

## Property Tax Working Group Tax Abatement Law FAQs

- **What are the Ohio state laws and City ordinances that govern residential tax abatements?<sup>1</sup>**
  - Ohio Revised Code 3735.65-3735.70 (state laws that govern and enable local governments to enact Community Reinvestment Areas (CRAs); abatements are only on the improvement value)
  - Cincinnati Ordinances 274-2017 and 276-2017 (these ordinances designate the City of Cincinnati as a Community Reinvestment Area and set forth the City's residential CRA policies)
  - Ohio Revised Code 4503.064-4503.0610 (the state law homestead exemption laws that allow low-income senior citizens and permanently and totally disabled residents to reduce their property tax bills; up to \$25,000.00 of the residential property's market value can be exempted).
    - For example, qualifying residents owning a home with a market value of \$100,000 are billed as if the home is valued at \$75,000.
    - The City is not involved with the processing of this exemption.
  - Ohio Revised Code 5715.19 (this law provides the process for challenging valuations; it is not directly related to CRAs)
  - Ohio Revised Code 715.263 (state law which allows a local government to grant a tax credit up to the lesser of \$10,000 or the cost of demolition/abatement to those who purchase a nuisance property at a foreclosure sale)
  
- **Can the City create new property tax exemption laws?**
  - No. Only the Ohio General Assembly has the authority to pass laws that create *new* tax exemptions.
    - For example, if the residents of Ohio wanted to increase the amount of the homestead property tax exemption from \$25,000 to \$35,000 or create a new exemption for property owners who are legacy residents, a bill would have to be introduced and passed by the Ohio General Assembly.
  
- **How does someone obtain a CRA abatement from the City?**
  - Complete CRA application<sup>2</sup>
    - Fee payment
    - Notarized statement of work and budget
    - Copy of closed permits and/or final Certificate of Occupancy
  - A minimum of \$2,500 for 1-2 unit structures and \$5,000 for 3 unit structures must be spent on eligible improvements
  - Annual exterior inspections required to ensure proper maintenance
    - Tax abatements can be denied/revoked if code violations exist and/or are not promptly cured

---

<sup>1</sup> These laws apply only to residential housing with three or fewer units.

<sup>2</sup> Available at: <http://choosecincy.com/Community-Development/Homebuyers/Residential-Tax-Abatements.aspx>

**Residential CRA Abatement Values (all 100%)**

<b>Construction Type</b>	<b>Conditions</b>	<b>Maximum Market Improvement Value</b>	<b>Term (years)</b>
<b>Remodeling</b>	Non-LEED/Non-LBC Qualified	\$275,000	10
	HERS Qualified	\$275,000	12
	Certified Visitable	\$275,000	12
	HERS + Visitable	\$275,000	14
	LEED Certified	\$275,000	15
	LEED Silver	\$400,000	15
	LEED Gold or LBC Net Zero	\$562,000	15
	LEED Platinum, LBC Full, or LBC Petal (must include "Energy Petal")	No maximum	15
<b>New Construction</b>	Non-LEED/LBC Qualified	\$275,000	10
	Certified Visitable	\$275,000	12
	LEED Certified	\$275,000	12
	LEED Certified and Visitable	\$275,000	14
	LEED Silver	\$400,000	15
	LEED Gold or LBC Net Zero	\$562,000	15
	LEED Platinum, LBC Full, or LBC Petal (must include "Energy Petal")	No maximum	15

## **PROPOSED PILOT PROGRAM STATE LEGISLATION FOR PROPERTY TAX FREEZE FOR LEGACY RESIDENTS**

### **ADD SECTION (g) to ORC 5715.19(A)(1)**

- This section sets forth how an owner files a complaint against valuation or assessment of their property
- Proposed add-on language to existing statute:

*(A)(1) ... (g) any determination of the total valuation of or assessment of any parcel that appears on the tax list that is triggered by the requirements set forth in section 5715.191 of the Revised Code.*

### **PROVISION CREATING PILOT PROGRAM → ORC 5715.191 Legacy owner valuation or assessment in Hamilton County**

- Proposal to add this section to create pilot program in Hamilton County for relief under 5715.19(A)(1)
- Proposed language:

*(A) As used in section 5715.19 & 5715.191 of the Revised Code:*

*“Legacy Resident” shall mean any person owning taxable real property in Hamilton County or such a person’s spouse whose*

- 1) market value has increased by over 50% between the current and preceding tax year;*
- 2) has lived in his or her home as a Principal Resident for 5 years or more;*
- 3) property taxes have not been certified delinquent for greater than 1 year or subject to tax lien sale, unless the Treasurer grants a waiver from this requirement;*
- 4) primary residence’s market value in the prior triennial valuation/appraisal conducted by the auditor was less than \$200,000;*

*(B) Any Legacy Resident living in an Area of Reinvestment may file a complaint against valuation or assessment as proscribed by 5715.19 of the Revised Code. If a Legacy Resident Complainant can establish that s/he meets the requirements set forth under section (A), his or her property tax valuations will be set at the amount of the prior triennial valuation.*

*(C) Once a Legacy Resident qualifies under this section and section 5715.19, any valuation or assessment provided pursuant to these sections will be automatically applied to their real estate tax bill for three years. A Legacy Resident may add and remove family members to their deed if they die, move in, or move out, without affecting any valuation or assessment provided under this section and section 5715.19 as long as the Legacy Resident or their spouse lives in the property.*

*(D) A Legacy Resident becomes ineligible for reduced valuation or assessment under this section and section 5715.19 if they no longer live in the home or become delinquent in real estate taxes that are not subject to a payment agreement with the Treasurer.*

<b>Strategy #1: Property Tax Relief</b>	
<b>Existing Efforts / Resources That Support Strategy</b>	<b>Proposed NEW action items</b>
Homestead exemption	Property tax freeze / exemption for legacy residents
BOR process to contest Auditor's valuation	Research other tax relief programs (e.g. CA, Philadelphia)
	Research / draft potential legislative changes in Ohio / locally
	Meet with Treasurer Goering and Commissioner Portune to discuss possible legislative / Policy changes
	Potential local advocacy to make Community Reinvestment Area (CRA) tax abatement (currently given for improvements to property) more limited (and hence, equitable) in how it is allocated &/or if there is VTICA option to capture some CRA "savings" for property tax relief for more vulnerable residents.
<b>Strategy #2: Outreach to educate / inform residents regarding resources &amp; options</b>	
<b>Existing Efforts / Resources That Support Strategy</b>	<b>Proposed NEW action items</b>
Current stakeholders (Legal Aid, ProSeniors, WIN, CUFA, others) do outreach, counseling, one-on-one representation on an ongoing basis	Ask electeds to do more outreach on this issue
	Have stakeholders host more educational & outreach events to inform at-risk residents about their options
<b>Strategy #3: Foreclosure intervention / prevention</b>	
<b>Existing Efforts / Resources That Support Strategy</b>	<b>Proposed NEW action items</b>
Legal Aid / ProSeniors	Identify mechanisms to prevent tax foreclosure filing in instances where owner-occupant resides at tax delinquent property
Emergency Mortgage Assistance Programs	
<b>Strategy #4: Access to Better Finance Tools</b>	
<b>Existing Efforts / Resources That Support Strategy</b>	<b>Proposed NEW action items</b>
Homeownership Center	Identify whether more loan products are available through CRA obligations, etc.
<b>Strategy #5: Increase funding for home improvement grants</b>	
<b>Existing Efforts / Resources That Support Strategy</b>	<b>Proposed NEW action items</b>
City / County – funded programs: PWC, CARE, Harbor	Lobby local politicians for more funding
	Identify potentially hidden / unused funding sources