WELCOME!

Opportunity Appalachia

Program will begin shortly.
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

- Developed 50 Regional Economic Development Plans
- Economic Development Advisors to over a dozen communities
- Negotiated over $2 in Economic Development Incentives
- Lobbied for over $500 m in federal and state fundings=
- Negotiated over three dozen entitlement and incentive package

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
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.
<table>
<thead>
<tr>
<th>Located within ten miles of major city</th>
<th>Not located within ten miles of a major city</th>
</tr>
</thead>
<tbody>
<tr>
<td>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</td>
<td>No minimum investment requirement</td>
</tr>
<tr>
<td>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</td>
<td>Includes at least one new or previously vacant building that is two or more stories high, or 75,000 or more square feet</td>
</tr>
<tr>
<td>OR</td>
<td>OR</td>
</tr>
<tr>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>
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 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

Evaluation of Significance of the Property
- Define historic structure of building or district
- National Park Service issues a decision that the building is a certified historic structure

Description of Rehabilitation Work
- 20% tax credit applicants
- Outline of the proposed rehabilitation work
- National Park Service certifies the description of the proposed rehabilitation plan is consistent with historic rehab standards

Request for Certification of Completed Work
- After the rehab work is completed, the owner submits an application requesting final approval of the completed work
- National Park Service reviews and certifies the completed project based upon a comparison of the proposed scope of work to determine if it meets the standards
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 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

**Finance Fund**
- CDE Wins Competitive Treasury Award
- Reviews OIEs
- Prohibition
  - Country Clubs, Golf Courses, Massage Parlors, Hot Tubs, Sun tan, 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 35% 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
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
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 ≥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*

*Downtown Lima

*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

- 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
Eligible cities have a population of <75k and a poverty rate ≥13.3%

CRITERIA: City/Village Poverty Rate: ≥ 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
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

44 Projects
Statewide since 2020
- Statewide investment in Small to Mid-Sized Communities
- Empowering communities to grow the Ohio competitive advantage

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 project’s 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.
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
Eligibility – Pre-Project Planning Grants

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 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Costs</td>
<td>$4.5M</td>
</tr>
<tr>
<td>Early Private Investment Raised</td>
<td>$600k</td>
</tr>
<tr>
<td>Conventional Construction Financing</td>
<td>$2.55M</td>
</tr>
<tr>
<td>State Historic Tax Credits</td>
<td>$600k</td>
</tr>
<tr>
<td>Fed Historic Tax Credits</td>
<td>$750k</td>
</tr>
<tr>
<td>Second Tranche of Investment</td>
<td>$800k</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rehab costs per sqft</td>
<td>$147</td>
</tr>
<tr>
<td>Project costs per sqft</td>
<td>$167</td>
</tr>
</tbody>
</table>
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
Sensical Properties
Robert@sensic.al
740-480-1333

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Opportunity Appalachia

OH Outreach Meeting
February 27, 2024
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:
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
      ii. 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.
   - $1MM x 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
Application Deadline: April 12 at 5PM EDT

- **Projects Selected**
  - End of May

- **Receive TA**
  - July 2025

- **Apply**
  - February 8th – April 12th

- **State Meetings**
  - February & March

- **Investor Convening**
  - Q2 2025

- **Capital Raise Support**
  - Q3 2025, and beyond

Application Period:

February 8 – April 12 at 5:00 PM EDT


Application Questions? katy@ohioose.com
KATY FARBER
VICE PRESIDENT
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