds; etc.

Are two parcels separated by a private road considered contiguous?

Yes, if but for the road the parcels would be contiguous as defined by the administrative rules.

In the application, there is a reference to trade secret material. Should Section 122.36 of the Ohio Revised Code apply as well to protect commercial or financial information regarding projects?

Yes.

When is an application certified?

Application certification is made by the Tax Credit Authority at the time of their approval of the application.

If a portion of an awarded Project is eliminated or modified, would the tax credits be adjusted or rescinded?

The projects are approved based on competitive scoring. Any adjustment to the project would have to be approved by the TCA.

**Eligibility**

If an owner/ownership changes in the Project after the application is submitted but before the project is certified by the Tax Credit Authority, how will that affect the application and requested tax credit allocation?

If this scenario occurs, email the Ohio Department of Development using the program email ([transformational@development.ohio.gov](mailto:transformational@development.ohio.gov)) and notify of the change to the ownership and how it may affect the allocation of the tax credit between/among the owners. The Ohio Department of Development will retain that information and present it to the Tax Credit Authority at the time of certification.

Does an option to acquire a parcel count as ownership for purposes of the application?

Only if the purchaser has an irrevocable purchase agreement for the parcel at the time of application. If that is the case, then the purchaser would be considered an “owner” for purposes of the program and an eligible applicant. Additionally, the purchase must occur within 60 days of the Tax Credit Authority’s certification of the project for the purchaser to remain an eligible applicant.

From the “major factor” standpoint, what are the criteria for determining that tax credits are required for the project to be completed?

The Ohio Department of Development will be looking at this in concert with the sources/uses information in the application. There is a question in the “Financial Information” tab that asks about the financing gap and any plans to transfer the tax credit. This is where an applicant can identify the plans and the need for the tax credits for the project to be completed.

How is the radius of the surrounding area determined?

The radius will extend from the boundary surrounding the site.

Does a sublessee under a sublease for property hold a “leasehold interest” thus qualifying the sublessee as an owner and eligible applicant?

Yes. However, the sublessee would need to provide both the lease and the sublease as evidence of ownership in the application.

If an owner/ownership changes in the Project after the application is submitted but before the project is certified by the Tax Credit Authority, how will that affect the application and requested tax credit allocation?

If this scenario occurs, email the Ohio Department of Development using the program email (transformational@development.ohio.gov) and notify of the change to the ownership and how it may affect the allocation of the tax credit between/among the owners. The Ohio Department of Development will retain that information and present it to TCA at the time of certification.

### **Financial Information**

Is a deferred developer fee an acceptable source of funds for the application?

No.

Should applications that include tax credit equity (ex: Historic Tax Credits, Low Income Housing Tax Credits, New Market Tax Credits, etc.) as sources of funds be listed in the application at the discounted valued using the tax credit investors’ pricing?

Yes. And the commitment letter provided in the application supporting this source of funds should list the offered discounted value the investor will be paying for the credit.

How should a federal Historic Preservation Tax Credit be considered in the application as a source of funds?

To include a federal Historic Preservation Tax Credit as a committed source of funds, the applicant would have to have an approved Part 2 – once a plan is approved Development would consider that as a “committed” source. Otherwise, the tax credit should be listed in the “Other Funds Under Consideration” section of the application.

Additionally, if the federal HTC has an approved Part 2, but the tax credit is going to be purchased by a third party at a discounted rate to give the project immediate capital, the committed funds should reflect the discounted rate, i.e., the actual source amount that is going to be used in the project.

If an executed Economic Development Agreement (EDA) from a local jurisdiction includes commitments for non-jurisdiction incentives (i.e., from the County or Port Authority), does the EDA serve as a commitment for the non-jurisdictional incentives?

If the non-city incentive entities are party to the agreement, then the agreement will suffice. Otherwise, a letter from the source entity is required.

Are development costs from offsite expenses (ex: offsite utility improvements) eligible costs for purposes of the tax credit calculation?

No. Only expenses incurred at the Project site (other than architecture and engineering expenses) are eligible costs.

Will the Ohio Department of Development allow for any “look back” for eligible Project costs as projects may include significant preliminary work and, in some cases, site development work as part of the project development process.

Costs eligible for tax credit calculation/consideration are only those costs incurred after Tax Credit Authority certification. The only exception to this is architecture and/or engineering costs for the project.

Can the amount of the tax credit being applied for be included in the 51% committed financing calculation?

No. The tax credit amount being applied for cannot be counted in the 51% committed funds to determine eligibility of the Project for the program.

If an applicant has a prospective buyer for the tax credit, can the amount paid for the tax credit be considered a “committed source of funds” for the application?

Yes, if the applicant meets the 51% committed funds threshold without including the tax credit, AND if the tax credit is being sold to generate funds for Project financing. The applicant must attach a commitment letter from the tax credit purchaser identifying the purchase price for the tax credits to the application in order to include that amount as a committed source.

## Impacts

Is there any requirement, or allowance, for letters of local support to be submitted/attached with the application?

Letters of local support are not a component of the Transformational Mixed-Use Development program application.

How are residential uses evidenced as committed spaces for the application?

For purposes of the application, a letter from the developer for the multi-family committing to build XX number of units that will cover YY square feet would be accepted as a commitment for that use.

What is the difference between “Operational” and “Tenant” employees for purposes of the application?

“Operational employees” are those that are necessary to manage the Project site once its construction is complete, i.e., on-site leasing agents, building superintendents, grounds crew for recreation areas, etc. These are people that oversee the site and buildings operations at an administrative level. “Tenant employees” are all those employees that work for companies or operations within the buildings, i.e., employees of the offices and retail operations that work within the buildings. Note that in this case, “tenant” goes beyond those that lease space, it applies to all uses that work within the buildings of the Project.

In the Revenue Impacts section, reference to “income approach valuation or other documented valuation” will a valuation suffice, or is an “appraisal” required?

Valuation will suffice and the applicant must document its process for that valuation in the appropriate question response box.

For the “future appraisal” – is this required to be done by a third party or can the applicant perform the calculation consistent with the application guidelines and instructions?

The applicant can perform the calculation as long as the applicant provides a description of its methods in the question response.

How can tenant commitment be documented?

Either a letter of intent or a signed lease will work. The letter of intent must be written by the tenant and on the tenant’s letterhead (if applicable).

Should an application include direct construction jobs, or all indirect and induced economic activity within the surrounding area associated with construction?

Direct construction jobs only.

Should job numbers considered in the “Construction Jobs” table include the architecture, engineering, project management, finance, legal, etc. jobs that are connected to construction activity?

Only construction jobs at the site should be included in this table.

What type of jobs and sales should be included for the “Operations Jobs” and “Tenant Jobs,” tables?

In this case, for these questions, only direct jobs should be included.

### **Scoring**

Is a scoring matrix going to be made available?

Yes, the scoring outline will be made available on the program webpage.

### **Economic Impact Statement**

What is the area that can be considered when identifying catalytic projects? **(NEW)**

The area that can be considered when identifying catalytic projects for the Economic Impact Statement is the “surrounding area” as defined in the Ohio Administrative Code –

“Surrounding area” means, for a project located within ten miles of a major city determined by starting from the corporate boundary of the major city and extending out ten miles from that boundary, the area encompassed within a perimeter starting from the transformational mixed use development boundary and extending one-half mile out from that boundary. For a project not located within ten miles of a major city, surrounding area means the area encompassed within a perimeter starting from the transformational mixed used development boundary and extending two miles out from that boundary.

Any catalytic project identified on the Economic Impact Statement must be within the respective boundary requirement.

Should benefits be included in the calculation of “average hourly wages” in the Economic Impact Statement? (NEW)

No. Only the average hourly wage based on cash compensation, exclusive of benefits, should be included in the employment tables in the Economic Impact Statement and the corresponding tables in the application.

What costs can be included in the Economic Impact Statement? (NEW)

Considerations for direct and indirect costs can be included in the calculations for the Economic Impact Statement. Induced costs should not be included.

Is there guidance on the structure/format/consideration for the Economic Impact Statement?

Development has created an “Economic Impact Statement Framework” document to provide guidance on the required information and structure for the Economic Impact Statement. This document can be found on the program website.

Is the Economic Impact Study to be run on the full Development, or just the Project that is defined in the application?

The Economic Impact Study should be based on the Project site and the surrounding area. This “surrounding area” includes the radius from the Project – which will also include any additional phases of the Development that have been implemented or completed or will be implemented during the Completion Period set forth in ORC 122.09(A)(5).

For the projected annual retail, entertainment, and dining sales requested in the “Impacts” section of the application, what area should be considered when calculating those sales?

Those three categories of sales should be considered for the Project and surrounding area during the five-year period after the construction is completed. Note the “surrounding area” includes the radius from the Project – which will also include any Development phases that have been or will be implemented during this five-year time period.

What time period should be considered for the Economic Impact Study?

The Economic Impact Study should cover the time period from the application submittal through the end of the completion period (the fifth anniversary of the Project completion date).

Can the Economic Impact Study include impacts from the greater Development, even from phases that are not included in the Project?

Impacts from the Development can be considered if they occur within the completion period.

Who should prepare the Economic Impact Statement?

The Ohio Department of Development recommends either a third-party with experience in running these types of models, or the applicant can create the statement if they have the experience in calculating the input-output models.

Is there a template for the Economic Impact Statement?

There is not a template for the Economic Impact Statement. However, it should reflect the increase in tax collections as a result of the Development and verify that the estimated increase in tax collection (when considering tax types listed in the program Guidelines) for both the site and surrounding area exceed 10% of the Project's development costs by the end of the completion period.

What radius is considered when estimating the economic impact of economic activity?

The radius of the impact is the surrounding area as defined by the type of project (Major City – ½ mile, General City – 2 miles). However, for ease of calculation at this level, the Ohio Department of Development is allowing any zip code included in the surrounding area (whether in whole or in part) to be included for purposes of the analysis. It is not a state-wide radius.

If a Transformational Mixed-Use Development (Project B) is planned within another application's surrounding area radius/zip code consideration (Project A), can Project B's economic impact be included in Project A's Economic Impact Statement?

No. Do not consider the effects of another, different Transformational Mixed-Use Development project's economic impacts within an Economic Impact Statement.