



TRANSFORMATIONAL MIXED-USE DEVELOPMENT PROGRAM FISCAL YEAR (FY) 2023 APPLICATION BEST PRACTICES

During the reviews of the FY 2022 Transformational Mixed-Use Development Tax Credit Program applications, the Ohio Department of Development (the Department) worked with applicants to identify application issues and clarify and cure their applications. Below are the most common issues the Department encountered in the FY2022 application round and advice on how to avoid them:

#1: File the application with the correct Owner

- The correct and only applicant for the program can be the 1) owner of the property, 2) qualifying lessee of the property, or 3) an entity with a qualifying irrevocable purchasing agreement that will take place within 60 days of the application deadline.
- A parent, sub, or related entity of the owner is NOT a qualifying applicant.
- If an application is submitted with the incorrect applicant, it will be deemed ineligible for consideration for the round. No cure of this deficiency will be allowed.

#2: Prove site control and ownership verification

The acceptable documents to verify site control and ownership for FY 2023 MUST BE one of the following:

- A copy of the county auditor's property information page (from the auditor's webpage) that verifies the ownership of each Project's parcel number listed in the application.
- A copy of the lease between the applicant and the owner of the property (if applicable).
- A copy of the irrevocable purchase agreement, including verification that the purchase will occur within 60 days of tax credit award.
- For applicants that are sub-lessees, the Department will need to see all levels of site control documentation from the owner through to the sub-lessee.

#3: Verify Project and Development meet program eligibility requirements

- The Department will conduct an eligibility clarification review for each submitted application to determine if it meets the requirements as set forth in the statute.
- If the application does not meet the eligibility requirements for its category (Major City or General), it will not be considered for scoring.
- Eligibility is not curable.

#4: Document physical scope of building

- Verification for the square footage of each building must be attached to the application.
- Verification must be for the building as a whole, not per use within the building.
- For a building(s) that might not have completed architectural plans, a letter from the architect verifying the planned square footage of the building must be provided to have that square footage included in the total Development and Project square footage.

#5: Verify land and building cost eligibility

- Land and/or building acquisition that took place prior to the submission of an application does not qualify as an eligible cost and cannot be included in the “Total Tax Credit Eligible Expenditures for the Project” amount or the “Project Use of Funds” in the application.
- Any funds used to acquire land and/or building(s) prior to the application submission cannot be included as a “Committed Source of Funds”.

#6: Exclude public infrastructure costs and funding

- Public infrastructure improvements are not tax credit eligible expenditures for the project and should not be listed in either the “Total Tax Credit Eligible Expenditures for the Project” or the “Project Use of Funds” section.
- Any committed public dollars for public infrastructure improvements do not count as sources for the project and should not be included in either the “Committed Sources of Funds” or the “Other Funds Under Consideration” application sections.
- On-site utility costs that are incurred and paid for by the applicant are eligible expenditures and can be included in the use of funds/source of funds calculations.

#7: Provide appropriate documentation for committed sources

- Information documenting committed sources must be included with the application and cannot be older than 12 months. If a commitment letter is older than 12 months, an updated letter must be provided with the application.

#8: Include verification of committed equity

- Equity commitments MUST include the following: 1) a letter from the source identifying the amount of funds that will be provided and 2) a letter from a third-party entity (i.e., bank, CPA, financial advisor) verifying that the funds are available for use.

#9: Include verification of residential or parking square footage for tenant commitments

- Residential and/or parking can be considered as committed for the Project.
- To verify residential and/or parking square footage commitments, include a letter from the developer attesting to the construction of these uses in the Project.
- Letters must include the square footage that will be dedicated to the use.
- This verification must be presented per building or parking structure, NOT in the aggregate.

#10: Include verification of building “common space” for tenant commitments

- Non-leasable building space (ex: common space in a building that is not available for an end use) can still be memorialized as “committed” for purposes of tenant commitments.
- To verify this space, include a letter from the developer attesting to the construction of these uses in the Project.
- Letters must include the square footage of the non-leasable space.
- This verification must be presented per building, NOT in the aggregate.