Ohio Housing Finance Agency

OhioHome.org
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State Tax Credits & OHFA's Single Family Tax Credit

WHAT IS A TAX CREDIT?

A tax credit reduces the amount of taxes owed by a taxpayer. The tax credit amount is subtracted from the owed taxes, decreasing the amount that needs to be paid.

A credit could apply to federal, state, or even local taxes, depending on the program's origin and parameters.

How Are Tax Credits Categorized and Determined?

Tax Credits can typically be categorized as refundable or nonrefundable. Refundable credits can provide money back to the taxpayer as a refund if the credit is bigger than the taxes owed. Nonrefundable credits do not provide a refund if there is excess credit.

Tax credit amounts can be determined in multiple ways, depending on the structure of the program, such as a percentage, a value-per-unit, or a calculation.

How Is A Tax Credit Utilized?

A tax credit is indicated and included in the tax return/filing for the impacted tax. It is taken based on the program's allowance, either as a one-time use or as a multiple-year credit.

How Does the Tax Credit Become a Capital Source for the Project?

Some tax credits can be allocated or transferred from the tax credit recipient to other entities. In this case, the recipient could sell the tax credit to the new entity, generating capital. The new entity would then use the purchased tax credit to reduce their taxes.

WHAT IS THE SINGLE FAMILY TAX CREDIT PROGRAM?

The Single Family Tax Credit (SFTC) leverages public and private partnerships to meet the needs of Ohio's growing workforce by issuing credits to projects that develop affordable, single-family homes.

How is the SFTC Amount Determined?

The amount of the SFTC is determined by calculating the difference between the total estimated project costs and the total appraised value of project dwellings, up to $100,000 per dwelling.

The tax credit amount is reserved through OHFA Board approval and is finalized after construction completion of all project dwellings.

How is the Single Family Tax Credits Applied?

This SFTC is non-refundable. However, if the credit is greater than the taxes owed in a given year, the remaining credit amount can be carried forward for up to five years and used to reduce future tax payments in that period.

How is the Single Family Tax Credit Utilized?

The SFTC is taken over a 10-year period, with 1/10th of the total tax credit amount used each year. The annual amounts will be listed on the Eligibility Certificate issued by OHFA.

The tax credit is applied to state of Ohio taxes identified in the program statute, and can only be used by entities paying those specific taxes. Those entities can include insurance companies, financial institutions, estates, trusts, and individuals. S-corporations, partnerships, and limited liability corporations may also be eligible in certain circumstances.

SFTCs can be sold to eligible entities who can use the credit to reduce their state of Ohio taxes. The money generated from this sale can be used as a source of capital for the single-family project.

MORE INFORMATION

For more information, including the SFTC application and allocation plan, scan the QR code or go to **https://ohiohome.org/singlefamilytaxcredit.aspx**

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