

WELCOME!

Opportunity Appalachia

Program will begin shortly.



OhioSE
ECONOMIC DEVELOPMENT



LOCAL DEVELOPMENT DISTRICT PARTNERS

Kathy Zook, Eastgate Council of Governments

Evan Scurti, Ohio Mid-Eastern Governments Association

Kate Perani and Sam Miller, Buckeye Hills Regional Council

Eli Cole, Ohio Valley Regional Development Commission

RYAN SCRIBNER

Director of Economic Development
The Montrose Group, LLC

Funding Resources for
Redevelopment Programs

Ryan Scribner, Director of
Economic Development





Montrose Group, LLC



Dave Robinson
Principal & Founder



Nate Green
Managing Director,
Economic Development



Wade Williams
Director, Economic
Development



Ryan Scribner
Director, Economic
Development



Tim Biggam
Director, Government
Relations



Harrison Crume
Manager, Economic
Development

Building a Capital Stack is like baking a cake



2/26/2024





Transformational Mixed Use Development Program (TMUD)

- Transformational Mixed Use Development Program provides \$100M in insurance premium tax credits for transformational mixed-use projects.
- TMUD creates a nonrefundable credit of 10% of the development costs or 10% of an insurance company's capital contribution and permits unclaimed credit amounts to be carried forward for up-to five years.
- The Ohio TMUD programs awards \$80M for projects within a major city (100,000 or more in population) that 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, and \$20M for projects not within a major city (100,000 or more in population) 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.
- TMUD sets aside a cap of up-to \$100 million per fiscal year, with no more than \$40 million going to a single project and divides the overall \$100 million between large city and small city projects, \$80 million for large cities and \$20 million for small cities.



TMUD Project Eligibility

Located within ten miles of major city	Not located within ten miles of a major city
Estimated development costs associated with the project plus, if applicable, estimated expenditures that have been or will be incurred to complete other contiguous phases of the development, exceed \$50 million	No minimum investment requirement
Includes at least one new or previously vacant building that is 15 or more stories high, 350,000 or more square feet, or, upon completion of the project, will be the site of jobs accounting for at least \$4 million in annual payroll	Includes at least one new or previously vacant building that is two or more stories high, or 75,000 or more square feet
OR Includes two or more new or existing buildings that are: connected to one another, located on the same parcel, or on contiguous parcels, collectively, are 350,000 or more square feet.	OR Includes two or more new buildings that are located on the same parcel, or on contiguous parcels, and, collectively, are 75,000 or more square feet

2/26/2024

5

TMUD Tax Credit

Return on Investment

- TMUD tax credit recipients must show an increase in state and local tax collections at the project site and in the surrounding area greater than the awarded credit amount and the owner's development costs or the insurance company's capital contribution





Historic Preservation– Downtown Redevelopment Districts

Downtown Redevelopment District

- Ohio municipal corporations can create downtown redevelopment districts (DRDs) and innovation districts to promote rehab of historic buildings if a city has a certified historic structure, creates a district as large as 10 continuous acres around that historic structure and develops a DRD economic development plan.



Six Steps to Development Downtown Development Districts

✓ Historic Preservation Certification or Identification

📈 DRD and Innovation District Economic Development Plan

🏢 Adopt a DRD Financial Model

👤 Build a DRD Innovation District

🏠 DRD District Ordinance & Public Hearing

📄 DRD Agreements & Annual Reporting





Historic Preservation- Tax Credit

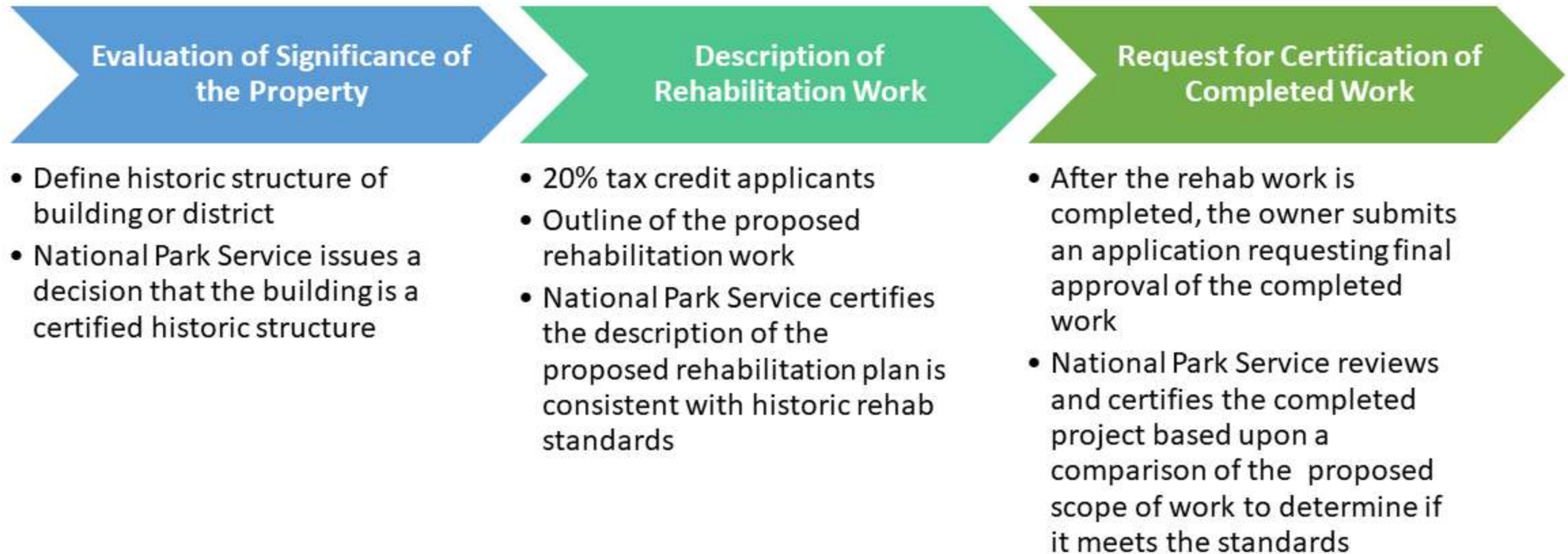
Historic Preservation Tax Credits Program

- Federal Historic Preservation Tax Credits
 - 20% tax credit for rehab of certified historic structures, or a 10% federal tax credit for non-historic structures
- Ohio Historic Preservation Tax Credits
 - 25% state tax credit
 - \$5M Ohio cap
 - Financial institutions, foreign and domestic insurance premiums or individual income taxes up to \$3 million in one year
 - Two step process
 - Historic certification
 - Tax credit competitive award





Federal Historic Tax Credit Process





Federal Historic Preservation Tax Credit

Permitted Federal Historic Preservation Rehabilitation Tax Credit Expenses

- Hard Costs such as structural component of a building to include walls, partitions, floors, ceilings, permanent coverings such as paneling or tiling, windows and doors, components of central air conditioning or heating systems, plumbing and plumbing fixtures, electrical wiring and lighting fixtures, chimneys, stairs, escalators, elevators, sprinkling systems, fire escapes, and other components related to the operation or maintenance of the building
- Soft Costs to include construction period interest and taxes, architect fees, engineering fees, construction management costs, reasonable developer fees, and any other fees paid that would normally be charged to a capital account



Ohio Historic Preservation Tax Credit



Ohio Historic Preservation Tax Credits

25% state tax credit

\$5M Ohio cap

Financial institutions, foreign and domestic insurance premiums or individual income taxes up to \$3 million in one year

Two step process

- Historic certification
- Tax credit competitive award



Round 33 Schedule: Fall 2024

SHPO Pre-App Meeting Request 4/31/2024

Intent to Apply Submission 8/15/2024

Historic Documentation (Part 1 and 2) 8/30/2024

SHPO Documentation Review 8/31- 12/1 2024

Application/Fee Submission 9/30/2024

Development Application Review 10/ 1 – 12/1 2024

Approved Applications Announced by 12/31/2024



New Markets Tax Credits

New Market Tax Credits

- Federally designated low-income sites
- 39% Federal New Market Tax Credit over seven years
- \$1 million Ohio New Market Tax Credits awarded to CDEs
- Eligible for retail, office and manufacturing projects.
- Community Development Entity is awarded New Market Tax Credits by US Treasury
- Projects negotiate with CDEs for allocation to New Market Tax Credits
- Demand for projects far exceeds availability



New Markets Tax Credits Process

US Treasury

- Annual Awards to CDE
- Census tracts with 20% poverty rate, income below 60% average or unemployment 1.5% average
- Job connection

Finance Fund

- CDE Wins Competitive Treasury Award
- Reviews QEIs
- Prohibition
 - Country Clubs, Golf Courses, Massage Parlors, Hot Tubs, Suntan, Racetrack and Gambling Facilities, Liquor Store,
 - State prohibition on business that derives more than 15% of revenue from rental or sale of property
- Investment & Annual Reports

University Circle Courtyard by Marriott

- Investor Receives New Markets Tax Credit
- Gains 39% Federal New Market Tax Credit over 7 Years for a CDE owned by Bank, Individual or Company
- Gain \$1M State of Ohio New Market Tax Credit over 7 Years for a CDE owned by a Bank or Insurance Company for CDE Linked to Federal Award
- New Job Requirement
- Sale of tax credit



FUNDING RESOURCES FOR REDEVELOPMENT PROGRAMS



QUESTIONS

COMMENTS

RSCRIBNER@MONTROSEGROUPLLC.COM

KRISTI TANNER
Senior Managing Director
JobsOhio



Ohio's Economic
Development Corporation

Inclusive Economic Development Programs for Communities



JobsOhio Inclusion Programs

Resources for Small & Mid-Sized Distressed Communities

1. Vibrant Communities Program

Drive investment into small and medium-sized distressed communities across Ohio

2. Pre-Project Planning Grant Program

Support the planning of catalytic development in small and medium-sized distressed communities across Ohio

Resources for Small Businesses

3. JobsOhio Inclusion Grant

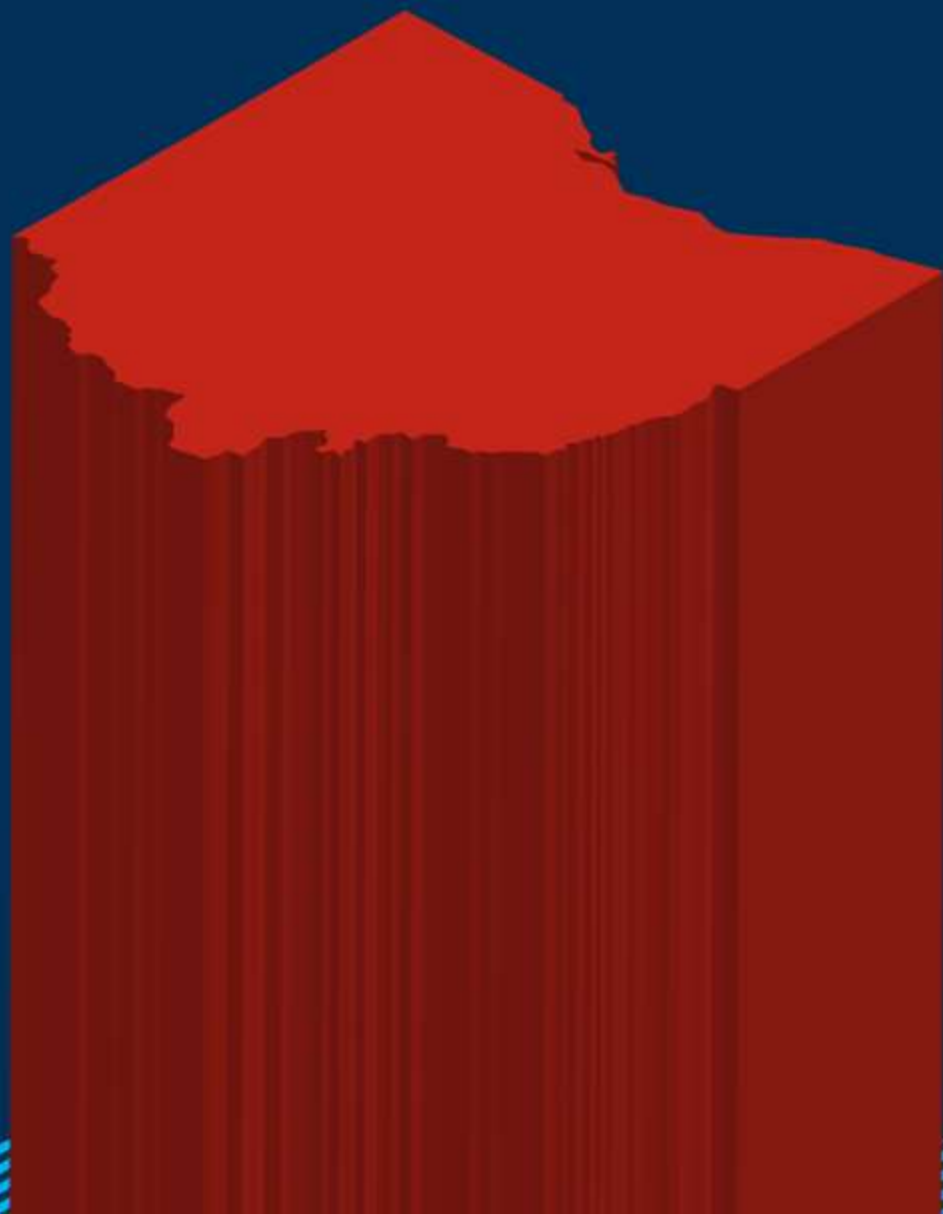
Grants of up to \$50,000 for small and medium-sized businesses that are either owned by an under-represented population or located in a distressed area of the state



VIBRANT COMMUNITIES GRANT



Ohio's Economic
Development Corporation





Grant funding to help close the gap on **catalytic development projects** in distressed small & mid-sized communities that fulfill a market need and represent **significant reinvestment** in the community.

- Eligible cities have a population of <75k and a poverty rate $\geq 13.3\%$ (OH's 5-yr avg. poverty rate)
- Maximum grant of up to \$1 million
- Funding not to exceed 50% of eligible costs
- 30% committed, eligible anchor tenant required

Eligible Projects

- Projects typically in downtowns or a similar commercial district
- Mixed-use projects are eligible and encouraged
- The project site should be in an area where added inducement is needed to reduce risk and attract new investment
- Must have a committed end user for at least 30% of the space; usually office or shared space (shared spaces must meet additional requirements), could also be light manufacturing
- Can be renovation of existing buildings, new construction, or a combination of both
- Can be a single building or parcel, or multiple buildings/parcels in the same area



Eligible End Users

Eligible Required Anchor Tenants,

Must be *at least 30%* of usable sq ft.:

- Office
- Shared Spaces, including:
 - Coworking
 - Business Incubators/Accelerators
 - Research and Development
 - Innovation Centers
- Light commercial/industrial, if appropriate

Eligible as part of mixed-use developments, can be *up to 70%* of usable sq. ft.:

- Retail
- Housing
- Hotel/Air B&B
- Healthcare*
- Education (i.e. universities, technical centers)

Ineligible

- Sports and entertainment venues
- Community and recreational centers
- Public offices
- Direct to consumer healthcare *
- Streetscaping or outdoor areas
- Parking lots/garages*



**Special consideration*

Eligible & Ineligible Costs

Eligible Costs

- Building construction & expansions
- On-site infrastructure
- Environmental remediation
- Demolition, removal & disposal of universal construction waste
- Asbestos abatement
- Lead-based paint abatement
- Machinery & equipment (fixed assets)
- Building Renovation

Ineligible Costs

- Signage, lighting, landscaping
- Environmental insurances & clearances
- Operational costs
- Meals, entertainment, travel expenses
- Fees or owed promised money such as:
 - Fines & costs from violation of law
 - Contributions & donations
 - Interest on borrowed money
 - Debt servicing
 - Rolling stock
 - Taxes
 - Lease & rent payments
 - Retirement of bonds or other interest vehicles
 - Legal fees



Key Project Criteria – Vibrant Communities Grant

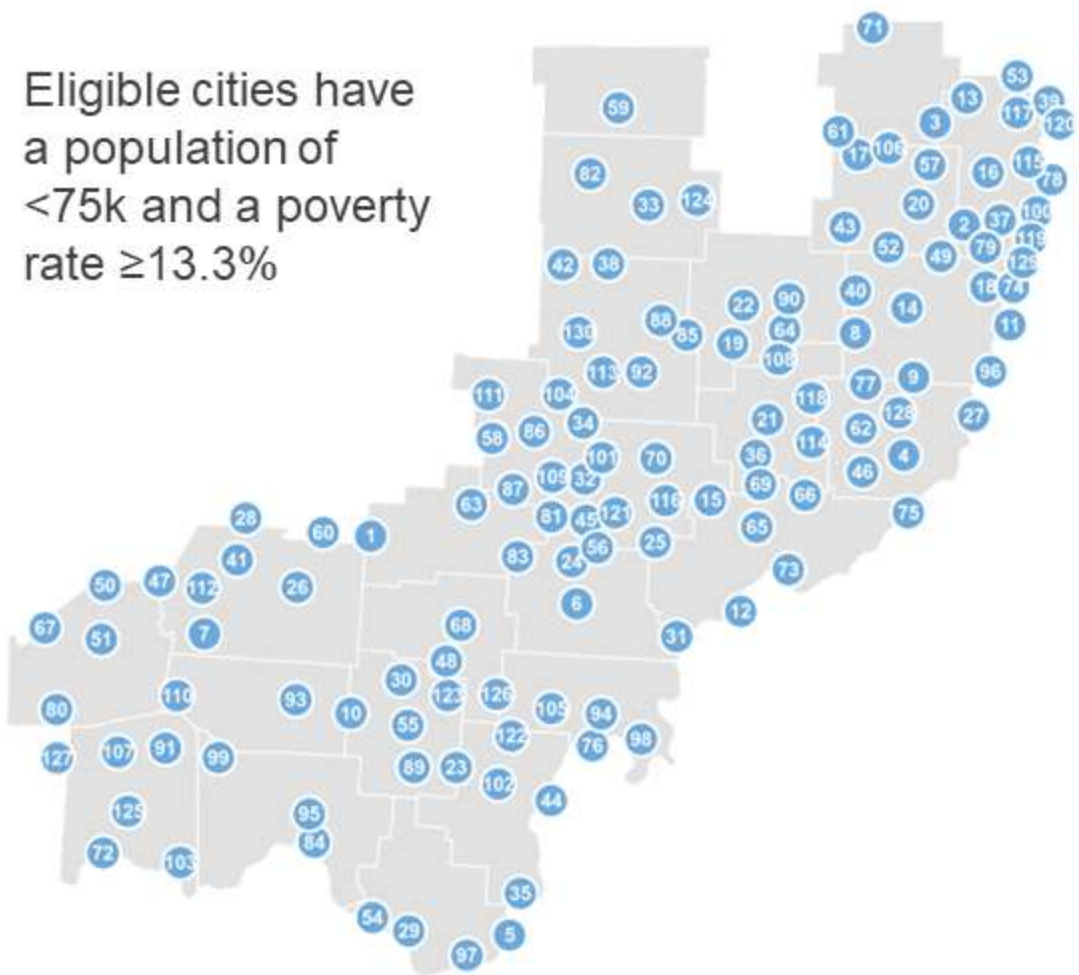


Downtown Bellefontaine

- ✓ Fulfills a market need
- ✓ Catalytic investment
- ✓ Economic and community impact
- ✓ Financial feasibility & strength of capital stack
- ✓ Community priority & alignment w/growth plan
- ✓ Public-Private partnership
- ✓ Job creation and retention
- ✓ Experienced developer/project owner
- ✓ Level of community distress

VCP Eligible Cities 2024 – Ohio Southeast

Eligible cities have a population of <75k and a poverty rate $\geq 13.3\%$



ALPHABETICAL

- | | | | |
|-----------------------------------|---------------------------|------------------------------|-------------------------------|
| 1. Adelphi village | 36. Dexter City village | 72. Manchester village | 108. Senecaville village |
| 2. Adena village | 37. Dillonvale village | 73. Marietta city | 109. Shawnee village |
| 3. Amsterdam village | 38. Dresden village | 74. Martins Ferry city | 110. Sinking Spring village |
| 4. Antioch village | 39. Empire village | 75. Matamoras village | 111. Somerset village |
| 5. Athalia village | 40. Fairview village | 76. Middleport village | 112. South Salem village |
| 6. Athens city | 41. Frankfort village | 77. Miltonsburg village | 113. South Zanesville village |
| 7. Bainbridge village | 42. Frazeytsburg village | 78. Mingo Junction village | 114. Stafford village |
| 8. Barnesville village | 43. Freeport village | 79. Mount Pleasant village | 115. Steubenville city |
| 9. Beallsville village | 44. Gallipolis village | 80. Mowrystown village | 116. Stockport village |
| 10. Beaver village | 45. Glouster village | 81. Murray City village | 117. Stratton village |
| 11. Bellaire village | 46. Graysville village | 82. Nellie village | 118. Summerfield village |
| 12. Belpre city | 47. Greenfield village | 83. Nelsonville city | 119. Tiltonsville village |
| 13. Bergholz village | 48. Hamden village | 84. New Boston village | 120. Toronto city |
| 14. Bethesda village | 49. Harrisville village | 85. New Concord village | 121. Trimble village |
| 15. Beverly village | 50. Highland village | 86. New Lexington village | 122. Vinton village |
| 16. Bloomingdale village | 51. Hillsboro city | 87. New Straitsville village | 123. Wellston city |
| 17. Bowerston village | 52. Holloway village | 88. Norwich village | 124. West Lafayette village |
| 18. Bridgeport village | 53. Irondale village | 89. Oak Hill village | 125. West Union village |
| 19. Byesville village | 54. Ironton city | 90. Old Washington village | 126. Wilkesville village |
| 20. Cadiz village | 55. Jackson city | 91. Peebles village | 127. Winchester village |
| 21. Caldwell village | 56. Jacksonville village | 92. Philo village | 128. Woodsfield village |
| 22. Cambridge city | 57. Jewett village | 93. Picketon village | 129. Yorkville village |
| 23. Centerville (Thurman) village | 58. Junction City village | 94. Pomeroy village | 130. Zanesville city |
| 24. Chauncey village | 59. Killbuck village | 95. Portsmouth city | |
| 25. Chesterhill village | 60. Kingston village | 96. Powhatan Point village | |
| 26. Chillicothe city | 61. Leesville village | 97. Proctorville village | |
| 27. Clarington village | 62. Lewisville village | 98. Racine village | |
| 28. Clarksburg village | 63. Logan city | 99. Rarden village | |
| 29. Coal Grove village | 64. Lore City village | 100. Rayland village | |
| 30. Coalton village | 65. Lowell village | 101. Rendville village | |
| 31. Coolville village | 66. Lower Salem village | 102. Rio Grande village | |
| 32. Corning village | 67. Lynchburg village | 103. Rome (Stout) village | |
| 33. Coshocton city | 68. McArthur village | 104. Roseville village | |
| 34. Crooksville village | 69. Macksburg village | 105. Rutland village | |
| 35. Crown City village | 70. Malta village | 106. Scio village | |
| | 71. Malvern village | 107. Seaman village | |

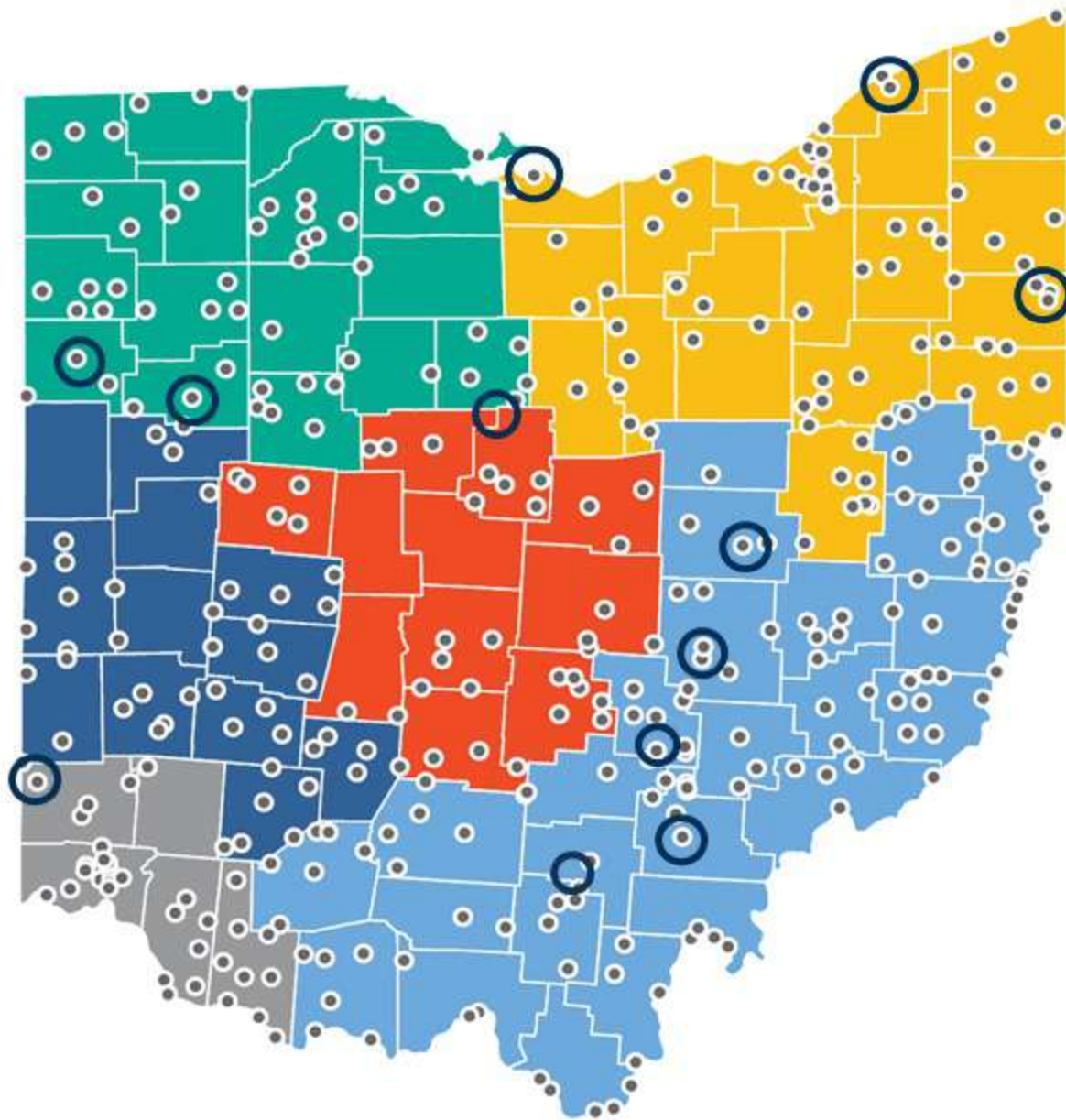
CRITERIA:
City/Village Poverty Rate: $\geq 13.3\%$

Source: Census.gov ACS 5-Year Estimates 2017 - 2022



Ohio Southeast Vibrant Communities Projects

- 5 Projects (6 total in Appalachian Co's)
- Over \$12M in total investment
- Four Planning Grants
- Several projects in the pipeline



Shawnee



Coshocton



Zanesville



Athens



Hillsboro

Vibrant Community Programs

44 Projects
Statewide since 2020

- Statewide investment in Small to Mid-Sized Communities
- Empowering communities to grow the Ohio competitive advantage

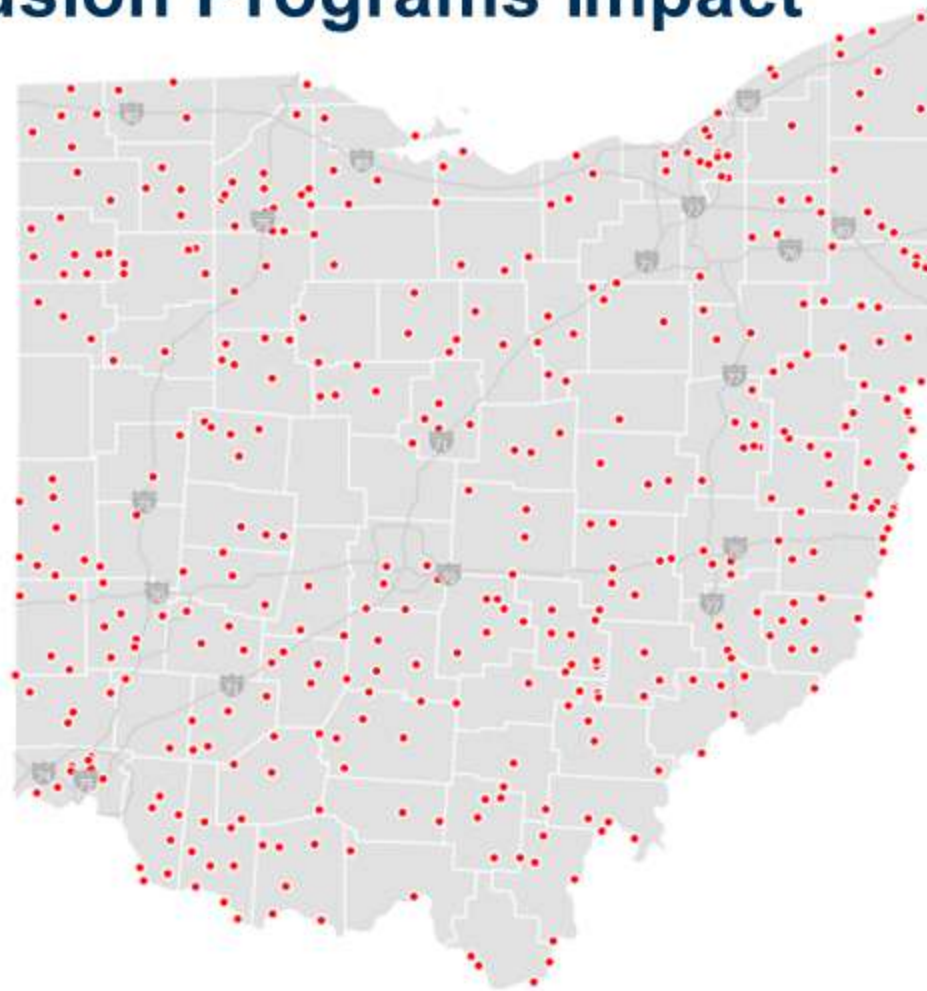
JobsOhio Inclusion Programs Impact

Vibrant Communities

- 21 Catalytic Projects
- >780 Created and Retained Jobs
- \$100M Total New Investment
1:6 Leveraged Investment
- 640K Sq Ft Redeveloped
- Property Values increased by 11x
- >30 Buildings Targeted

Pre-Project Planning

- 23 Planning Projects
- 3+ Projects led to Vibrant Community Projects



Over 400 Eligible Communities

Vibrant Community

CASE STUDY

Hillsboro Business Complex

OhioSE

Mixed-use Redevelopment project of 3 vacant buildings

- 7,048 Square Feet
- 5 participating tenants including:
 - Highland County Chamber of Commerce
 - Hapner Law Office
 - The Hive Co-Working Space

“The Vibrant Community Grant is important to this projects success and this project is vital to attract new investment to our city.”

- Dale Martin, Owner

Attracting over \$1M in new investment into the community and will create & retain at least 11 jobs with \$454,688 in payroll.



Vibrant Community

CASE STUDY

Zanesville Downtown Exchange

OhioSE

Redevelopment of historic commercial building to mixed-use marketplace and co-working space

- 20,000 Square Feet
- \$1.1M redevelopment project
- 1st floor marketplace
- 2nd & 3rd floors co-working, office and meeting spaces
- Creating 37 new jobs

“The Downtown Exchange project, which combines a food hall and work share space, is a business incubator, traffic generator, and next-generation project, it has had an immediate impact on our community.”

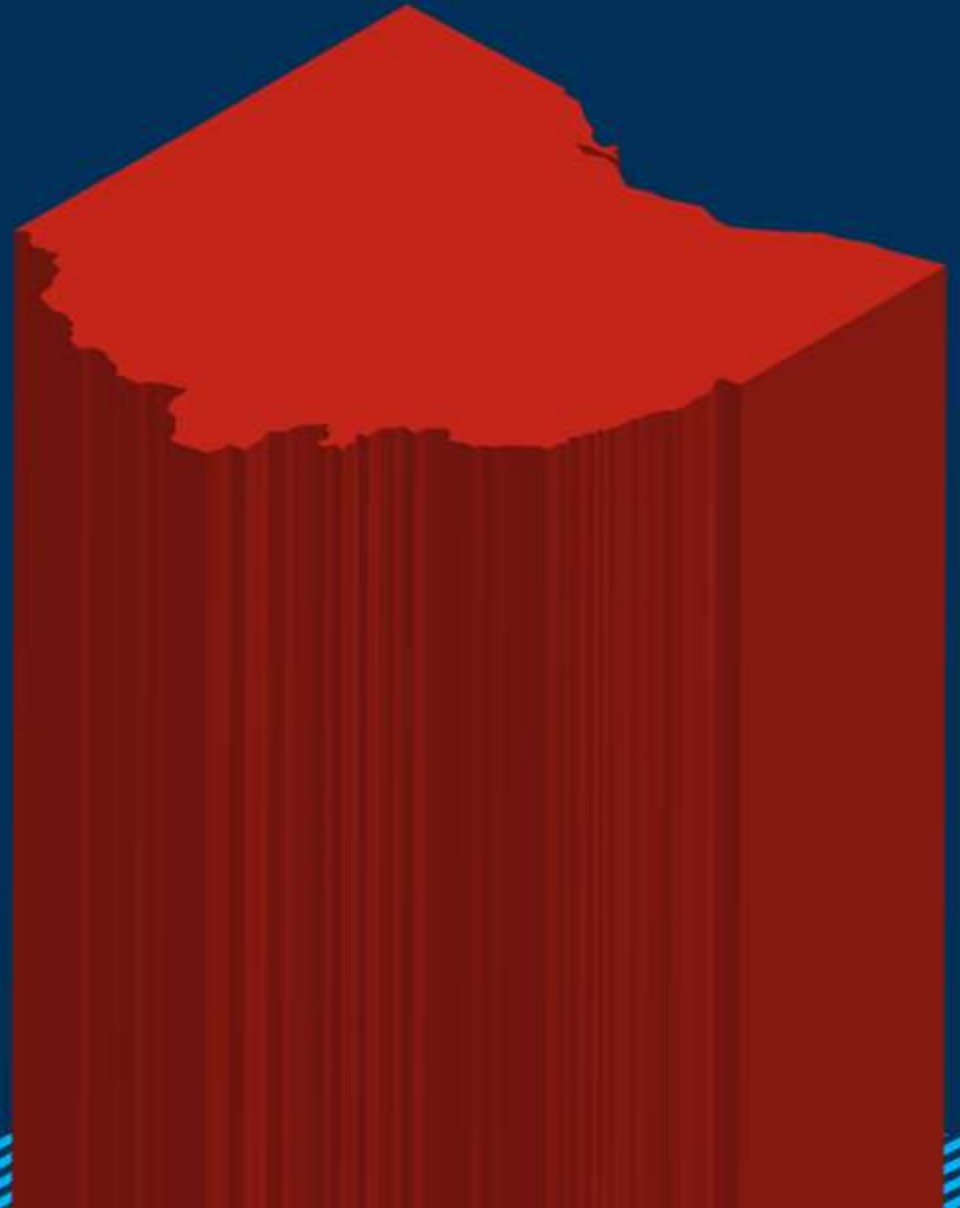
- Dana Matz, President of the Zanesville-Muskingum Chamber of Commerce



PRE-PROJECT PLANNING GRANT



Ohio's Economic
Development Corporation



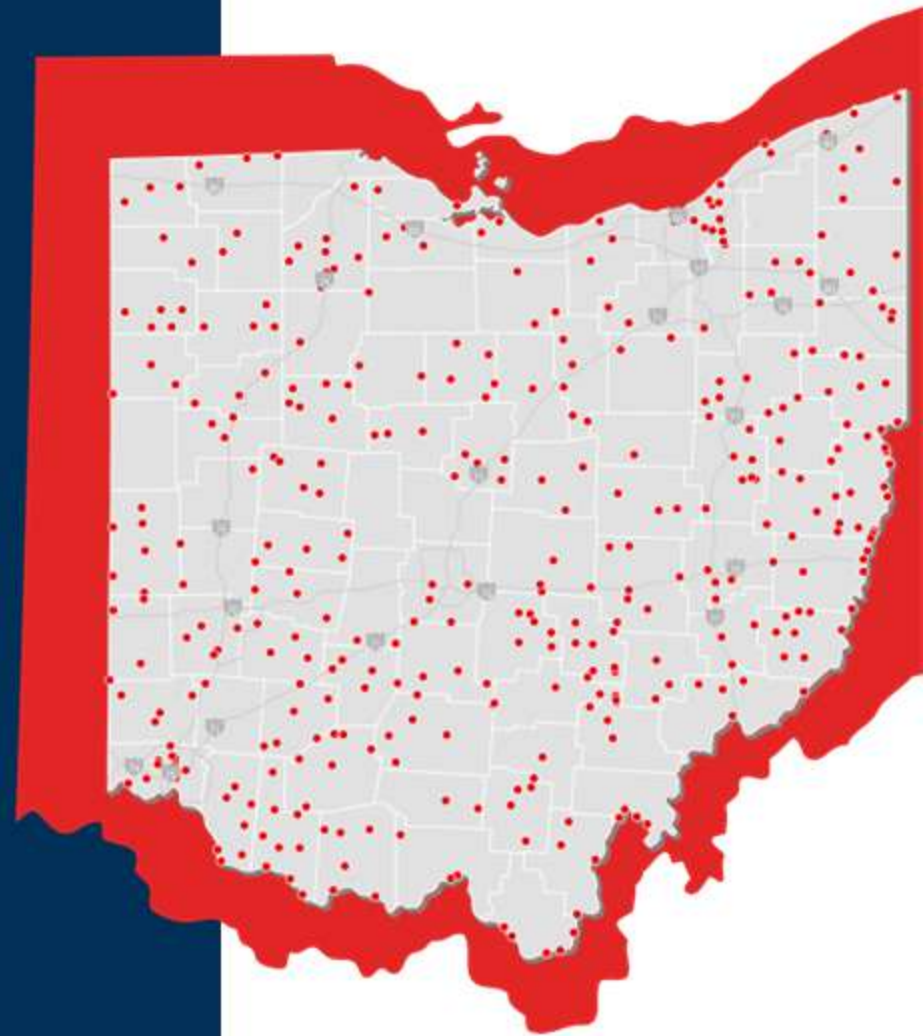
Provides technical assistance to help advance potential Vibrant Communities projects from concept to implementation

- Same eligible cities as the Vibrant Community Grant Program
- Grants up to \$20,000, not more than 50% of total planning costs
- Should be a project that could be eligible for the Vibrant Community Grant Program
- Community must demonstrate gap in completing the plan
- Services provider is choice the of city/applicant
- Applicant can be the city or local economic development organization (public or private)
- JobsOhio will contract directly with service provider



Eligible Planning Costs Include:

- Market and industry studies
- Building or site due diligence
- Capacity planning and stakeholder coordination
- Capital or budget planning
- Advising on local economic development tools
- Development timeline planning
- Marketing and prospectus development



Project Planning

CASE STUDY Bellefontaine



- Built in 1880
- 3 floors
- 13 store fronts
- 40,000 Total SQFT
- Condemned in 2019

OneColumbus



Site Evaluation & Feasibility Study Historic Opera Block

Leveraged a \$20,000 JobsOhio Planning Grant to secure over \$2M in outside investment for the project

ROBERT VAILE

**Principal, Sensical Properties
The Pioneer School in Zanesville**



Pioneer School Redevelopment

Historic 1915 school in Zanesville, Ohio
being converted into 28 residences

Overview

- First non-segregated school in the city, ran til 2005
- We found for sale on Facebook by second owner, David Mitzel
- Purchased in 2022 for \$505k
- City of Zanesville applied for Opportunity Appalachia grant on our behalf



How did OA Help?

- Market Research on Housing Needs
- Explored Funding Sources
- Engineering Plan Work
- State HTC App Support
- Realigned the CRA
(saving \$50k in taxes/year)



Housing Needs Assessment

- There is “strong and pent-up demand for ... non-subsidized rental housing types within the Zanesville market”
- Vacancy rates average 2.2%
- Waiting lists for several surveyed properties
- Existing rental housing >15 years old
- No non-subsidized housing in the downtown
- “Between 118 and 297 general occupancy rental units ... are supportable within the Zanesville Site PMA”

Community Impact

- Addresses housing demand
- Preserves landmark through adaptive reuse
- Leverage local resources in renovation



Why This Building?



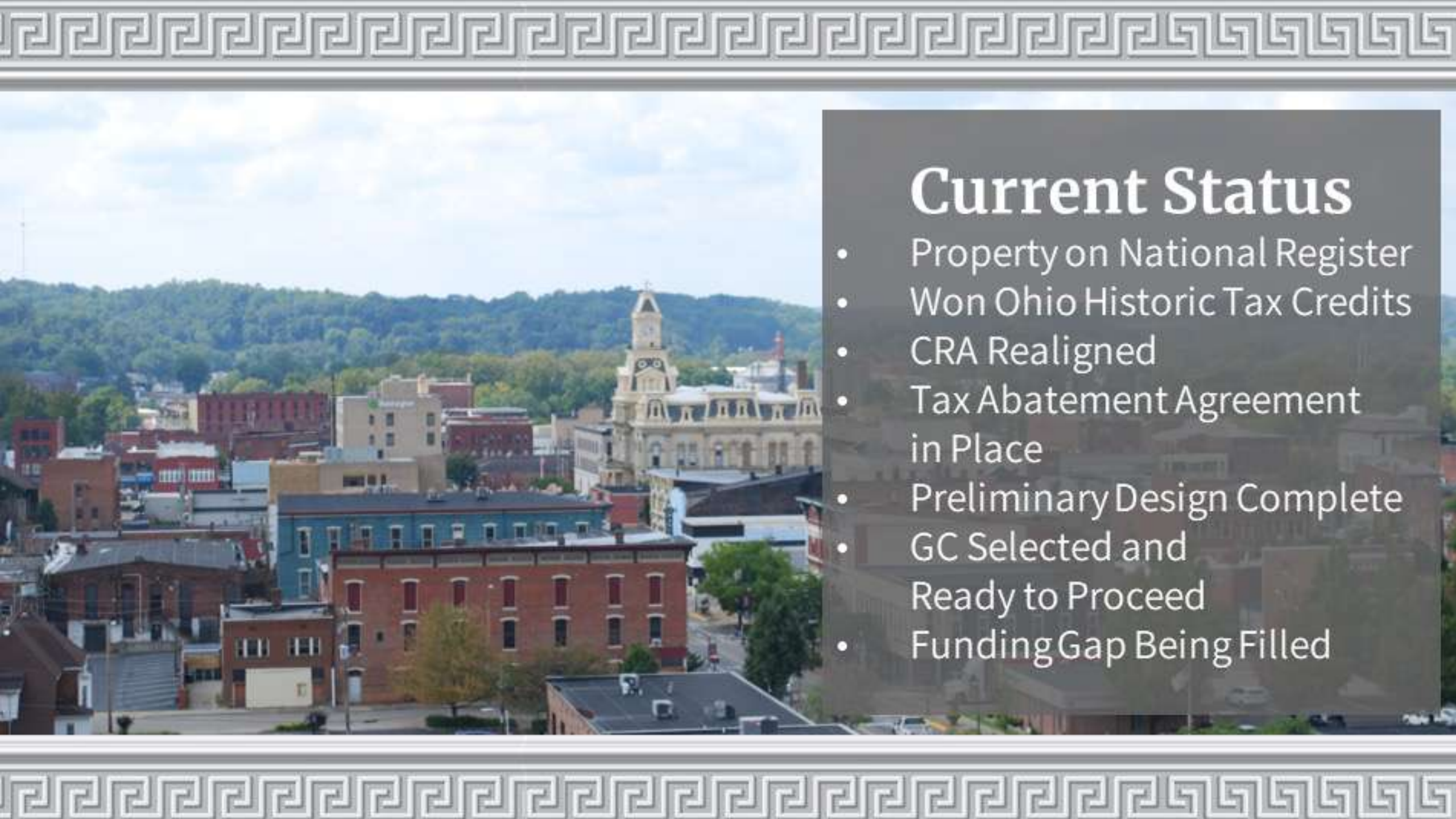
- Almost no vacant time period
- Solid roof through time
- Very good bones
- No major renovations completed
- No asbestos
- Location

The Financials

Total Project Costs	\$4.5M
Early Private Investment Raised	\$600k
Conventional Construction Financing	\$2.55M
State Historic Tax Credits	\$600k
Fed Historic Tax Credits	\$750k
Second Tranche of Investment	\$800k

Rehab costs per sqft	\$147
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Project costs per sqft	\$167
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Current Status

- Property on National Register
- Won Ohio Historic Tax Credits
- CRA Realigned
- Tax Abatement Agreement in Place
- Preliminary Design Complete
- GC Selected and Ready to Proceed
- Funding Gap Being Filled

Thanks!

Do you have any questions?

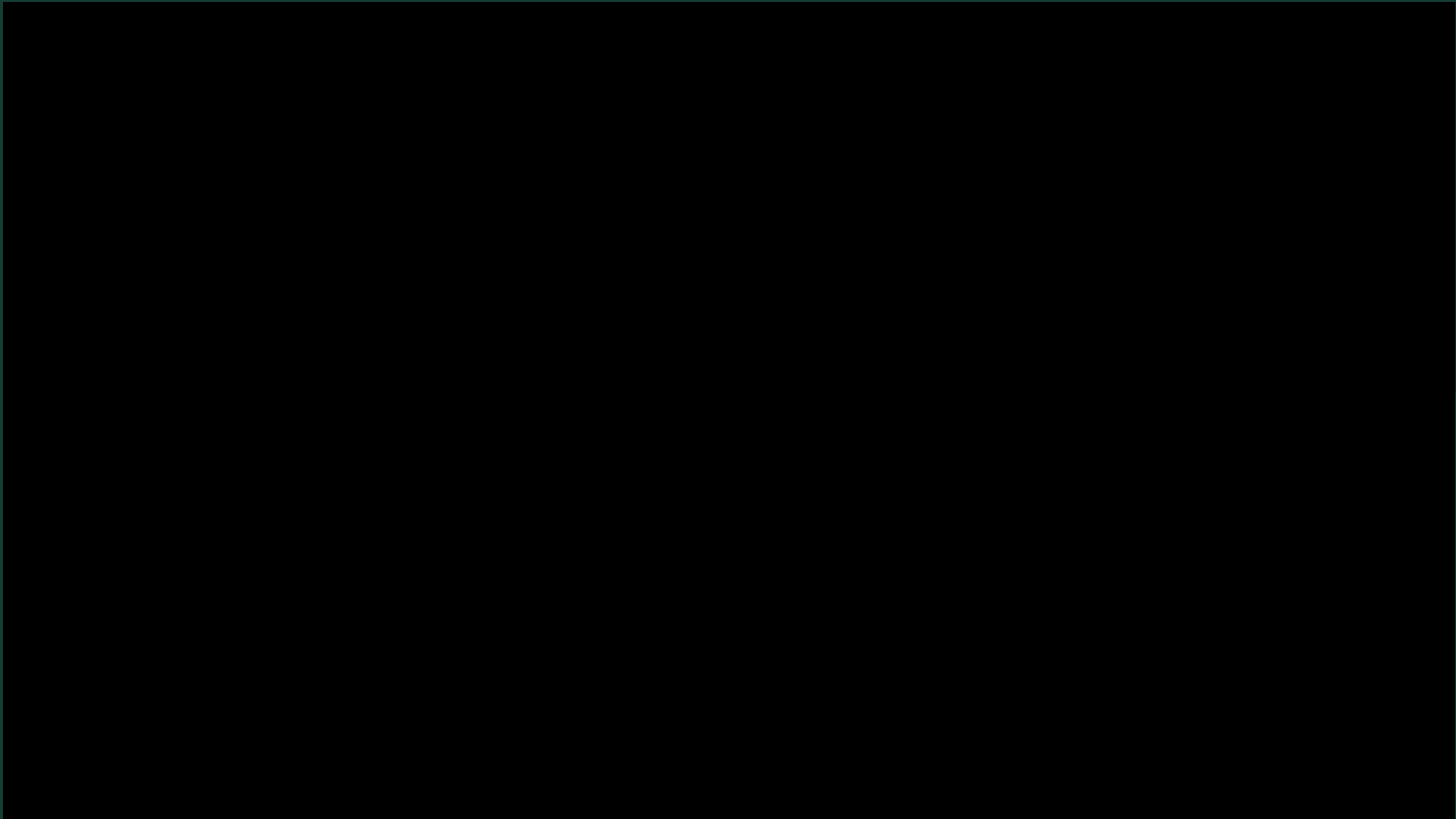
Robert Vaile

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KATHRYN COULTER RHODES

**Program Manager
Opportunity Appalachia**



Opportunity Appalachia

*OH Outreach Meeting
February 27, 2024*

Presentation Preview

1. **Opportunity Appalachia (OA) Overview**
 - Who & What
2. **Opportunity Appalachia Deep Dive**
 - Types of Projects
 - Who Should Apply?
 - Types of Technical Assistance
 - Investor Convening +Project Pitches
 - Requirements
 - Selection Criteria
 - Timeline
3. **Submit Questions Throughout**

What is Opportunity Appalachia?

- ★ 30 downtown & rural development real estate projects
 - **6 states: KY, NC, OH, TN, VA, WV (Appalachian counties)**
- ★ Provide \$1.8M to fund direct technical assistance
 - **\$40,000 – \$75,000 per project**
 - **Prepare projects for investment**
- ★ Raise over \$150M of new investment for targeted communities

Support downtown and rural development to build entrepreneurial communities, create quality jobs and revitalize local economies

Opportunity Appalachia Leadership



Opportunity Appalachia is supported by funding from:



Appalachian
Regional
Commission



dogwood
health trust



CLAUDE
WORTHINGTON
BENEDUM
FOUNDATION

M&T Bank

What Types of Projects Are Supported?

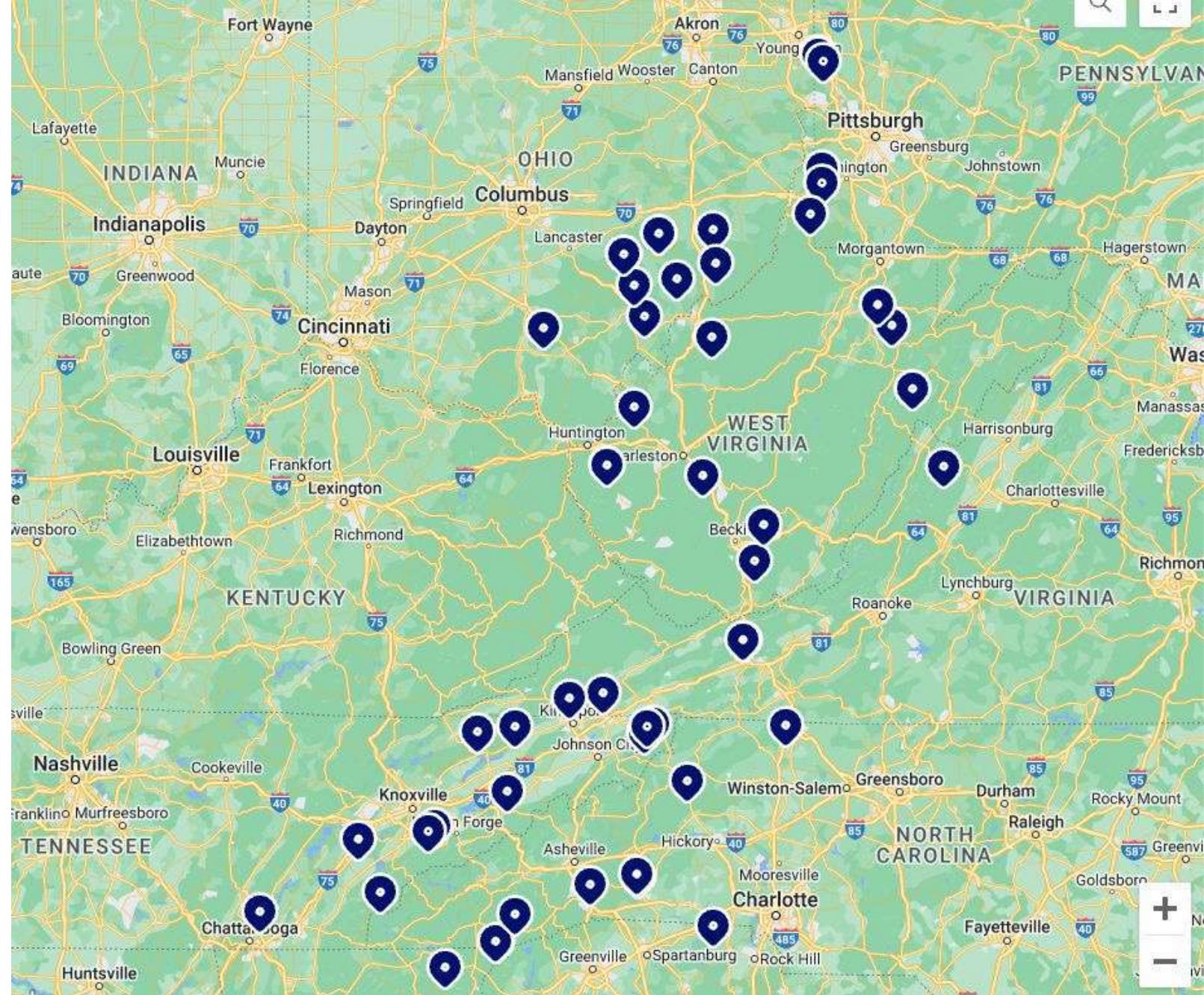
- ❖ **Downtown or rural development real estate projects**
- ❖ **The project is investable, able to be financed**

Priorities include:

- Housing
- Downtown development
- Manufacturing
- IT
- Healthcare
- Education
- Food Systems
- Clean Energy
- Heritage Tourism & Recreation

58 Projects Since 2020

- Mixed use: offices, housing, retail, restaurant
- Food system
- Event spaces
- Commercial kitchens
- Outdoor recreation
- Health Centers
- Childcare Centers
- Hospitality



Who Should Apply?

- For-profit Project Sponsors including developers and businesses
- Multi-county regions
- Counties
- Municipalities
- Economic and community development organizations (e.g. Main Street organizations)
- Other non-profit organizations
- Educational institutions

Geographic Eligibility & Priority Communities

All counties in the Appalachian portions of Kentucky, North Carolina, Ohio, Tennessee, Virginia, and West Virginia are eligible, except for ARC-designated Competitive and Attainment counties

Two Ineligible Counties in Ohio: Holmes & Clermont

Prioritized Communities Include:

- ❖ [ARC-designated](#) Distressed and At-Risk areas
- ❖ [Persistent Poverty Communities](#) (where 20% or more of the population is in poverty over the last 30-yr period)
- ❖ Rural communities – [meeting any federal definitions](#)
- ❖ [Federal Opportunity Zones](#) and [New Markets Tax Credit](#) census tracts
- ❖ ARC-designated [Coal Impacted Communities](#) (dependence, impact, or risk)



Types of Technical Support

**Investment
Prospectus**

**Financial
Projections**

**Financial
Structuring**

**Market
Research**

**Architectural &
Engineering**

**Business Plan
Development**

**Developer
Solicitation**

**Investor
Outreach**

Who Provides the Technical Assistance?

Approved TA Providers

- OA has over 100 TA providers approved
- New providers can get approved
- Projects can identify TA providers

Request for Qualifications for any new or identified providers available on OA webpage.

Connecting with Investors

Dedicated
Outreach by:

- Opportunity Appalachia
- TA teams

Investor
Convening With:

- Project Representatives
- TA providers
- Investors

Requirements

1. **Matching Support Required: \$5,000**
 - a. Funding or in-kind
2. **Pay It Forward: Help Sustain Opportunity Appalachia**
 - a. Projects that successfully close on project financing within three years
 - b. Repay OA the lesser of either:
 - i. The total TA award provided by OA, or
 - i. 1% of the project's closed financing amount

For Example:

A project's TA cost \$50,000. The project closes on \$1MM in financing in year 2.

This project will repay \$10,000. Generally, rolled in as part of their financial closing.

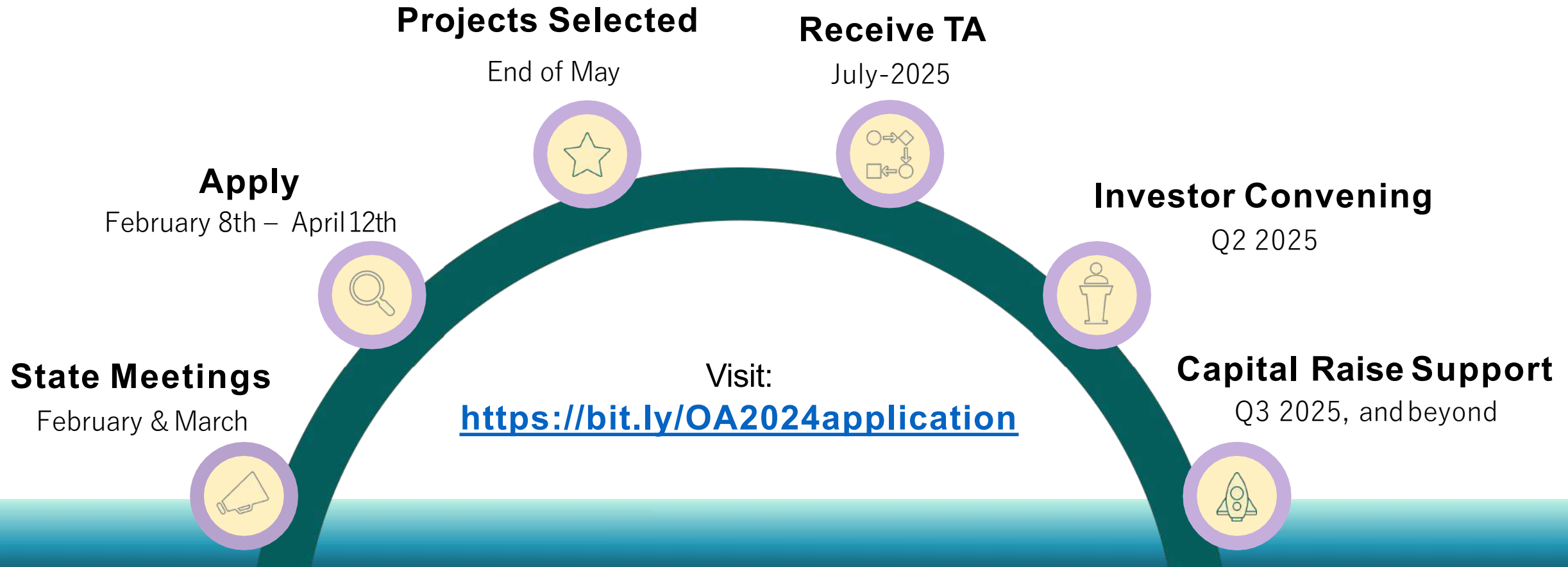
- $\$1\text{MM} \times 1\% = \$10,000$ (is less than \$50k)

What is the Project Selection Criteria?

1. Identified community strategies, engagement
2. Clearly identified project and vision
3. Community impact
4. Capacity & track record
5. Suitability for investment
6. Clear need for TA
7. Clean energy focus

Timeline

Application Deadline: April 12 at 5PM EDT



Application Period:

February 8 – April 12 at 5:00 PM EDT

<https://bit.ly/OA2024application>

Application Questions?
katy@ohiose.com



OhioSE

ECONOMIC DEVELOPMENT

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