

**PROPERTY TAX WORKING GROUP MEETING**  
**Focused Recommendation Group on Residential Tax Abatement Policy Review**  
**Wednesday, July 8, 2020 | 9:00 - 11:00 a.m.**

**MEETING NOTES AND RECOMMENDATIONS**

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A virtual meeting of the Property Tax Working Group's Focused Recommendation Group on Residential Tax Abatements met on Monday, July 8th, from 9:00 - 11:00 a.m. This meeting was also live streamed on Youtube and can be viewed here: [bit.ly/CityPlanningYoutube](https://bit.ly/CityPlanningYoutube) 12 members of the working group were in attendance, including the co-chairs, Vice Mayor Smitherman and Carol Gibbs, and 15 members of the public were in attendance in addition to City staff from the Law Department, Department of Community and Economic Development, and Department of City Planning. The goal of the meeting was to review the draft recommendations and finalize them. The group will meet again virtually on **Monday, July 13th from 2:30 - 4:30 p.m.** to continue and finalize their work.

**Presentation of Draft Recommendations**

The Focused Recommendation Group last met in February 2020. [Here is a copy of the draft recommendations from that time.](#) These recommendations were presented for context.

**Presentation of Changes in Recommendations**

*Please note that the #s do not correlate to the previous version of the draft recommendations. Based on the conversation during the meeting, there was a need to reorganize the recommendations. Section I are the immediate recommendations, Section II explains what these recommendations aim to accomplish, Section III indicates considerations for implementation of the recommendations, and Section IV is a long-term recommendation.*

**I. Recommendations**

**Recommendation 1** - This is the recommendation that determines recommended caps and terms. Two options were discussed during this meeting. A third option was submitted following the meeting by co-chair, Carol Gibbs.

**Option A**

This proposal was presented by the co-chairs of the Focused Recommendation Group, Carol Gibbs and Dan Bower.

Citywide Policy Proposal Option A		
Application Criteria	Abatement Cap	Abatement Term
New Construction	\$200,000	10 yr
Renovation	\$300,000	15 yr
New Construction - Green Building Tier 1	\$400,000	12 yr
Renovation - Green Building Tier 1	\$500,000	15 yr
New Construction - Green Building Tier 1	\$650,000	15 yr
Renovation - Green Building Tier 1	\$750,000	15 yr
Bonus Criteria	Additional Cap	Additional Term
Visitability	\$100,000	Up to 5 yrs (capped at 15yr)

Notes on Recommendation I - Option A:

- The City administration has not yet weighed in on these proposals
- Vice Mayor Smitherman explained that he has met with the Mayor to share this proposal
- With this proposal:
  - There would be no tiers proposed in order to get a recommendation moving right away (the working group has heard a desire for immediate change). If tiers or targeted neighborhoods were proposed, it would be a very long process. For example, when Columbus revised their policy it was over two-years.
  - Renovations would be valued higher than new construction - recommendation to include “restoration” in language
  - Green building is valued higher
  - Visitability is included (find definition of visitability in Residential CRA Policy ([Ord. 276-2017](#)) and [Attachment](#))
- Positive feedback on proposal
  - It’s important to have a recommendation that can move forward quickly
  - This is simplified
  - Visitability is needed but is not being built. This policy incentivizes.
- Concerns about proposal
  - Caps may limit some income to the City
  - Regarding renovations: Concerned because developers are tearing down houses but using existing foundations and calling them renovations
  - Caps over \$500,000 lead to public concerns of fairness in the tax system with wealthy people getting abatements and middle-class people having to

pay property taxes. Won't that affect the political acceptance of the recommendations?

- Green building tiers need more explanation
- Looking at the current abatement chart, the dollar difference between new construction silver and gold is \$162,000. The new chart is showing a difference of \$200,000. Why are we increasing the dollar value of these abatements?

**Option B**

This proposal was presented by Paul Yankie, a working group member, on behalf of USGBC, Green Building Consulting, and Home Builders Association.

<b>Citywide Policy Proposal Option B</b>		
<b>Application Criteria</b>	<b>Abatement Cap</b>	<b>Abatement Term</b>
New Construction	\$0	0 yr
Renovation	\$150,000	10 yr
Renovation - HERS/Other moderate level EE & High performance Cert	\$300,000	15 yr
New Construction - LEED Silver	\$300,000	15 yr
Renovation - LEED Silver	\$400,000	15 yr
New Construction - LEED Gold/LBC Zero Energy Petal	\$500,000	15 yr
Renovation - LEED Gold/LBC Zero Energy Petal	\$600,000	15 yr
New Construction - LEED Platinum/LBC Full Cert/ Passive House	\$700,000	15 yr
Renovation - LEED Platinum/LBC Full Cert/ Passive House	\$800,000	15 yr
<b>Bonus Criteria</b>	<b>Additional Cap</b>	<b>Additional Term</b>
Visibility	\$100,000	0yr

Notes on Recommendation 1 - Option B:

- Training program/education is key for green building
- Note of new construction - are we incentivizing things that will already be built? Neighborhoods that can support \$150-200k houses
- City Council has regularly been supportive of green building
- 80% of abatements currently have no green building components
- Positive Feedback
  - Prioritizes quality projects that minimize the long-term cost to

- owners
- Reflects structure of LEED with Silver, Gold, and Platinum
- Concerns
  - Caps over \$500,000 lead to public concerns of fairness in the tax system with wealthy people getting abatements and middle-class people having to pay property taxes. Won't that affect the political acceptance of the recommendations?
  - Does not allow for non-green building new construction

**Option C**

This proposal was submitted following the PTWG meeting by Carol Gibbs, co-chair of the working group.

Citywide Policy Proposal Option C		
Application Criteria	Abatement Cap	Abatement Term
New Construction	\$200,000	10 yr
Remodel/Restoration	\$300,000	15 yr
New Construction - Green Building Tier 1 (LEED Silver, Gold, LBC equivalent)	\$400,000	12 yr
Remodel/Restoration - Green Building Tier 1 (LEED Silver, Gold, LBC equivalent)	\$500,000	15 yr
New Construction - Green Building Tier 2 (LEED Platinum, LBC equivalent)	\$650,000	15 yr
Remodel/Restoration - Green Building Tier 2 (LEED Platinum, LBC equivalent)	\$750,000	15 yr
Restoration - Minimum \$500,000 Investment in Pre-1940 Homes	\$750,000	15 yr
Bonus Criteria	Additional Cap	
Visitability	\$100,000	

General notes on all options: Need to define restoration/renovation due to concerns about tear downs to the foundation.

**Recommendation 2 - Residential buildings with up to and including four units should be eligible for residential tax abatements.**

Notes on Recommendation 2

- Current policy: Buildings with 3 or fewer units are eligible.

- School Board would prefer not to lose any revenue, but is supportive of seeing more units available to families which would be achieved by increasing the eligibility to 4 units. School Board would be concerned about increasing that any further.
- There is not a desire to increase unit eligibility above 4 units.

**II. The recommendations aim to:**

- 1. Not reduce the overall quantity of affordable housing.**
- 2. Encourage reinvestment in existing affordable housing.**
- 3. Not reduce the overall unit growth needed to meet the growing population.**
- 4. Encourage units appropriate for a family (2 or more bedrooms)**
- 5. Encourage low-cost of long-term homeownership through environmental design (LEED, etc.) - Reduced utility costs**
- 6. Encourage transparency on residential abatements (where does the money go after roll off)**
- 7. Consider investment incentives of our local competitors**
- 8. Consider overall tax rates and how abatements may impact opinions of new tax levies**
- 9. Encourage small, minority-owned, and women-owned businesses and small scale developments**
  - Note: The Cincinnati Area Board of Realtors wants this to be a priority.
- 10. Encourage historic conservation**

**III. When implementing these recommendations:**

- 1. Ensure that property tax values do not diminish from pre-abatement values, including lot splits and tear downs, by:**
  - a. Requiring information on the application to help the auditor track land sales (splits from parent parcels)**
  - b. Abatements should be reviewed on every 3-5 years to ensure they are not overly inflating neighboring property values through comps. The review should include community input.**
- 2. Current staff may need to be increased due to long-term monitoring as needed**

Note: may not be necessary anymore based on citywide proposals
- 3. Adequate notice should be provided about policy change to developers, homeowners, etc. Consider triggers for grandfathering applicants under current policy: permits, zoning approvals etc.**

Note: What does this look like?

#### **IV. Long-Term Recommendations: Explore a tiered approach to residential tax abatements.**

Notes on Long-Term Recommendation:

- Throughout conversations and in feedback, there was a noted desire to explore a tiered approach to residential tax abatements.
- There was some concern expressed by the Home Builders Association, the Greater Cincinnati Board of Realtors, and community members about the targeted neighborhood/tiered approach due to similarities to the redlining of the past and fair housing.
- In order to establish the tier criteria, additional studies would be required, which is why it is not being proposed for the immediate term, rather a goal for the future.