

PROPERTY TAX WORKING GROUP

Protecting homeowners, strengthening neighborhoods.

FOCUSED RECOMMENDATION GROUP #3

Group 3: Residential Tax Abatement Policy Review

RESOURCE ADDENDUM

City of Cincinnati

LRB *BM*

An Ordinance No. 276

- 2017

ESTABLISHING certain policies and conditions regarding the application of residential Community Reinvestment Area real property tax exemptions.

WHEREAS, pursuant to an ordinance passed on or before the date of this ordinance, City Council has enacted legislation to reauthorize the City of Cincinnati Community Reinvestment Area (the "CRA") pursuant to Ohio Revised Code Sections 3735.65 through 3735.70 (the "Statute"), which, upon confirmation of the findings therein by the Director of the Ohio Development Services Agency, will authorize up to the maximum real property tax exemptions for newly constructed and remodeled one-, two- and three- dwelling unit residential structures (including owner-occupied residential condominium structures) (collectively, "Residential Improvements") permitted pursuant to the Statute within the CRA; and

WHEREAS, City Council desires to establish additional terms and conditions with respect to the exemption of Residential Improvements within the CRA to incentivize development in furtherance of certain policy objectives of the City, namely: (i) environmentally sustainable development; and (ii) accessibility and visitability of development to persons with mobility impairments; and

WHEREAS, City Council desires to encourage the development of real property in a more environmentally friendly manner; and

WHEREAS, City Council desires to incentivize development which is accessible to seniors and individuals with mobility impairments; and

WHEREAS, City Council desires to modify the terms and conditions applicable to CRA real property tax exemptions with respect to the remodeling and new construction of Residential Improvements to further the aforementioned policy objectives; now, therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio:

Section 1. That this Council hereby incorporates the foregoing recitals, as if fully rewritten herein.

Section 2. That City Council approves real property tax exemptions for one-, two- and three- dwelling unit residential structures (collectively, "Residential Improvements") in the amounts and for the durations listed on the applicable table within Exhibit A attached hereto and

fully incorporated herein, *provided that* the Residential Improvements satisfy all other requirements for a real property tax exemption under this ordinance and the ordinance establishing the City of Cincinnati Community Reinvestment Area (“CRA”) passed on or prior to the date hereof (the “Reauthorizing Ordinance”). For the purposes of this ordinance, each owner-occupied residential condominium unit is considered a separate structure containing one dwelling unit.

Section 3. That in order to be eligible for the corresponding (a) U.S. Green Building Council Leadership in Energy and Environmental Design (“LEED”) or (b) Living Building Challenge (“LBC”) Net Zero, Full, or Petal (which must comply with the requirements of “Energy Petal” of the LBC) (collectively, “LBC Qualified” and the attainment of such criteria being “LBC Qualification”) real property tax exemption, an applicant must provide the City with evidence of the certification of the completed structure to the required LEED standard (Certified, Silver, Gold, or Platinum) by the U.S. Green Building Council or of LBC Qualification with reference to the applicable LBC standards and certifications provided by the International Living Future Institute, as applicable, and satisfy all other requirements for a real property tax exemption under this ordinance and the Reauthorizing Ordinance.

Section 4. That in order for a remodeled Residential Improvement to be eligible for a Home Energy Rating System (“HERS”) bonus to a real property tax exemption, an applicant must (a) have a certified Home Energy Rater conduct a home energy rating (“Initial Rating”) and (b) (i) if the structure’s initial index score from the Initial Rating is above 85, the applicant must reduce the structure’s index score to at most 70 or (ii) if the structure’s initial index score from the Initial Rating is below 85, the applicant must reduce their HERS score by at least 20% (each of the foregoing (1) as confirmed by a certified Home Energy Rater conducting a second home energy rating (“Subsequent Rating”) and (2) will make the Residential Improvement “HERS Qualified”).

Documentation establishing the index score from Initial Rating and the Subsequent Rating must be provided to the City in order for the remodeled Residential Improvement to be HERS Qualified.

Section 5. That in order for the new construction or remodeling of a Residential Improvement to be eligible for a visitability and universal design certification bonus, an applicant must initiate the visitability and universal design certification process at the beginning of the permit application process with the Department of Buildings and Inspections. At the final permit inspection, a building inspector will verify whether the applicant has met the standards attached hereto as Exhibit B (the “Cincinnati Visitability and Universal Design Standards”). If the inspector determines that the structure meets the Cincinnati Visitability and Universal Design Standards, the building inspector shall indicate visitability and universal design certification on the final certificate of occupancy, if applicable. If the remodeling of a Residential Improvement does not require a permit, in order to be eligible for the visitability and universal design certification (a) such dwelling shall meet the Cincinnati Visitability and Universal Design Standards and (b) the remodeling of the Residential Improvement must directly enhance the visitability and universal design of such structure.

Section 6. That in order to be eligible for a tax exemption pursuant to this ordinance and as required by State law, the cost of the remodeling or new construction of (a) a Residential Improvement containing one or two dwelling units must be at least \$2,500 and (b) a Residential Improvement containing three dwelling units must be at least \$5,000.

Section 7. That it is hereby found and determined that any exemptions granted pursuant to or under the legal authority of the Ordinance No. 119-2007, passed by City Council on March 28, 2007, as amended (the “Existing Resolution”) shall not be in any way modified or impacted by the passage of this ordinance. Any applications made and exemptions granted pursuant to the Existing

Resolution shall continue in full force and effect in accordance with the provisions of the Existing Resolution as it applied to that application or exemption, subject to any legal rights the City may have to revoke, terminate or modify the exemptions or otherwise exercise remedies. Any applications made and exemptions granted on or following the Confirmation Date (as defined in the Reauthorizing Ordinance) shall be subject to this ordinance. Any applications made prior to the Confirmation Date (as defined in the Reauthorizing Ordinance) with respect to which the City Administration has not yet approved for exemption and forwarded to the County Auditor may, in the discretion of the applicant, be resubmitted for consideration pursuant to this ordinance.

Section 8. That proper application shall be made by the owner at any time during the period in which the exemption would have applied if the exemption had been approved in the year the construction or remodeling would first have been taxable, except that no exemption may be claimed for any tax year in that period that precedes the tax year in which the application is filed.

Section 9. That property exemptions administered by the County Auditor pursuant to the Reauthorizing Ordinance and this ordinance shall be assessed in accordance with this Section to the extent feasible. The maximum exemption level and the market improved value of the eligible structure or improvements shall be calculated at the time of the original City Council approval of the exemption for improved property. The value of the exemption may vary annually with assessed property values. If the assessed value of the exempt improvements exceeds the maximum exemption level in any year, then the property owner shall receive the maximum exemption.

Section 10. That the proper City officials are hereby authorized to do all things necessary to carry out the provisions of this ordinance.

Section 11. That the Clerk of Council is directed to send a certified copy of this ordinance to the County Auditor of Hamilton County as a matter of information.

Section 12. That this ordinance shall be an emergency measure necessary for the preservation of the public peace, health, safety and general welfare, and shall, subject to the terms of Article II, Section 6 of the Charter, be effective as of the Confirmation Date (as defined in the Reauthorizing Ordinance). The reason for the emergency is to ensure that the City's residential CRA program is effective upon the Director of the Ohio Development Services Agency's review and confirmation of the findings contained in the Reauthorizing Ordinance.

Passed: September 27, 2017

Attest: *Debra Williams*
Acting Clerk

John Cranley
John Cranley, Mayor

I HEREBY CERTIFY THAT ORDINANCE No. 276-2017
WAS PUBLISHED IN THE CITY BULLETIN
IN ACCORDANCE WITH THE CHARTER ON 10-10-2017
Melissa Arter
CLERK OF COUNCIL

Exhibit A

(Residential CRA Program)

The applicable City officials are hereby directed to award tax abatements in the below amounts and durations, based upon the conditions present in the Residential Improvement and in accordance with this ordinance and the Reauthorizing Ordinance.

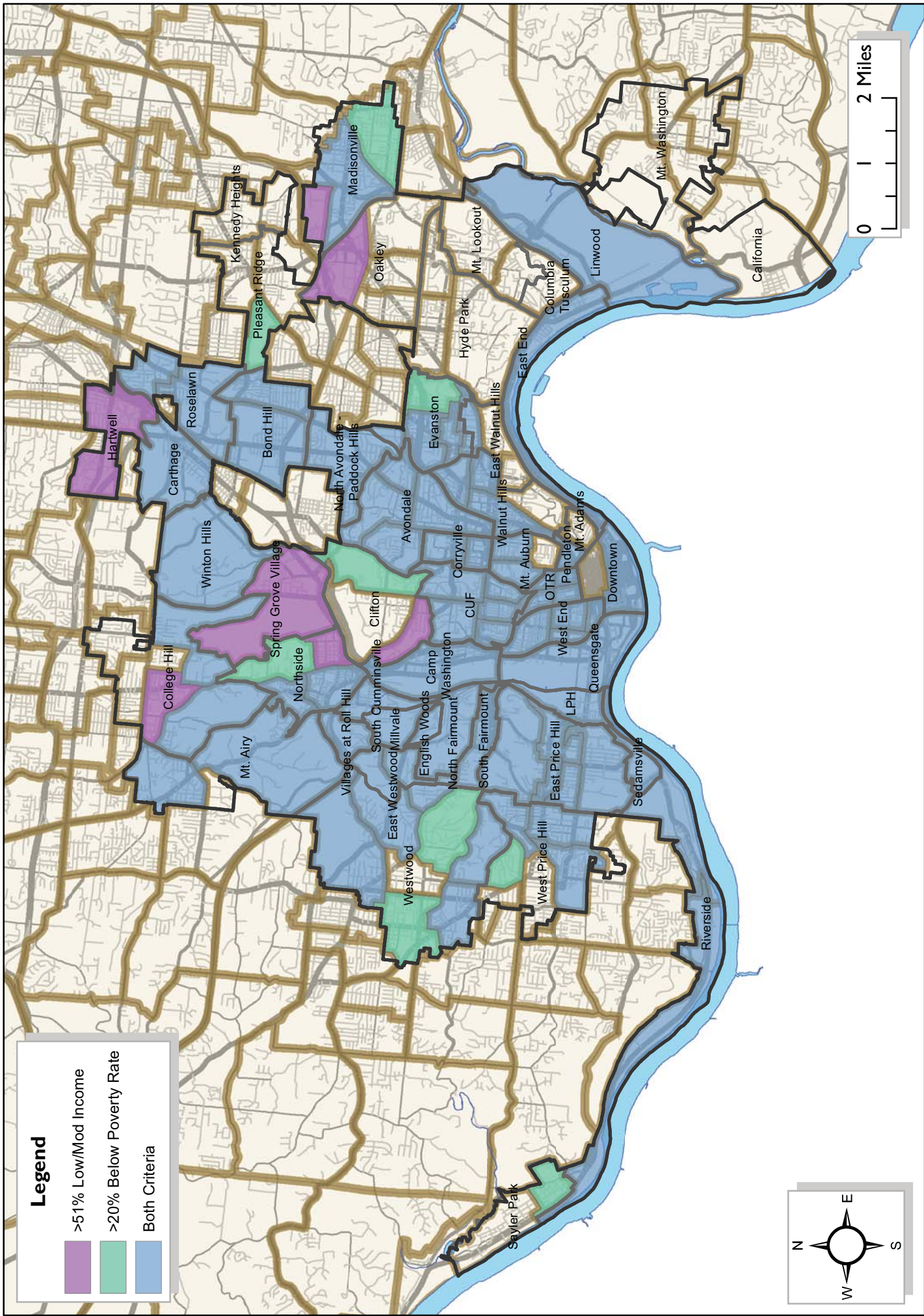
Remodeling:

Conditions Present in Remodeling of Residential Improvement	Maximum Market Improved Value	Length of Abatement	Percentage of Abatement
Non-LEED or Non-LBC Qualified	\$275,000	10 years	100%
HERS Qualified	\$275,000	12 years	100%
Meets Cincinnati Visitability and Universal Design Standards ("Visitable")	\$275,000	12 years	100%
HERS Qualified and Visitable	\$275,000	14 years	100%
LEED Certified	\$275,000	15 years	100%
LEED Silver	\$400,000	15 years	100%
LEED Gold or LBC Net Zero	\$562,000	15 years	100%
LEED Platinum, LBC Full or LBC Petal (must include "Energy Petal")	No maximum	15 years	100%

New Construction:

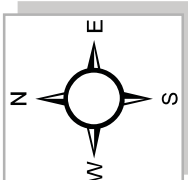
Conditions Present in New Construction of Residential Improvement	Maximum Market Improved Value	Length of Abatement	Percentage of Abatement
Non-LEED or Non-LBC Qualified	\$275,000	10 years	100%
Visitable	\$275,000	12 years	100%
LEED Certified	\$275,000	12 years	100%
LEED Certified and Visitable	\$275,000	14 years	100%
LEED Silver	\$400,000	15 years	100%
LEED Gold or LBC Net Zero	\$562,000	15 years	100%
LEED Platinum, LBC Full or LBC Petal (must include "Energy Petal")	No maximum	15 years	100%

Census Tracts: 51% Low/Mod Income or 20% Below Poverty Rate

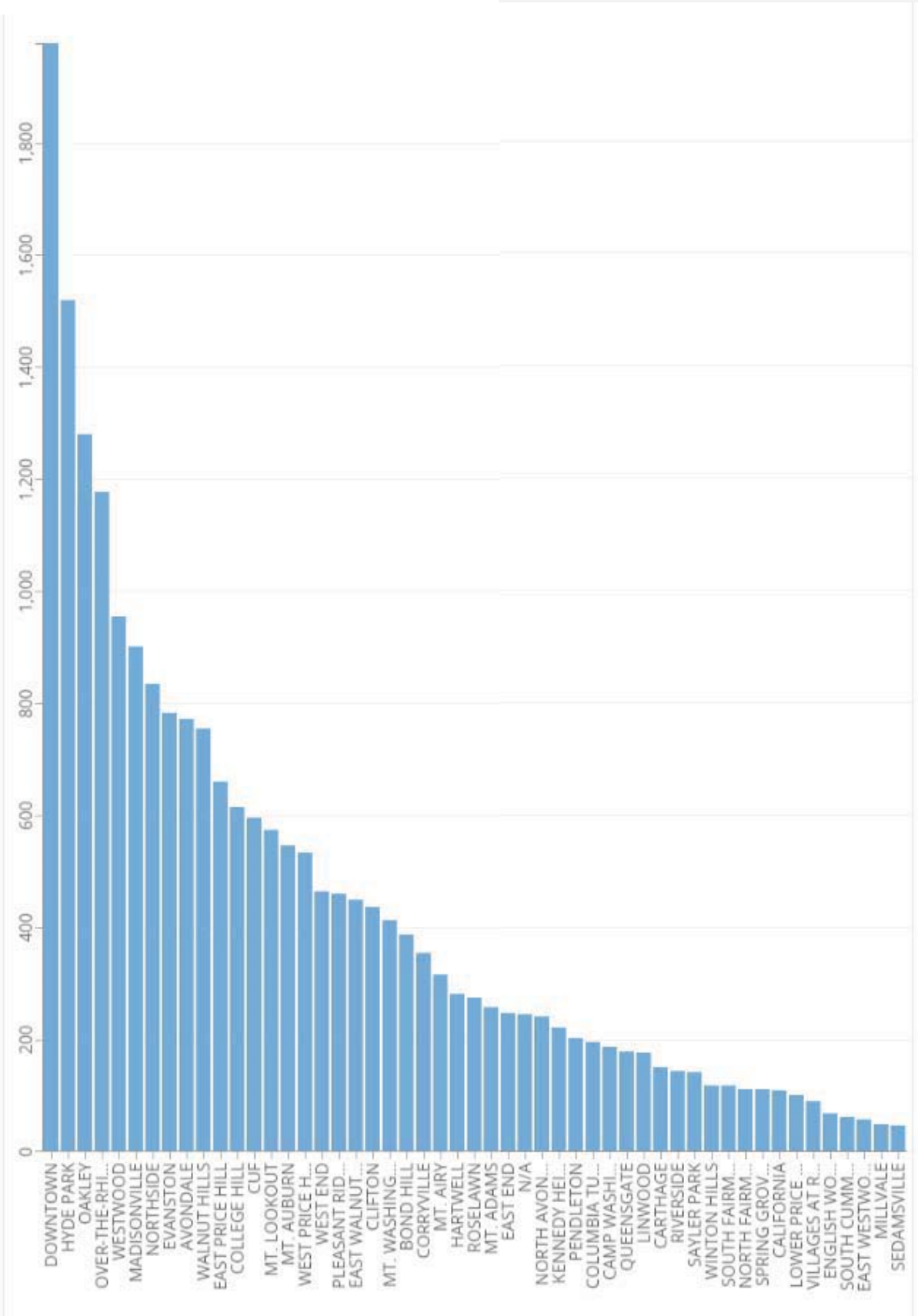


Legend

- >51% Low/Mod Income
- >20% Below Poverty Rate
- Both Criteria

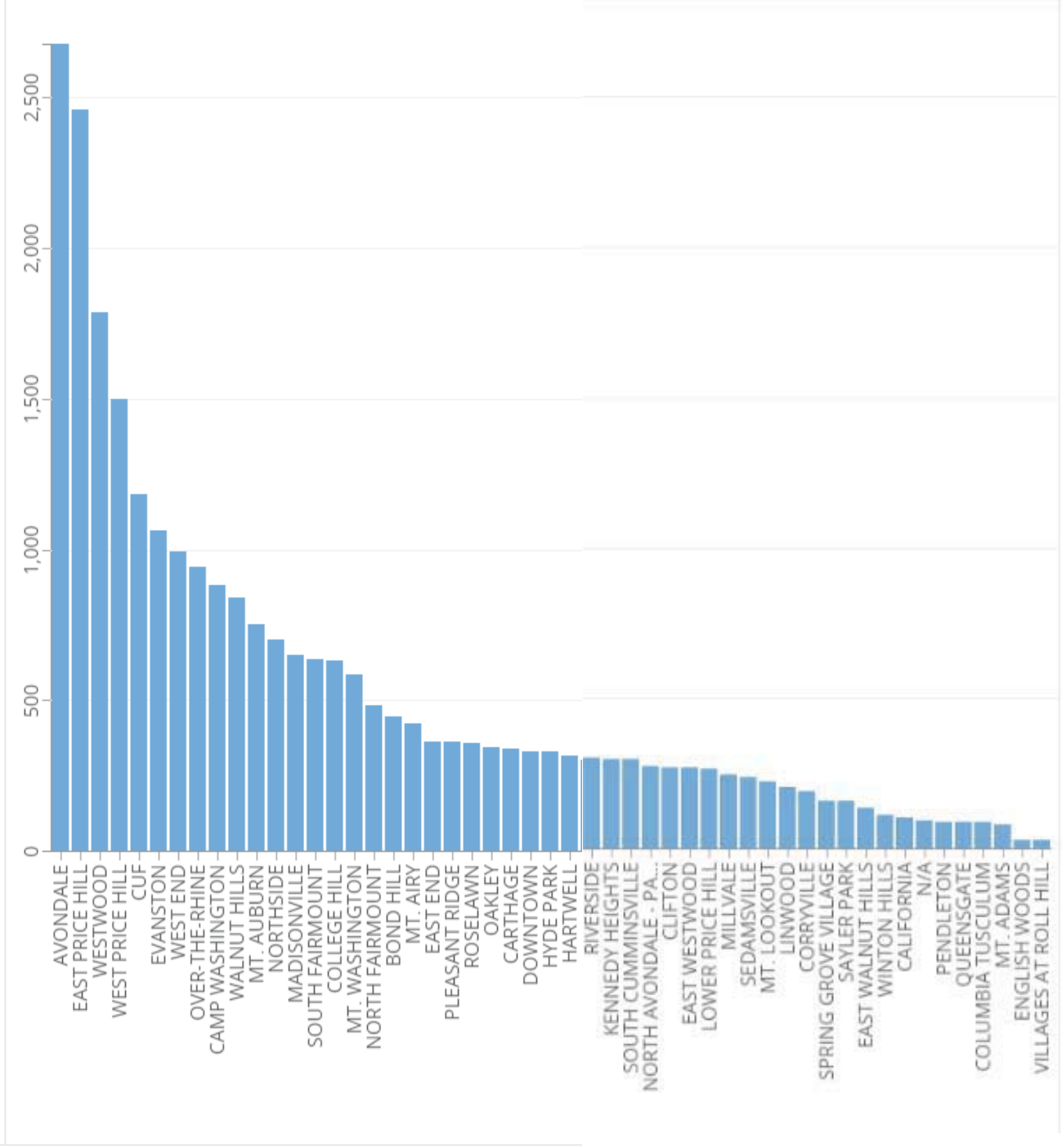


Permits Pulled (2018 and 2019 to date)

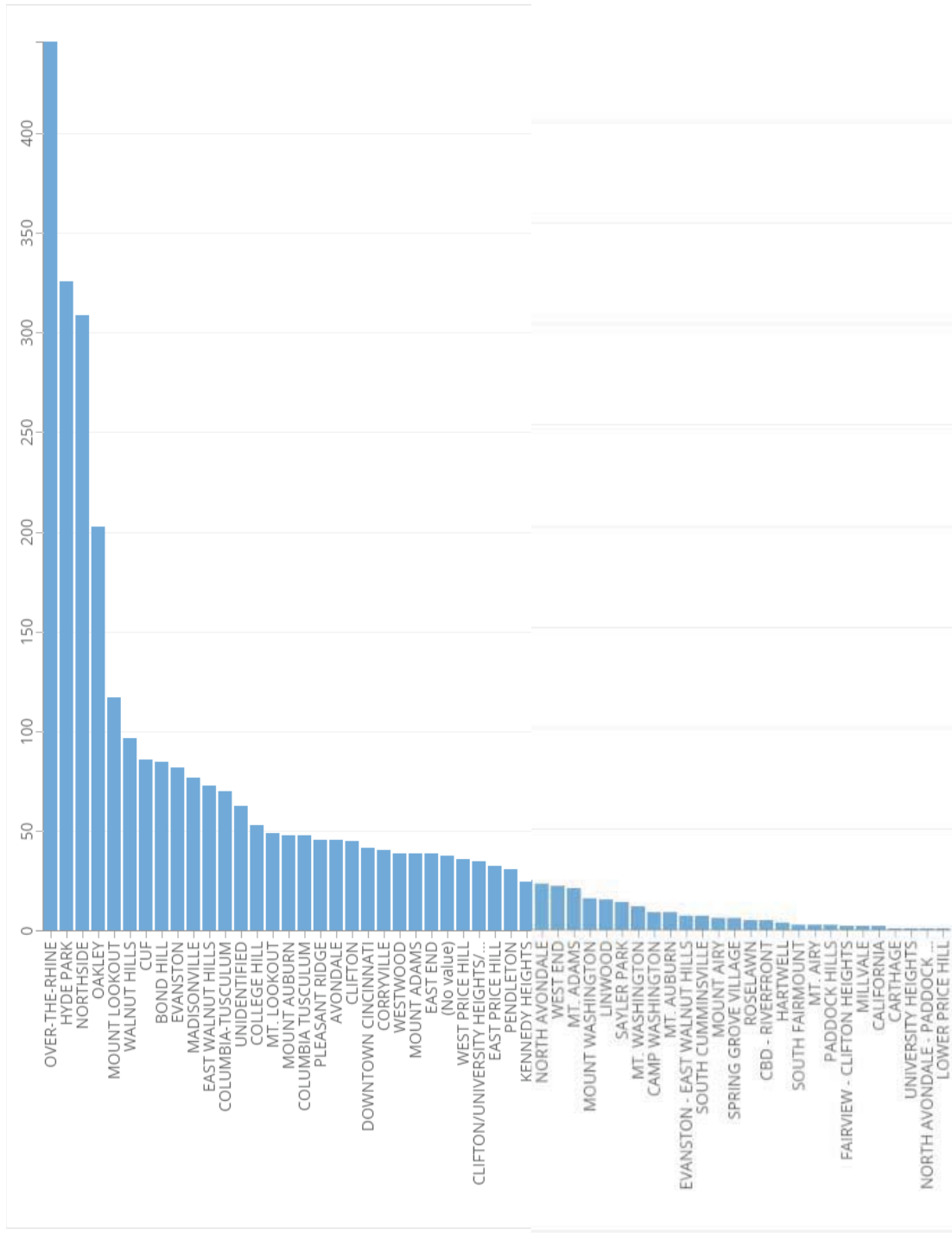


Click and drag to pan the chart

Property Code Enforcement (2018 to date)



CRA Abatements by Neighborhood (Cincy Insights 12/2/2019)



New Construction by N'Hood (12-2-2019)

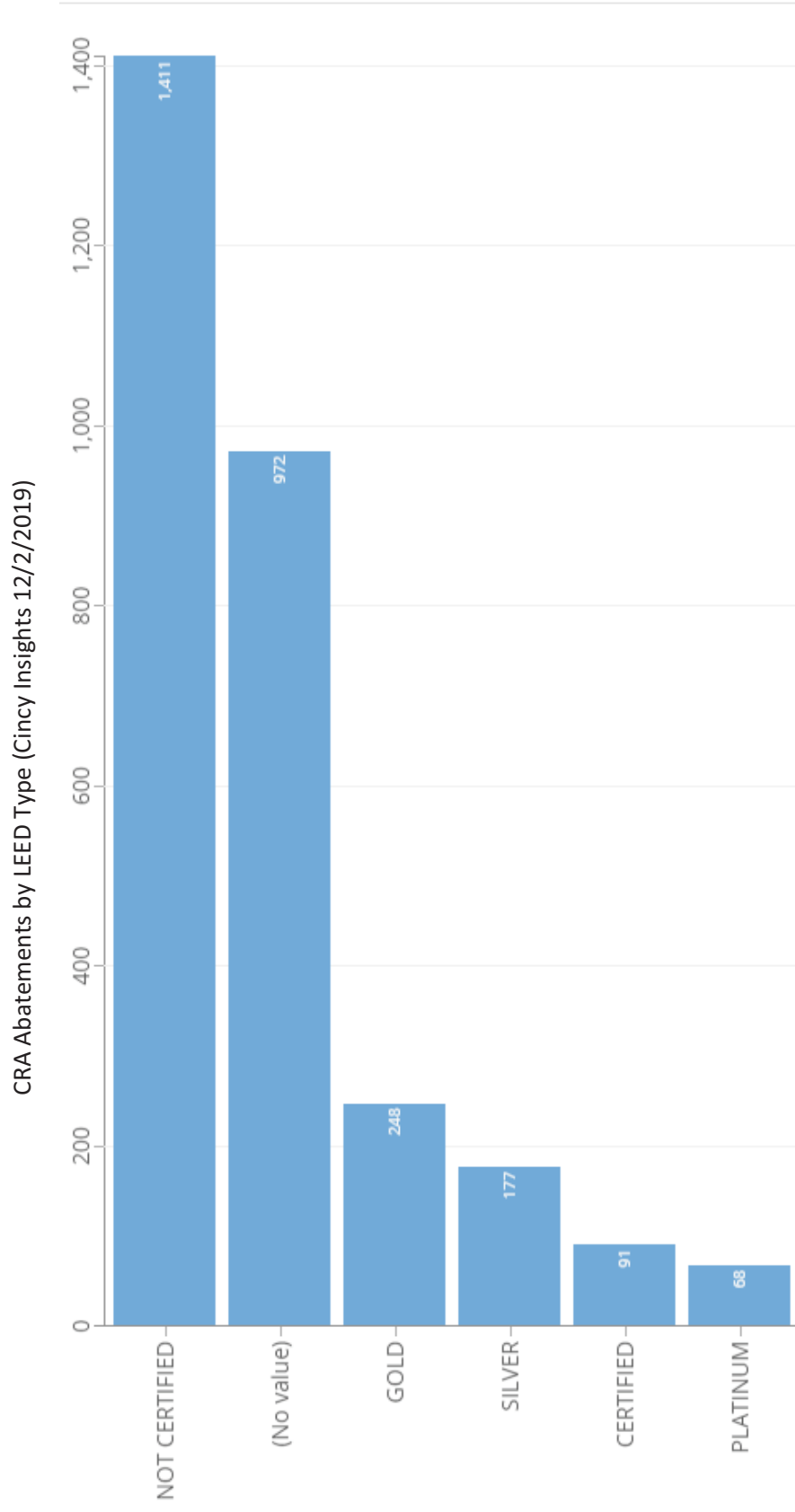


[View Source Data](#)

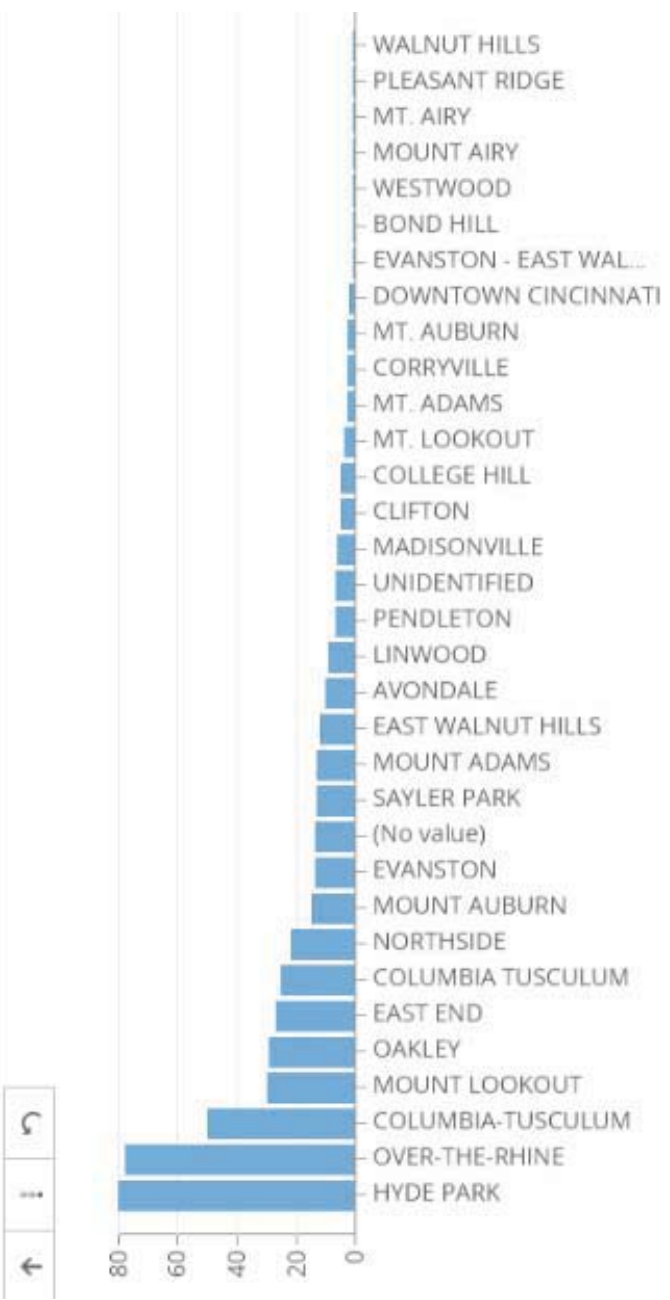
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Renovation by N'Hood (12-2-2019)

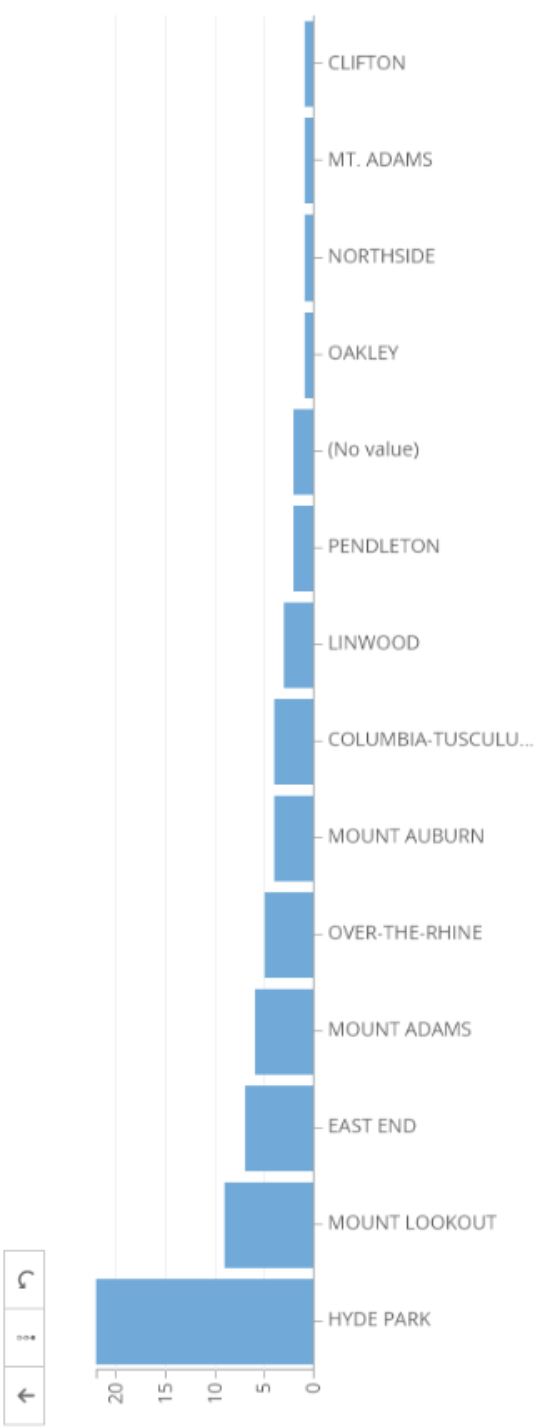




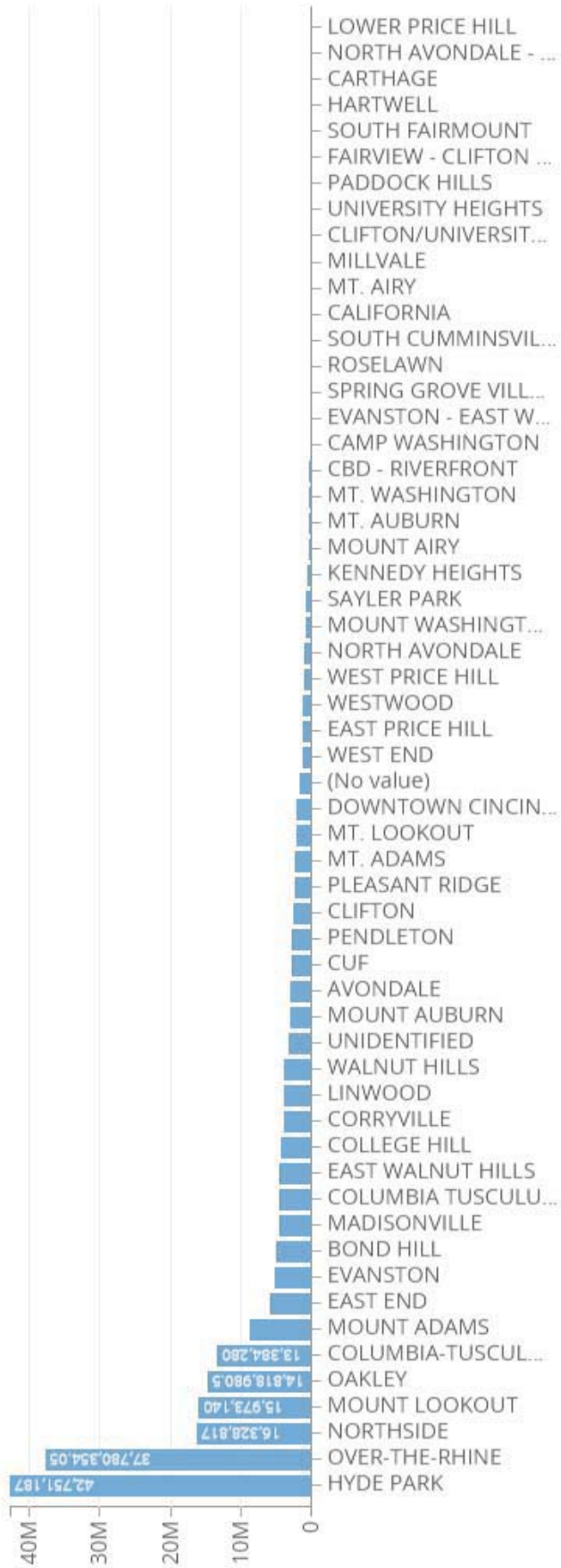
LEED Platinum, Gold, Silver by Neighborhood



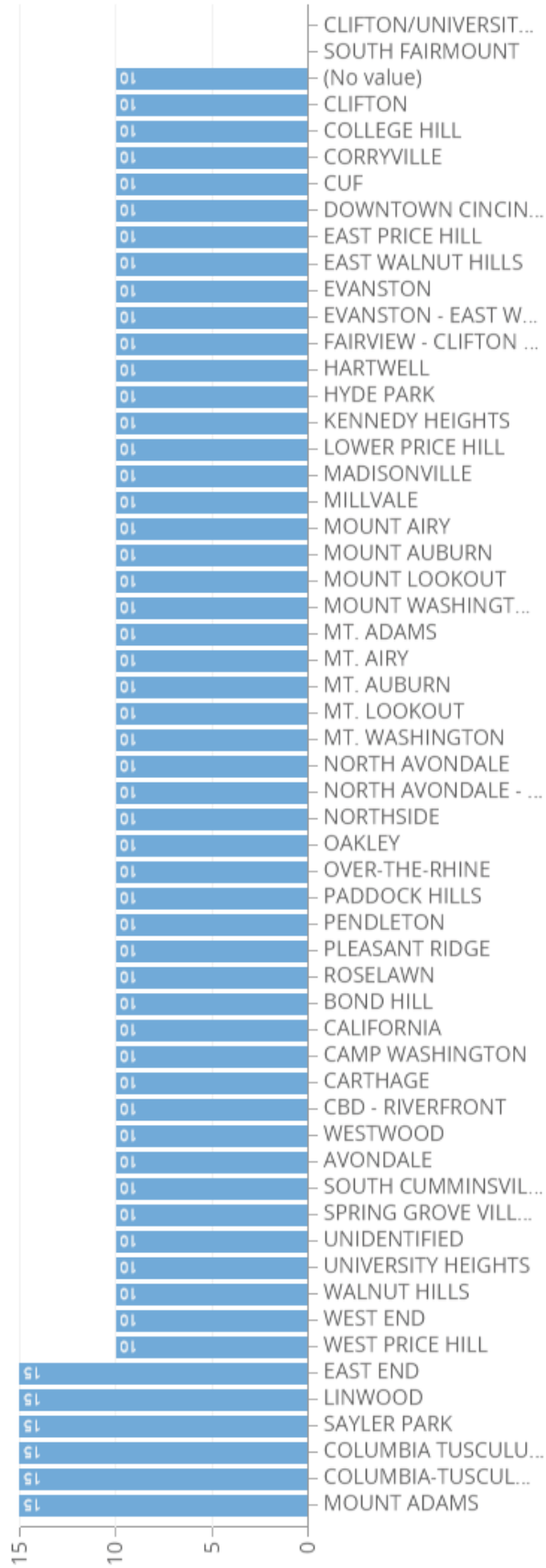
LEED Platinum by Neighborhood



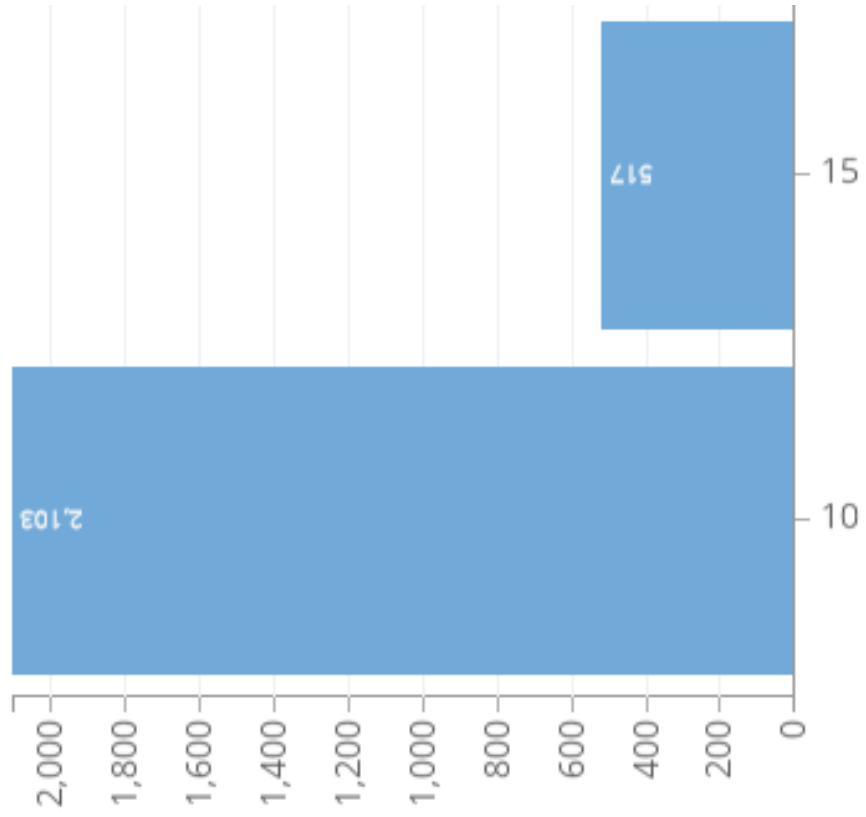
HCA Abated Value by Neighborhood 12/9/19



Median Abatement Term by Neighborhood (12/9/19)



CRA Abatements by Term (Cincy Insights 12/2/2019)



Residential CRA Policy 2002-Present

	Remodeling		New Construction	
	Abatement Cap	Term	Abatement Cap	Term
2002 (342-2002)	\$76,491 per dwelling unit (3% Compound increase annually)	10 years	\$76,491 per dwelling unit (3% Compound increase annually)	15 years
2007 (119-2007)	\$275,000 per dwelling unit (3% Compound increase annually)	10 years	\$275,000 per dwelling unit (3% Compound increase annually)	10 years
2007 (446-2007)	\$275,000 minimum \$500,000 LEED Silver or Gold No cap Platinum	10 years	\$275,000 minimum \$500,000 LEED Silver or Gold No cap Platinum	15 years
2012 (502-2012)	\$275,000 minimum \$400,000 LEED Silver \$562,000 LEED Gold No cap Platinum	10 years	\$275,000 minimum \$400,000 LEED Silver \$562,000 LEED Gold No cap Platinum	15 years
2013 (210-2013)	No changes to residential	No changes	No changes to residential	No changes
2014 (43-2014)	\$275,000 minimum \$400,000 LEED Silver \$562,000 LEED Gold No cap Platinum	10 years	\$275,000 minimum \$400,000 LEED Silver \$562,000 LEED Gold No cap Platinum	10 Years 12 Years (Visitable) 15 Years (LEED)
2015 (134-2015)	\$275,000 minimum \$400,000 LEED Silver \$562,000 LEED Gold/LBC Net Zero No cap Platinum/LBC Petal	10 years	\$275,000 minimum \$400,000 LEED Silver \$562,000 LEED Gold/LBC Net Zero No cap Platinum/LBC Petal	10 Years 12 Years (Visitable) 15 Years (LEED)
2017 (276-2017)	\$275,000 minimum \$400,000 LEED Silver \$562,000 LEED Gold/LBC Net Zero No cap Platinum/LBC Petal	10 years minimum 12 years HERS Qualified or Visitable 14 Years HERS Qualified and Visitable 15 Years LEED Silver and up	\$275,000 minimum \$400,000 LEED Silver \$562,000 LEED Gold/LBC Net Zero No cap Platinum/LBC Petal	10 years minimum 12 years HERS Qualified or Visitable 14 Years HERS Qualified and Visitable 15 Years LEED Silver and up

Comparison of Other Ohio Cities

	Zones within CRAs	Cap/Rate	Term	Requirements
Columbus	Market	No cap. 100%	15 years	New Construction – Eligible only if it provides housing for < 80% AMI
	Revitalization	No cap. 100%	15 years	Renovation – Eligible for maximum
	Opportunity	No cap. 100%	15 years	New Construction & Renovation eligible for maximum
Cleveland	Uniform policy for City.			New Construction & Renovation eligible for maximum
	No Zones	No cap. 100%	15 years	All applicants must meet the City of Cleveland Green Building Standards (Enterprise Green, National Green Building, LEED Silver)
Toledo	Uniform policy for City.		10 years	
	No Zones	No cap. 100%	15 years	Renovations capped at 10 years. New Construction eligible for 15 years
Akron	Uniform policy for City.			
	No Zones	No cap. 100%	15 years	New Construction & Renovation eligible for maximum
Dayton	Uniform policy for City.			
	No Zones	No cap. 100%	15 Years	New Construction & Renovation eligible for maximum