



Regional Housing Symposium

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Residential Development STRATEGIC PLAN

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Table of Contents

<u>Executive Summary</u>	3
<u>Strategic Plan Introduction</u>	5
<u>Strategy 1: Inventory Development</u>	7
<u>Strategy 2: Land & Building Banking</u>	9
<u>Strategy 3: Creation of Real Estate Organization</u>	10
<u>Strategy 4: Impact Investing</u>	11
<u>Strategy 5: Expansion of Tax Increment Financing</u>	12
<u>Strategy 6: Leverage Local Port Authorities</u>	15
<u>Strategy 7: Regional Development Fund</u>	17
<u>Strategy 8: Planning & Zoning Amendments</u>	18
<u>Strategy 9: Maximize State & Federal Resources</u>	25
<u>Strategy 10: Buyer & Renter Incentives</u>	27
<u>Conclusion & Next Steps</u>	30
<u>Federal & State Resources Guide</u>	34



Executive Summary

It has been well documented that the counties of Erie, Huron and Ottawa need over 10,000 new housing units to address the growing demand. The demand encompasses all types of housing, affordability levels and ages of potential occupants. A regional housing charette, held in the Spring of 2025, brought professionals from various sectors together to brainstorm around the obstacles hindering housing development in the region. With such a high demand for new housing, it was necessary to uncover and identify why investment was not targeting the region. Participants of the charette identified many barriers to scaled development in the region – some of which were external and out of the collective’s control. However, the discussion centered on many local and regional barriers that could be improved to promote investments in housing.

As part of the charette, participants began to brainstorm some methods and interventions that could be employed regionally to attract investment. Suggestions included alterations to local zoning codes, exploration of local incentives, and targeted advocacy at the state and federal levels to maintain, and in some instances, expand development programs.



The following strategic plan begins to suggest far-ranging interventions that can be implemented across various professional sectors to promote housing development at-scale. In addition to being informed by feedback received from the previous housing charette, interventions employed in other areas of the state have been investigated. It is acknowledged that there is not a “one-size fits all” solution nor are all the interventions possible in each township, village and city – as hyper-local characteristics, politics, and economics will influence what is feasible.

ERIE, HURON & OTTAWA COUNTIES NEED 10,000+ HOUSING UNITS

This strategic plan aims to accomplish two main objectives:

- (1)** Offer a wide-array of local solutions and promote existing incentives to advance housing development at-scale in our region.

- (2)** More importantly, the plan hopes to stress that to achieve scaled development, our region must *think differently* and *“stack the deck”* through laying strategies and investments to attract development at scale.



Yes, the three-county study region needs 10,000+ housing units. Yet, the other eighty-five counties in Ohio can likely claim comparatively high housing demands. Therefore, Erie, Huron, and Ottawa counties need to begin to think differently about meeting the need and must create a competitive advantage – an advantage that entices developers, investors and potential buyers and renters to select our region to build and live in. Status quo unfortunately is not working, certainly not at the scale that is needed.

New housing development will increase affordability for existing residents, through the creation of more supply, and increases the local tax base through increased property, sale and income taxes. The region is facing a reduced population base, yet our infrastructure is aging and cost of services is increasing. A plan to tap into the demand of individuals who want to live here will both increase local tax bases while spreading infrastructure and service costs across an increased population. The time is now to think differently to change the trajectory and prosperity of the region.

Strategic Plan Introduction

The three-county study area varies in their characteristics. From urban, suburban and rural to farmland and waterfront. Demographics, political ideologies and economic capacities are as varied. These differences underline the idea that interventions may differ based on geography, political will and economic capability. The resources and strategies shared in this plan therefore can be applied a-la-carte to each community. However, it is hoped that these strategies will ignite a spark for our region and distinct jurisdictions, political leaders, philanthropic partners, non-profit organizations and the private sector.

Strategies aim to accomplish several objectives that impact the supply and demand side of residential development including, but not limited to:

- (1) Development of robust site identification and land assembly programs**
- (2) Enticement of private developers to invest here through enhanced incentives and revamped planning and zoning regulations**
- (3) Self-investment to drive housing supply**
- (4) Positioning the region to secure federal and state housing resources**
- (5) Making the path to homeownership simpler and less expensive**

The strategies outlined are followed by a listing of federal and state resources that exist to promote housing development in our region. Although not exhaustive, the listings provide detail on the largest and most utilized programs across governmental levels. The resources highlighted should be pursued aggressively moving forward as our region has been underrepresented in securing our fair share to advance housing priorities and development. The region is capable of scaled residential development if we think differently and act strategically and there are significant and expanding resources to aid in the effort.

The good news is that our region is not starting from ground zero. Several political jurisdictions and partners have begun making housing development and affordability a priority and have already begun looking at local interventions. Additionally, there is housing development taking place. At the moment, there are currently 800+ units of housing either being built or in the predevelopment phase in our region. These developments include for-sale and rental housing and a variety of affordability levels. It is critical to build off this momentum and truly take development to scale in a manner that shines the light on this region that we have a competitive advantage in attracting investment.



Strategy 1: Creation of Regional Property Inventory of Available Land and Buildings

The first question out of the mouth of a developer or land development company is commonly – “what sites or buildings are available.” Developers and land development companies (those that source sites on behalf of developers) when looking for their next project or site – start with two main objectives: (1) how quickly can a new project be built and on the market for sale or lease and (2) finding the path of least resistance from an acquisition, due diligence, zoning and incentive navigation standpoint. These tight timelines are often needed due to developers having to meet annual unit production requirements or are under deadlines to obtain site control as part of an application for state and federal resources (such as tax credits).



Our region is doing a tremendous job at telling the story about the pent-up demand for housing – however, there does not exist a regional inventory of development ready sites and buildings. Without being able to provide potential developers with available land or building options, they are likely to move on quickly to a different community

A region-wide inventory of available raw land sites and buildings is critical to speeding up the development process and creates a sole source of information versus having to talk to a plethora of jurisdictions and realtors to understand what sites may be attainable. This resource commonly exists for identifying sites for commercial and industrial development. Many jurisdictions and economic development organizations maintain inventories of sites and buildings for economic development purposes and there are great resources nationally to foster commercial and industrial site identification – such as ZoomProspector. This same philosophy must be applied to residential development and be regional in scale.



The inventory should include sites and buildings that are minimally:

- Actively listed for sale
- Owed publicly and available for development
- Owned privately by an owner willing to sell – but not actively listed for sale

The inventory should include, if known, site and building data including, but not limited to:

- Acreage/square footage
- Ownership information
- Zoning classification
- Utility capacity
- Sales price (if listed)
- Available incentives
- Point of contact to negotiate acquisition
- Due diligence studies for reference

Strategy 2: Land and Building Banking

Beyond development of a regional site and building inventory - efforts must be undertaken to acquire raw land and buildings for eventual development. Increasing the number of property holdings by local governments and other real estate focused organizations can exponentially speed up the development process by eliminating the property negotiation process between two unrelated private entities and shortening the site control process for a developer.

Acquisition can be done through direct negotiation with private sellers and realtors or through acquisition via sheriff sale. Understandably, to do so would require significant upfront capital and patient capital at that. However, this is not a foreign concept in our area. For example, local land banks have become a reliable source for providing available lots for the development of infill single family homes or vacant homes for rehabilitation. There is also history of cities and development corporations acquiring and holding large tracts of land for the purposes of developing industrial and corporate parks. The same considerations should be given to assembling raw land and buildings for residential development.



This site represents 40 acres of raw land purchased by the City of Huron to attract residential development. (Photo courtesy of the City of Huron)



Former Osborne Elementary School purchased by the City of Sandusky and then sold to a private developer to adaptively reuse into affordable senior apartments. (Photo courtesy of the Sandusky Register)

Strategy 3: Creation of Real Estate Focused Organization

Development corporations have a long history in this county and continue to thrive in Ohio – primarily, although not exclusively, located in more populated and urbanized areas. These organizations tend to be place-based and focus on a myriad of issues including, but not limited to, economic development, affordable housing, organizing and advocacy, safety, and real estate development. They exist, in part, to fill needs of locales that are not being met by governments or other institutions (or at least to the scale needed) and they can operate with great flexibility and nimbleness.

Given the fast-paced environment related to real estate, a regionally based and focused organization can work exclusively on development activities without being subjected to red-tape and time-consuming hurdles. Additionally, the priorities of governmental institutions and non-profit organizations can change based on elections and board composition. That is why it is critical to establish an organization whose sole focus is on real estate development and who operate regionally, not limited by jurisdictional boundaries.

Once capitalized, this organization can be a partner to political jurisdictions focusing on development supported locally and advance development efforts through acquisition, land assembly, construction, ownership or even property management. These organizations are also eligible for major funding programs and development resources such as tax credits.

Whether this is a new organization, or a subsidiary/affiliate of an existing organization, it is worth exploring the creation of an exclusively development-forward and focused entity.



Strategy 4: Adopt an Impact Investing Philosophy

Impact investing is defined multiple ways, but at its core, it is foundation driven investment activity that intends to generate positive social and financial returns. Efforts are focused on investing in projects or initiatives that aim to address complex and growing issues within a defined geography or mission-focused space. This philosophy is growing in use across the foundation community who are looking to diversify beyond grantmaking while simultaneously being able to recycle capital for additional community benefit. Some foundations have been reluctant to step into this space, primarily due to the uncertainty about how to invest effectively.

It is worth exploring how our philanthropic network can collaboratively work towards an impact investing philosophy and strategy – focused primarily on housing development either through investing themselves into projects, through a subsidiary of a particular foundation or through funding an existing or new organization who operates in the field of real estate development – as contemplated in the previous strategy. The latter method could be the vehicle through which a real estate focused organization is initially capitalized in a manner that funds initial operations and real estate projects that generate a direct economic return for the foundation.



A notable example exists in Van Wert County, where the Van Wert Community Foundation, through a related development arm known as Van Wert Forward, has been aggressively acquiring and redeveloping properties downtown. This is made possible by investing endowment funds into real estate projects versus traditional investment strategies.



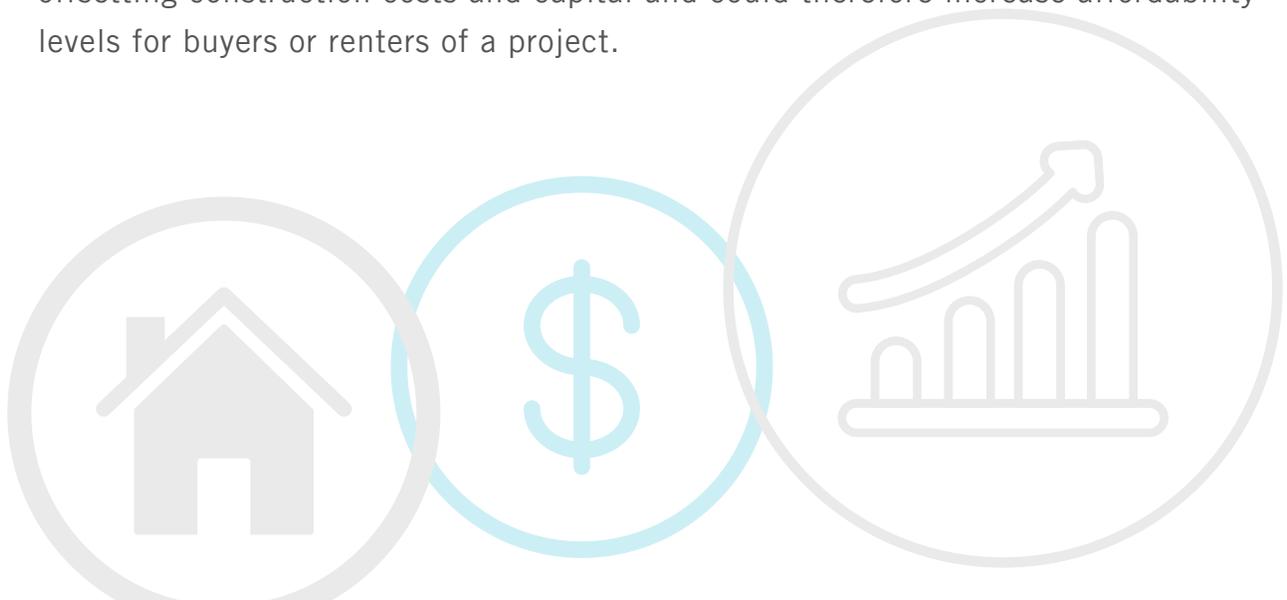
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Strategy 5: Development of a “Pro” Tax-Increment Financing Mindset

Tax increment financing is a public financing method that is used as an incentive to entice new development projects – whether it be residential, commercial or industrial. Through TIFs, political jurisdictions can divert future property tax revenue increases from a defined district or parcel to spur development.

Historically, TIF revenue could only be invested in “public” improvements such as roadways, underground utilities, or public facilities. These investments must be to the benefit of the project, parcel or district that was subject to the TIF. This type of TIF is commonly referred to as a Section 40 TIF under the Ohio Revised Code. These investments could also result in construction of new roadways, for example, in a to be built residential subdivision or could be located off-site, such as improvements to a wastewater treatment facility to handle the increase in future capacity resulting from the development.

Recently however, the Ohio Revised Code has been amended to create a Section 41 TIF – which allow the increase in real estate tax increment from a project to be directly invested into the private development. This subsidy, from a residential perspective, can increase project feasibility through reducing developer risk, offsetting construction costs and capital and could therefore increase affordability levels for buyers or renters of a project.



Regardless of whether a Section 40 or 41 TIF is employed, TIF's are becoming a critical resource to support new development projects that will grow the local tax base (through sources such as income taxes or sales taxes) while simultaneously providing a new revenue source for public infrastructure upgrades that otherwise would have been borne by the existing population base.

TIF's also allow political jurisdictions the ability to finance projects long-term (15-30 years depending on the type of improvement) while not counting against a government's direct debt limitations since a TIF-funded project is revenue-backed. In our region, TIF's have almost exclusively been utilized to support commercial and industrial activity. However, it is paramount to begin to activate the use of TIFs to support residential development.

Residentially focused TIF's will attract new residents (the majority of which are tax paying contributors to a community) and conceivably grow our local school enrollment – both of which lead to increases in budget revenue. Additionally, these new residential projects will, at worst, be able to pay for their own infrastructure construction and at best, create a revenue source to pay for improvements or upgrades to pre-existing facilities and infrastructure – reducing the burden for the existing tax base.

Our region is lagging in our adoption of a pro-residential TIF mindset – even though the future revenue stream from a project is unbudgeted by taxing jurisdictions. Even affluent and growing communities are utilizing this local mechanism to promote development, grow the tax base and fund needed infrastructure upgrades.

The former Conagra site at the mouth of the Huron River is a prime example of a development site that could not be advanced without a residential TIF. The approximate 10-acre site requires upwards of \$5M in upgrades to the seawalls to permit development. No developer, residential or otherwise, would determine it to be financially feasible to invest \$5M in site improvements (not including utilities), prior to vertical construction. The TIF will not only reinforce the site for decades, but it will spur residential development and create waterfront access for the entire community, without impacting the existing tax base.

A related option is to consider a district or corridor TIF, versus a singular project. A corridor that may lend itself to various types of development (commercial, retail, and housing), is a great candidate for a corridor TIF and an initial large investment (such as a new housing development) can pay for infrastructure and utility upgrades for an entire corridor – spurring spin-off commercial development. This may be a more palatable path forward for local taxing districts who prefer the proceeds from a new large-scale investment to be leveraged beyond the singular project and have greater community impact.

A "pro" TIF mentality will increase project feasibility, entice large scale development, help finance community infrastructure upgrades without burdening the existing population, not impact taxing district budgets and increase the local sales, gas and income tax bases. This is a critical philosophical shift that must take place in our region, particularly with our local governments and school districts, first to get on a level playing field with other communities and to begin to stack the deck for recruiting developers and development.



The former 10-acre Conagra site is subject to an incentive district TIF while will fund certain public infrastructure investments permitting the construction of almost 100 new housing units. (Photo courtesy of the City of Huron).

Strategy 6: Leverage and Grow Port Authority Capabilities and Incentives

Port Authorities can provide a multitude of financing incentives to promote development. These resources have been underutilized in our region but provide powerful incentives to entice development and can be layered onto local, state and federal programs.

The Erie County Port Authority (ECPA) and the Huron Joint Port Authority (HJPA), managed by GSP, currently provide two (2) types of incentives. These incentives have traditionally been utilized to spur more commercially focused development such as manufacturing, agricultural and lodging projects. However, ECPA and HJPA can impact certain types of residential development through the capital lease program and tax-exempt bond financing.

(1) Capital Lease Program:

This program provides a **100% sales tax exemption on materials purchased in the State of Ohio** that are assumed to contribute to real property valuation. To achieve this, any qualifying project grants a ground lease to the port authority who subsequently grants a project lease back to the project which permits the project to be constructed. This mechanism ensures there is public interest in the project thereby qualifying it for sales tax exemption.

In 2025 alone, **ECPA executed capital leases with nine (9) projects helping stimulate \$230M in capital investment** while directly saving these projects nearly \$4M. The capital lease program has the ability, however, to support multi-family residential development projects too regardless of whether the project is market-rate or affordable. In 2026, **the ECPA and HJPA are already undertaking due diligence on three (3) multi-family residential development projects that would total over 450 new units of housing** in Erie County while providing subsidies to these projects totaling over \$4M.

(2) Tax-Exempt Bond Financing:

Port authorities also can offer tax-exempt bond-financing for construction or permanent debt for certain types of projects based on ownership type. More specifically, when a residential project is owned publicly or by a non-profit, ECPA and HJPA can assist with tax exempt bonds for financing purposes – which tend to offer interest rates below market. This can be a significant resource during construction or for long-term financing to assist with both development and operational feasibility.

These incentives enhance subsidies through reducing the cost of construction and capital. When developers have options of where to build, enhancing the bottom line through cost reductions can prove pivotal in terms of a developer’s investing decisions. All non-fee simple developments in our region should utilize port authority tools. They have proven easy to use and provide significant and tangible savings for a project utilizing this incentive.



A rendering of Sandusky Senior Lofts – an approximate 130-unit affordable senior rental project to be built in Sandusky, Ohio which is partially funded through utilization of the Erie County Port Authority Capital Lease Program. (Image courtesy of BDCL Architects, PC).

Strategy 7: Creation of Regional Development Fund for Housing

There also exists the need to create a robust regional or county-specific housing development fund. This model exists in many larger urban counties but can work in our region due to certain revenue streams that outpaced similar sized counties. A development fund could be structured to support housing in multiple ways:

- Grants to offset the cost of due diligence and pre-development work – such as environmental studies, title work, surveys, conceptual site plans, preliminary engineering, market studies, and geotechnical studies.
- Low-interest loans to support the construction of new residential housing units which could be structured as bridge or construction loans or short-term permanent financing loans (5-7 years).
- Grants to directly subsidize construction for projects that advance community or county objectives, such as affordable projects or adaptive reuse of vacant buildings.

Such a fund could be capitalized through various sources such as port authority revenue, reallocation of sales or lodging tax revenue, general fund earmarking, or philanthropic support through an impact investment model.

Our region benefits from certain revenue streams that far exceed our county counterparts with similar populations. These sources should be utilized and leveraged to advance critical objectives such as increasing housing inventory and creating affordability which further increases the revenue streams used to bring about such development.

Strategy 8: Planning & Zoning Amendments

Many local ordinances and zoning regulations indirectly create barriers to housing development and increase the cost of construction. Planning and zoning ordinances are meant to protect local communities from unwanted development and to ensure what is built is safe and has minimal impact on the existing community. However, given the continued housing crisis, which is driven by lack of inventory and lessening affordability, planning and zoning regulations must be reviewed and amended to lessen certain restrictions while keeping neighborhood character and safety top of mind.

It is understood that certain zoning changes are not relevant or recommended for certain jurisdictions or neighborhoods. Jurisdictional desires, existing neighborhood layouts, politics and public opinion are hyper-local – and therefore the following are simply to be viewed as options to consider and employ as necessary. They are not recommended or suggested for every locale. Zoning amendments to consider include:



Zoning amendments to consider include:

- **REDUCE OR REMOVE LIMITS ON SINGLE-FAMILY HOUSING MINIMUM LOT SIZE REQUIREMENTS:** Large requirements are often barriers to delivering affordable housing and unnecessarily drive-up land costs.
- **REDUCE OR ELIMINATE MINIMUM DWELLING SIZE AND MAXIMUM FLOOR AREA RATIO STANDARDS:** These rules can effectively require construction of more expensive homes. Additionally, purchasing preferences demonstrate that a growing percentage of the population are seeking more modestly sized housing units – regardless of whether they are renters or buyers. These requirements therefore can both impact costs but also limit the pool of occupants.
- **REDUCE OR REMOVE LIMITS ON MULTIFAMILY DEVELOPMENT DENSITY, MINIMUM DWELLING UNIT SIZES OR MAXIMUM DWELLING UNITS PER ACRE:** These restrictions tend to force the construction of fewer, larger and/or more expensive dwelling units within these buildings. With rising construction costs, these requirements can make a development economically unfeasible. And, as previously discussed, a growing number of homebuyers and renters are seeking smaller living spaces due to lifestyle preferences and affordability concerns.
- **RIGHT-SIZING PARKING REQUIREMENTS:** Most communities have requirements for developers to provide a minimum number of parking spaces per housing unit built. Growing transportation alternatives and evolving residential preferences are good reasons to review and amend parking requirements that may not match current needs. The reduction or elimination of parking requirements can encourage development where it is desired and make new housing more affordable to build. Reductions to parking requirements are recommended more so for development near transit, are located by “downtowns” or that are reserved for populations who are less likely to own vehicles (such as senior populations).

- **DIVERSE RESIDENTIAL USE TYPES WITHIN ZONING DISTRICTS:** Expand the list of residential use types permitted in neighborhoods to include nontraditional and missing middle housing, including modest-scale multifamily residences. These housing types include accessory dwelling units (ADUs), duplexes, triplexes, quadplexes and townhouses. Or defined differently, middle housing refers to housing options that fall between single-family homes and high-density apartment buildings. This too will increase density and therefore drive down construction costs and ultimately help with affordability.



A conceptual design that visually demonstrates an example of what a neighborhood block may look like that permits “middle housing” development. The red, yellow and blue structures represent higher-density residential properties such as duplexes, triplexes and small multi-family buildings. (Image courtesy of A Regional Coalition for Housing).

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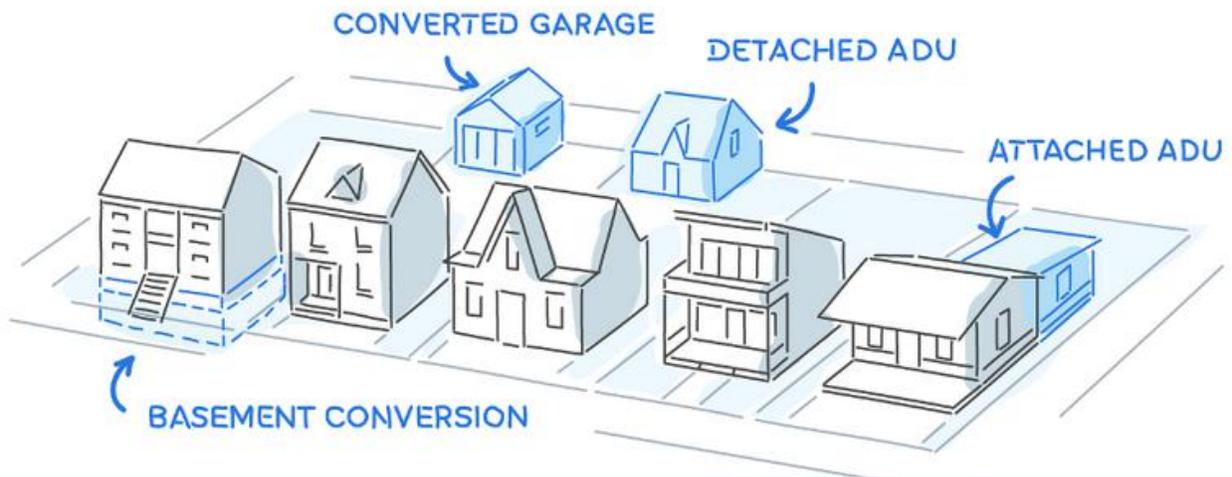


A conceptual design that visually demonstrates an example of what a neighborhood block may look like that permits “middle housing” development. (Image courtesy of Kronberg Wall).

- **ACCESSORY DWELLING UNITS (ADUS):** Allow ADUs subject only to conditions needed to mitigate potential impacts on neighboring properties primarily related to health and safety matters.

A recently constructed rental ADU sits behind an owner-occupied single-family residence (Photo courtesy of SQFT Studios).





A conceptual design that visually demonstrates various methods for locating ADU's attached to or behind existing single-family residences. (Image courtesy of Murray Lampert Design Build & Remodel).

- **MANUFACTURED AND MODULAR HOMES:** Allow manufactured and modular homes in many residential districts. These homes produced off-site, result in significantly reduced construction costs and therefore purchase price. These homes result in high-quality construction and reduce barriers to homeownership. These homes are very adaptable to exterior design standards required by local jurisdictions and are an increasingly popular option for affordable homeownership and can also be used as affordable rental options.



Modular homes that are being installed in multiple Cleveland neighborhoods through a partnership between Cuyahoga County Land Bank, the City of Cleveland and Greater Cleveland Habitat for Humanity. (Image courtesy of Greater Cleveland Habitat for Humanity).

- **PERMIT AND FACILITATE COMMERCIAL-TO-RESIDENTIAL CONVERSIONS:** Commercial building vacancy rates are high in most downtowns and central business districts. As commercial properties struggle to regain pre-pandemic occupancy levels, residential use is an option. Often this requires changes to existing zoning codes and other regulatory accommodations to permit, among other elements, first floor residential uses.



The Feick Building in Sandusky was recently remodeled and converted from an 8-story office tower to residential apartments with ground floor retail space for lease. (Image courtesy of Marous Development Group).

- **RESIDENTIAL DEVELOPMENT IN COMMERCIAL AREAS:** Allow multifamily and mixed-use developments in all commercial areas. In most instances, areas zoned for commercial use meet all the criteria for making multifamily housing and mixed-use developments successful and beneficial. Encouraging multifamily development in these zones also brings residents closer to desired amenities and reduces the transportation impacts of new housing. This approach has positive environmental impacts and provides a boost for retail and commercial businesses.

- **UPDATE LIVE/WORK AND OCCUPATIONAL USE REGULATIONS:** Accommodating the demands of remote work and desire for mixed use requires updating rules and zoning for occupational use and live/work arrangements. Increasing opportunities for mixed use and occupational use can support revitalization and housing goals. Adding language that specifies scenarios for nonconforming uses, structures, lots and site elements can create more flexibility in dealing with older structures and lots to broaden the range of housing opportunities available for reuse and new construction. Options for new flexibility include expanding timeframes for resuming discontinued residential uses, adjusting petition and review processes, easing regulations for improvements and rehabilitation and exempting housing uses from reconstruction limitations.
- **DEVELOP A PATTERN BOOK OF PRE-REVIEWED DESIGN PLANS:** Pattern books are collections of pre-reviewed plans established by a local government for local use. These may be unique to the jurisdiction or licensed from existing collections. These designs aid small-scale developers, encourage development that meets local needs and should speed up the plan and zoning review process.

THE CITY OF KALAMAZOO

PRE-APPROVED BUILDINGS CATALOG FOR INFILL HOUSING



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September 08, 2024

The City of Kalamazoo is a leading example of a city creating a series of pre-approved housing designs to help expedite the plan review and permitting process for in-fill housing. (Image courtesy of J. Griffin Design, LLC and Jennifer L. Settle, LLC).

Strategy 9: Maximize Eligibility for State and Federal Resources

Many of the resources outlined in this strategic plan can be accessed directly by developers with little to no participation from local jurisdictions or organizations. However, there are certain funds, resources and designations that are attainable but that require action at the local level.

It is paramount that our region at the county and local levels position themselves to take advantage of existing and recent programs to access funding and to make our area more attractive to developers and private investment. To highlight this point, below are two examples of state and federal initiatives and programs that, if enacted locally, can drive governmental and private capital. These programs are covered in more detail later in this plan.

- (1) The Residential Economic Development District (REDD)** is a new State of Ohio initiative created under the previous budget bill. The program aims to stimulate construction of new workforce housing near large development projects. The State of Ohio has allocated \$25 million in funding in the next two years alone to directly subsidize construction of utility infrastructure to support a project.

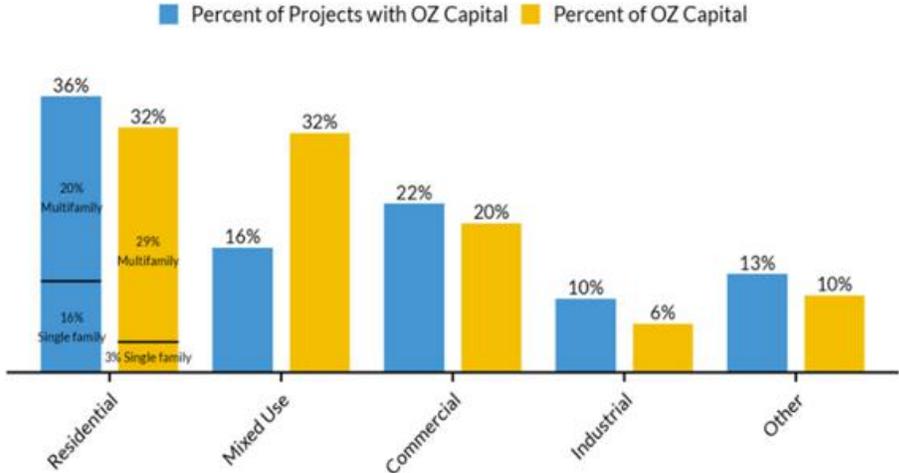
Applicants can include counties, townships and cities within twenty (20) miles of a major economic development project – which is defined as a project resulting in the creation of 700+ new jobs or \$700M+ in investment dating back to 2015. Using Erie County as an example, the investments made at both Ardagh Metal Packaging and Aligned Data Center should permit our area to create a REDD and tap into the \$25 million dollar pool of newly created subsidies.

- (2) Opportunity Zones (OZ)** are distressed areas of the country targeted for long-term investments through the provision of tax incentives. Tax benefits are provided to investors who make capital investments into an OZ Fund that is later invested into a qualifying project or business.

Depending on how long an investor holds their investment, they can see an increase to their basis or even get a 100% exclusion on new capital gains liabilities.

Beginning in 2026, a new process will commence to select new OZs for enactment in 2027. The process is incredibly competitive, but it is critical for our region to have multiple census tracts selected – as these designations are sought out by developers and investors. Our three-county region will have twelve (12) census tracts eligible for inclusion in 2027, and it is paramount that we band together to lobby our legislators to ensure our area is well represented. Nearly two-thirds of all OZ funds supported projects with a residential component and nearly one-third of all OZ funds supported residential only projects.

Nearly two thirds of OZ funds supported residential projects



Source: Authors' analysis of Ohio Opportunity Zone data; CoStar data; authors' research of projects by address.
Note: OZ = Opportunity Zones

The above bar chart demonstrated that over two-thirds of all OZ projects included a residential component as part of the development. (Graph courtesy of LNE Group).

These two programs, one at the state level and one at the federal level, provide a prime example of the types of designations our region must seek out – as they are requirements for participating in the programs and funneling tax dollars and private capital into our communities.

Strategy 10: Develop and Promote Incentives to Enhance Buyer and Renter Affordability

Developers and investors are not the only part of the housing equation who have choices. Buyers and renters, at least those with mobility, are constantly shopping for housing options or financing programs that reduce monthly or annual costs. It is simply not enough to incentivize the development of housing to induce supply, we must also induce demand to affect buyer and renter decision making. Several strategies should be considered to increase local demand.

Downpayment Assistance:

Access to capital for many homebuyers still is proving challenging. This limits the purchasing power of would-be homebuyers, and many times eliminates homebuying altogether. Whether it be to meet percentage downpayment requirements or to help pay for closing costs, downpayment assistance programs are crucial for many in our region.

Whether structured as an outright grant or in the form of a forgivable loan after a certain number of years remaining in the home, funding downpayment assistance programs is critical. One must look no further than the City of Sandusky, who has operated a successful program for nearly ten (10) years. This program has helped to stabilize neighborhoods, opens countless doors to permanent homeownership while limiting purchasing of existing single-family inventory by out-of-state investors.

Flexible Mortgage Options:

Mortgage terms also play a key factor in dictating homebuying activity and access to capital. Finding creative ways to relax certain mortgage terms can prove beneficial for both homebuyers and developers – making both home buying and selling easier. Methods should be employed, when possible, to offer below-market interest rates, lower downpayment requirements, flexible credit requirements and elimination of private mortgage insurance (PMI).

An example to study is Believe Mortgage, a non-profit mortgage company that services Ohio and Michigan. The program offers downpayments as low as 3%, no PMI, downpayment assistance (in some jurisdictions) and is not limited to only first-time homebuyers.



These flexible lending terms make the path to homeownership easier while also reducing closing costs and monthly mortgage payments than some other traditional lenders and programs.



[BELIEVE MORTGAGE - HOME LENDER >>>>](#)

Tax Abatements

Tax abatements have been the most highly utilized development incentive in our region. These abatements, made possible through either existing Enterprise Zone or Community Reinvestment Area programs, vary widely in their application. The abatement can range between 1-15 years and between 1-100%.

Although an immensely popular tool that should continue to be utilized where needed, there are important considerations.

It may be counterintuitive in some instances to provide a tax-abatement benefits to a project that is also subject to a TIF agreement. Although these resources can be married, it is not recommended on projects in which a political subdivision is reliant on the new revenue stream generated by the project to retire debt on infrastructure improvements.

Secondly, the type of residential project being developed will have different beneficiaries from tax abatement.

Types of residential projects and tax abatements:

- (1)** Multi-family rental projects usually rely on a tax abatement to help reduce operational costs – making abatements a critical resource for projects that are rent-restricted and have affordability requirements. Even though the tax abatement will help reduce operational costs, it also may be the needed incentive to induce development and therefore increase the inventory of affordable housing units within the region.
- (2)** For-sale projects usually rely on tax abatement as a marketing tool for potential buyers and have proven beneficial in other markets in terms of impacting the purchasing decisions of home buyers.

Conclusion & Next Steps

There is a great deal of work ahead to position the region to attract investment at scale – to address the ongoing housing needs. As such, it is paramount we begin to think differently, strategically and collaboratively now. As previously mentioned, there is cause for hope and the region is seeing positive momentum towards addressing the residential needs – such as the 600+ units that are currently underway or in pre-development in Erie County. There are other positive signs occurring such as:

- An increasing sense of urgency to address the housing needs across local governments, foundations, non-profit organizations and other partners.
- Advocacy levels have increased across the spectrum to lobby our legislative officials to help address the need.
- The State of Ohio and Federal government have created and are looking to expand programs and incentives to aid in housing development efforts at the local level.
- Tools exist locally to take some level of control of our future.
- There exists a growing list of development companies and land development firms looking to our region for available sites and buildings to create new housing units.

It is paramount to move forward that efforts are undertaken to advance these strategies. Recommended actions include:

- (1)** Development of a “living” regional property inventory. This will require cooperation from our local realtors, governmental jurisdictions, local economic development organizations and related partners. This is a critical tool to attract and retain the attention of developers.
- (2)** Begin to develop a strategy to create a regional land and building banks with a primary focus on acquiring sites for residential development. Important components include:

- (2a)** Exploring legal and regulatory requirements to develop a real estate focused organization which also would include strategies to organize the governance of the entity and approaches to initially capitalize the entity.
- (2b)** Engage the local philanthropic community to discuss implementation of an impact investing agenda to increase housing production in the region either through investments in private projects or through investment in a to-be-created real estate organization.
- (3)** Engage local governments and school districts to talk through implementation of a “pro” TIF policy. It is critical to demonstrate to the taxing jurisdictions that a TIF will reinvest unbudgeted revenue into projects and infrastructure that will drive future development, increase population and school enrollment and increase the tax base.
- (4)** Related, research should begin to explore thoroughfares that make sense to consider including in a district or corridor TIF. This strategy should focus on corridors that jurisdictions are targeting for growth with the understanding that efforts to extend and right-size utility infrastructure will drive both commercial and residential activity.
- (5)** Prioritize port authority assistance. Unlike most incentives that impact future real estate tax rolls, these incentives reduce sales tax liability only and are instrumental in increasing project feasibility. All governments, realtors, lenders, general contractors and landowners should keep this resource top-of-mind when working with any potential project – especially residential ones.
- (6)** Commence conversations between government officials and agencies, local economic development organizations and the philanthropic community around the idea of creating a local development fund for housing and the ways in which such a fund can be capitalized. There are growing resources at the state and federal levels, however those resources can, at times, prove hyper competitive. To drive housing locally, it is paramount to have a substantial resource that can only be invested in this region.

- (7)** All governments should undertake an exhaustive review of their planning and zoning policies to determine if certain amendments are warranted to drive housing development and reduce barriers while also reducing costs. It is acknowledged that this exercise will result in outcomes that vary greatly from community to community and will require significant input from local community members. Exploring best practices and pilot projects undertaken elsewhere in the state or country is suggested.
- (8)** County governments, and maybe even local jurisdictions, are encouraged to explore the creation of a Residential Economic Development District and to work with the Ohio Department of Development to certify qualifying projects to open a major funding mechanisms for housing development.
- (9)** Creation of a multi-county advocacy and lobbying coalition to ensure our region is well represented with selected census tracts for inclusion in Opportunity Zone 2.0. With the program now being permanent and a new round of certification to commence in 2026 – the region must be collaborative and steadfast in the effort to ensure proper representation. With residential development being the largest project type for OZ fund investment, inclusion in this program can drive major investment in residential development.
- (10)** Maintain, expand and/or create programs that drive housing demand, including:

 - (10a)** Creation of a broader downpayment assistance program which can be accomplished by additional political jurisdictions creating programs, development of programs countywide or creation and expansion of programs by additional groups such as lenders, mortgage companies and non-profit organizations.
 - (10b)** Implementation of relaxed mortgage requirements relating to downpayment levels, credit score requirements, PMI and strategies to reduce interest rates.

- (10c)** Expansion of local tax abatement programs for instances where new units are being added to market. This can be in the form of an abatement provided to someone purchasing a new single-family home or to a developer who is utilizing the abatement to bring new rental units to market whereby the abatement will aid in affordability.

As evidenced, there is much that can be undertaken now. Not one of these strategies alone serves as a “silver bullet” to solve the problem. It is only through stacking and layering of these strategies that the region can stand out, differentiate and create a competitive advantage when trying to attract developer attention and related investment. Everyone must work together, think differently, move strategically, and operate boldly. Meeting the need is attainable and everyone has a part to play that must start now.



Federal & State Incentive Resource Guide

I. Federal Low-Income Housing Tax Credit

The Federal Low-Income Housing Tax Credit (LIHTC) is a tax incentive for housing developers to construct, purchase, or renovate rental housing for low-income individuals and families. The LIHTC was created as part of the Tax Reform Act of 1986.

The LIHTC provides state agencies with the authority to distribute \$9 billion annually in tax credits. For every dollar of tax credit received, developers can reduce a dollar's worth of their federal income tax owed. The LIHTC encourages the development of affordable housing by offering a 10-year tax credit for these projects. The LIHTC program provides the credits to reduce developers' costs in return for developers agreeing to reserve a certain percentage of rent-restricted units for lower-income families and individuals. Most kinds of properties (single-family, multifamily, and townhouses) can qualify for the LIHTC. A LIHTC housing project must be rented to tenants whose average income is below the area's median income, and this commitment must be maintained for 15 years. There are a 9% tax credit and a 4% tax credit. The 4% credit is less competitive but offers less subsidy and is not subject to as stringent of income limits as 9% credit projects.

In Ohio, the LIHTC is administered by the Ohio Housing Finance Agency and the program is competitive. **The region has been grossly underrepresented in terms of developers seeking to construct projects. It is paramount to attract developers to our region seeking to build LIHTC projects to ensure our region is fairly represented in terms of securing tax credit awards.**



Lakeview Landing Senior
Apartments in Huron, Ohio

(Photo courtesy of the City of
Huron)

Aspen Place in Cleveland, Ohio

(Photo courtesy of Northwest
Neighborhoods)

Both projects were built with the
overwhelming support of the Federal Low-
Income Housing Tax Credit administered
by the Ohio Housing Finance Agency.



II. Federal and State Historic Tax Credits

Federal and State Historic Tax Credits (FHTC & OHPTC respectively) are tax incentive programs designed to encourage the rehabilitation of historic buildings. These are significant development incentives, ranging from 20-30% credits on qualified rehabilitation expenditures – the specific costs related to the rehabilitation of a historic building – which include both hard and soft costs.

The FHTC is non-competitive and is administered by the National Park Service and Internal Revenue Service. The OHPTC is competitive and is administered by the State of Ohio Historic Preservation Office. The State holds two application rounds per calendar year.

Both forms of Historic Tax Credits can be layered with other forms of tax credits, such as LIHTC's and Federal New Markets Tax Credits. This layering provides additional subsidy to a qualifying project thereby elevating a project's feasibility. To qualify, buildings must be a "certified historic structure" – meaning it is listed individually on the National Register of Historic Places or is a contributing member of a designated historic district.



Templin-Bradley Co. Lofts in
Cleveland, Ohio

Photo courtesy of Northwest
Neighborhoods

Doan Classroom Apartments in Cleveland, Ohio

(Photo courtesy of Famicos Foundation)

Both projects were constructed with the use of both the federal and state historic tax credits.

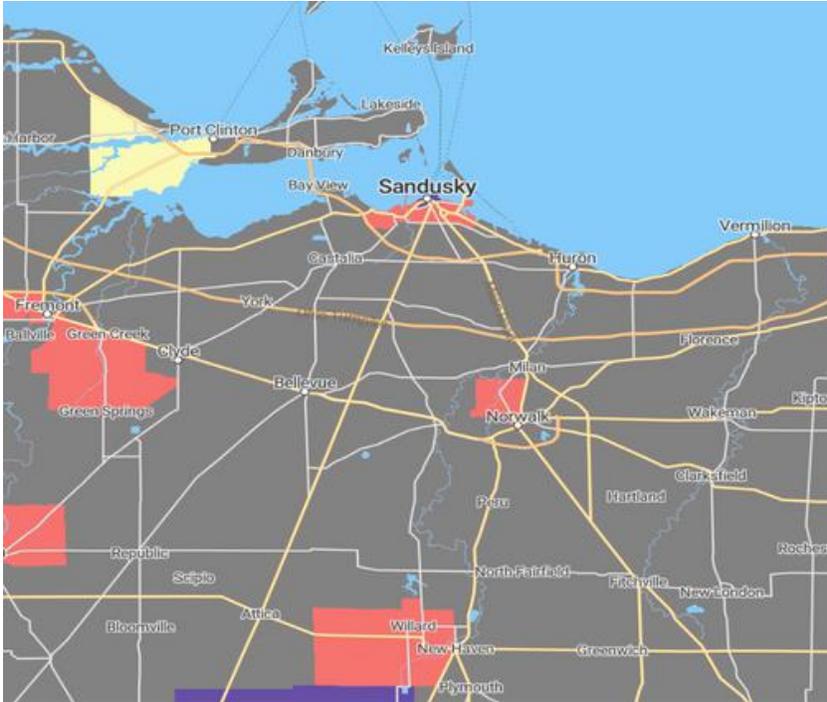


III. New Markets Tax Credits

The New Markets Tax Credit (NMTC) was established in 2000 to stimulate development and investment in low-income and traditionally underserved communities and census tracts. These investments directly bring an influx of capital to local businesses and other economic development projects. The program entices development by providing a 39% federal tax credit for qualifying investments in these communities – a credit that is claimed over the course of seven (7) years.

NMTCs, administered by the US Department of Treasury, are competitive and first begin with a “certified community development entity” (CDE) applying to the Community Development Financial Institutions Fund to secure tax credit allocation authority. If a CDE is successful in securing a tax credit allocation, they then select qualified projects within their service area to receive a portion of the tax credit allocation. Investors, seeking federal tax credits, make cash investments into CDE’s. These investments provide funding for the CDE to make contributions to qualifying projects or qualifying businesses.

As mentioned, the availability of NMTCs is geographically based and requires an eligible project or business to be located within a qualified census tract. These tax credits have been utilized to advance multi-family housing projects across the country and can be either market-rate or affordable in nature.



The currently eligibility map for NMTC projects.

Red, yellow and purple census tracts all qualify.

(Image courtesy of CDFI Fund, PolicyMap and Novogradac)



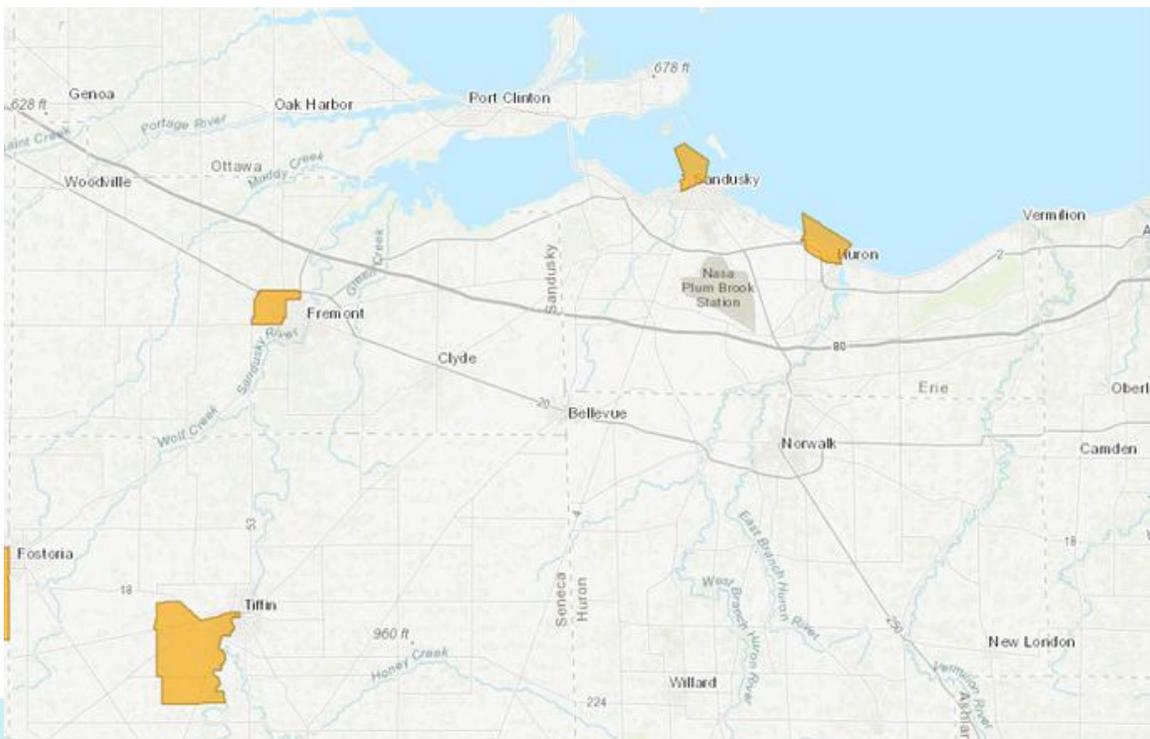
The Columbus Avenue Lofts in Sandusky were partially funded through an allocation of NMTCs due to the project's location in an eligible census tract. (Photo courtesy of Marous Management Services)

IV. Opportunity Zones 1.0

Opportunity Zones (OZ) are designated economically distressed regions of the country targeted for long-term investments through the provision of tax incentives. The OZ program was created as part of the Tax Cuts and Jobs Act of 2017 to promote investment and economic growth through job creation in low-income and distressed areas. Tax benefits are provided to investors who make capital investments into an OZ Fund that is later invested into a qualifying project or business. Benefits provided to investors under the original program include:

- Temporary deferral on capital gains for short-term investments
- Investments held for five (5) years, the original investment basis is increased by 10%
- Investments held for seven (7) years, the original investment basis is increased by 15%.
- For investments held at least ten (10) years, investors exclude 100% of any new capital gain liabilities.

Our region currently has two (2) OZs designated.



Current map displaying eligible census tracts for OZ investments. The three-county region only has qualifying tracts in Sandusky and Huron although these are subject to change in 2027. (Image courtesy of the U.S. Department of Housing and Urban Development).

The OZ program is expected to continue beyond 2026, referred to as Opportunity Zones 2.0, with several notable alterations:

- Opportunity Zones 2.0 will take effect in January of 2027.
- The designation period will tentatively run from June – September of 2026. During this period, local communities will have the opportunity to promote desired OZs for federal inclusion.
- The selection process is expected to occur by the end of 2026.
- It is currently anticipated that Ohio will see a reduction of selected census tracts by 20% due to changing population and socioeconomic indicators.

There are also ongoing discussions at the state level where additional tax incentives are being considered which can be layered on the federal OZ benefits.

V. Brownfield Remediation Program

The Brownfield Remediation Program, administered by the Ohio Department of Development, provides grants for the cleanup of sites through remediation of hazardous substances or petroleum to make property suitable for development. Funding can be used for acquisition of a brownfield site, demolition, and the installation of infrastructure necessary to make a brownfield site suitable for economic development. Economic development is defined broadly and does include residential development.

For Fiscal Year 2026, \$88 million was made available, with \$1 million reserved for applicants in each of Ohio's 88 counties. Funds will be available on a merit-based evaluation criteria and are therefore considered competitive. A "brownfield" is defined as an abandoned, idled, or under-used industrial, commercial, or institutional property where expansion or redevelopment is complicated by known or potential releases of hazardous substances or petroleum.

Applications for brownfield remediation funding must be made by a "Lead Entity" which means a county, township, municipal corporation, port authority, conservancy district, park district or other similar park authority, county land reutilization corporation, or organization for profit. This lead entity can then fund local projects on a competitive basis seeking assistance. All housing types, so long as contained on a former brownfield site are eligible for this funding making it a truly universal funding source to increase housing inventories in the region.



BROWNFIELD REMEDIATION PROGRAM | DEVELOPMENT



The \$200M+ Battery Park redevelopment in Sandusky is a recent recipient of a \$10M brownfield grant through ODOD. Remediation work is anticipated to commence in 2026 with vertical construction to follow thereafter. (Rendering courtesy of Marous Development Group)

VI. Residential Economic Development District

The Residential Economic Development District (REDD) is a new State of Ohio initiative administered by the Ohio Department of Development. The goal of the program is to support the construction of new workforce housing near major economic development projects. Approximately \$10M is available for Fiscal Year 2026 and \$15M for Fiscal Year 2027.

Applicants can include counties, townships and cities within twenty (20) miles of a major economic development project – which is defined as a project resulting in the creation of 700+ new jobs or \$700M+ in investment (which could be hard costs or machinery). Funding can be used for housing related infrastructure, strengthening of public safety and community services and capital to directly support new housing development. Residential projects must include at least 100 new units of housing. Our region does have projects that would meet the criteria, and it is critical to get these projects certified by ODOD to tap into this funding stream in future funding rounds.



RESIDENTIAL ECONOMIC DEVELOPMENT DISTRICT PROGRAM >>>

VII. Residential Development Revolving Loan Fund

One of the newest State of Ohio Resources, the Residential Development Revolving Loan Fund, administered by the Ohio Department of Development, seeks to provide loans to counties, townships and cities to fund necessary infrastructure costs related to the construction of new single-family residential dwellings in rural areas. A rural area is defined as a county with a population of under 75,000 residents and where the number of building permits for owned housing units is below the state average across counties over the same time.

\$100M is available during the first round which will be allocated competitively with a desire to create geographic distribution across the state. Allowable costs include repairs to or creation of new water, sewer, gas, electric or transportation infrastructure. Loans will have terms between 10-30 years with repayments commencing twenty-four (24) months after loan closing.

This is a significant resource that benefits all counties within our region and provides very affordable and patient capital to spur new housing development and the infrastructure serving new housing production.



RESIDENTIAL DEVELOPMENT REVOLVING LOAN PROGRAM >>>





A recent ribbon cutting was held in Sandusky to celebrate the completion of a Welcome Home Ohio property on Pierce Street. (Photo courtesy of the City of Sandusky)

VIII. Welcome Home Ohio

The Welcome Home Ohio (WHO) program, administered by the Ohio Department of Development, is designed to provide funding for the development and occupancy of new single-family residences. Assistance comes in the form of grants or tax credits to help:

- Finance acquisition of properties via sheriff sales
- Subsidize cost of rehabilitation or construction
- Provide tax credits to developers for sales of homes to qualified individuals

The initial program is funded at just over \$91M annually in hopes of creating or transitioning over 1,100 properties into owner-occupied opportunities. Applicants include land banks, (or land reutilization corporations), electing subdivisions, non-profit developers and eligible developers (specific to tax credit eligibility).



WELCOME HOME OHIO PROGRAM >>>

IX. Ohio Housing Finance Agency Programs

The Ohio Housing Finance Agency (OHFA) is an independent state agency that facilitates the development, rehabilitation and financing of low- to moderate-income housing. Various programs aim to help first-time home buyers, renters, seniors, and the chronically homeless. The majority of OHFA programs are competitive with stringent application deadlines. OHFA does attempt to ensure geographical balances of resources across the state but is at times limited by the locations of the projects being submitted. **As previously mentioned, our region is grossly underrepresented in terms of securing OHFA resources. This is primarily due to developers not advancing or undertaking projects in our region that would benefit from these programs.**

A complete listing of all OHFA programs is not included in this strategic plan, but a high-level summary of the more heavily utilized affordable rental programs follows.

- Housing Development Gap Financing
 - The Housing Development Gap Financing (HDGF) program provides gap financing for affordable housing rental projects that do not include the use of LIHTCs. Many times, the HDGF program is utilized by smaller-scale affordable housing projects which often lack financing options. Grant awards typically range between \$1.5-\$2M.
- Housing Development Loan Program
 - The Housing Development Loan Program (HDL) provides short-term, low-interest loans to developers who have an award of LIHTCs. These proceeds can help bridge equity pay-ins thereby reducing interest expenses during the construction phase of a project.
- Multifamily Lending Program
 - The Multifamily Lending Program (MLP) provides long-term, permanent financing to affordable housing projects. This source is not available for the construction phase of a project. Income and rent restrictions will apply to approved projects and these proceeds can be used to fund new or existing rental communities.

A full listing of OHFA resources can be found at the link below.



DEVELOPMENT DIVISION >>>

The Residential Development Strategic Plan
was prepared for the



Regional Housing
Symposium

January 29, 2026

This plan was made possible thanks to the generous support of the Erie County Community Foundation

