

PROPERTY TAX WORKING GROUP
Protecting homeowners, strengthening neighborhoods.

Meeting Notes

Thursday, July 23, 2020 | 9:00 – 11:00 a.m. | Virtually on Zoom

These are notes from the final Property Tax Working Group Meeting. These do not constitute official minutes nor a transcript. For a recording or to watch the meeting please visit:

<https://www.youtube.com/watch?v=RfB7RCsXdUU>

Welcome, Introductions, & Virtual Meeting Housekeeping

- Final working group meeting
- Working group was formed by a motion in Fall 2018 and has been meeting since February 2019. Since then, the working group has held over 13 meetings and 3 public meetings. Additionally, the working group conducted two surveys with over 650 total responses.
- Goal of the meeting: Present recommendations and vote on recommendations from each of the three Focused Recommendation Groups.
- 16 working group members, 7 City staff, and 16 members of the public were in attendance. The meeting was also live streamed on Youtube.

Resources for Low/Limited Income Residents Recommendations *[Discussion and Questions in Italics]*

Presented by Rick Williams, Chair of Focused Recommendation Group

Goal of Recommendations

Help low and limited-income individuals stay in their homes.

Approach

Work in a way that honors the residents' perspective. "Don't hire people to fix me—I don't need people to fix me, I need money to fix my house."

Recommendations

Recommendation 1 – Create an online portal with programs and resources for residents, both homeowners and renters.

This portal would be like the open data portal managed by the Office of Performance and Data Analytics (OPDA). The portal should be user-friendly but include deep connections in its logic. For example, users would enter age, veteran status, etc. and the portal would respond with the programs that are available to them. Helps with goal to proactively identify homeowners who need help with repairs, so the burden does not only fall to the homeowner.

Recommendation 2 – Create a housing court with a dedicated support staff who are housing experts and can connect residents to resources.

Convert a Common Pleas seat into a housing court seat. Community members can advocate for this by lobbying the Common Pleas judges directly, as well ask their City representatives to support the creation of a housing court. Cleveland is a good reference for this recommendation.

Recommendation 3 – Make housing a priority by creating a position like the Chief Advocacy Officer role that would lead housing efforts for the City.

This position would act as a Connector/Czar. This position would connect with the City Manager, City Council, Mayor, City departments, and residents, and is guided by an advisory board. This position has the responsibility to manage the portal.

Recommendation 4 – When a code complaint is filed in a geographic area with high development activity, require a social worker to accompany the building inspector to provide information on funds to help with repairs and directions to the portal.

Helps with goal to proactively identify homeowners who need help with repairs, so the burden does not only fall to the homeowner.

- *African American Chamber - Are there enough social workers to do this work? From what organizations?*
 - *Law Dept. - aware building dept does have hiring position open for single social worker – triage situation; social worker goes w/ inspector on situations where they have info that individual will need social services*
- *African American Chamber: would social worker know about funds that are available? Do we need someone w/ financial background additionally?*
 - *Law Dept.: social worker connected w/ city's housing resources/county resources*
- *CNBDU: Can we provide training for buildings & inspections so that they know what tools are available? Could they do this on their own w/o social worker? Provide brochure w/ info to homeowner?*
 - *Law Dept.: Bldg Dept currently receives training/education on resources that are available – specific docs are provided to tenants/property owners when property falling into code compliance issues scenario*
- *Board of Education: prefer term like “Citizen Advocate” instead of social worker – social worker may categorize citizens in a negative way*
 - *Carol Gibbs: someone w/ MSW, agrees job title could be different than “social worker”*
 - *Rick Williams, Chair of Focused Recommendation Group: intentional to say “social worker” – there are skills that social workers have that are needed for this type of work. Great to have “advocacy” as part of the role position, but emphasizes having “social work” as part of title*

Recommendation 5 – Create a lending program for contractors who work fairly with seniors and low-income households.

This lending program would have a revolving line of credit with favorable rates with the aim to restore the small contractors who lost their businesses in the 2008 recession. This would also support and grow minority-owned businesses in Cincinnati. Information on these licensed contractors would be housed on the portal.

- *Carol Gibbs: include minority and women owned*

Recommendation 6 – Provide funding for organizations that work with homeowners to help them stay in their homes.

Information on this organizations would be on the portal.

Recommendation 7 – Look to other cities on how they are addressing recommendations 1-7.

Recommendation 8 – Lobby the state to make changes that benefit home retention for individuals with low or limited-income, disabilities, seniors.

[Vote on recommendations 1 – 8 as written, with the inclusion of “minority and women owned” in Recommendation 5 – passes]

Property Tax Relief for Seniors and People Living with Disabilities/ Special Needs Recommendations *[Discussion and Questions in Italics]*

Presented by Heather Sturgill, Chair of Focused Recommendation Group

Structure of Recommendations

- Section I Tax Relief – Discount and Deferral
Qualifications | Discount | Deferral | Considerations
- Section II Tax Fairness
- Section III Other Measures

Section I: Tax Relief – Discount and Deferral

Qualifications

- a. Own and Occupy Property
- b. 65+,
- c. Owner or dependent (resident) certified by a licensed physician or psychologist, or a state or federal agency as permanently disabled as of January 1 of the year for which applying
- d. Surviving spouse of a person who was receiving the previous homestead exemption at the time of death
- e. Low-income surviving house member - qualification requirement being that the house member must have designated that property as primary residence for at least 10 years (or 10 year equivalent if a re-entering citizen – calculated by adding primary residence with time incarcerated totaling the previous 10 years).

Note: % of discount reassessed after senior/person with a disability no longer identifies property as primary residence

Discount

Based on income, increase in amount of taxes paid is capped.

- a. Applies to home + 1 acre of property
- b. Applies only to the assessed increase in value after purchase date
- c. Cap/ceiling changes based on income (deducting medical expenses) (using HUD guidelines)
- d. The cap/ceiling on taxes paid:
 - i. If income is above 120% AMI - no ceiling/cap
 - ii. Ceiling of 100% rate of increase above original tax bill if income is 80% - 120% AMI
 - iii. Ceiling of 50% rate of increase if low income (50% - 80% AMI)
 - iv. Ceiling of 20% rate of increase if very low income (30% - 50% AMI)
 - v. Ceiling of 5% rate of increase if extremely low income (0-30% AMI)

Deferral

- a. This deferral is automatically available to everyone who is eligible for discount (residential properties owned and occupied by owner) and anyone who has been a resident owner of identified property for 10-15 years or more (how many of these properties exist - study this before determining 10 or 15 years)
- b. Applies to portion of property tax increases that were not discounted.
- c. Lasts until
 - i. Death of original recipient, or dependent with a disability
 - ii. When the original recipient, or dependent with a disability moves, or and there isn't a spouse or a surviving income and time qualified householder
 - iii. Property is sold

- d. Due upon deferral's end: All back unpaid deferral plus average (mean) rate of inflation from start of deferral until end of deferral
 - i. Deferral is considered a lien on the property and must be paid in advance of the sale.
 - ii. If deferral amount is more than the sale then the lien remains on the property through continued sales until the deferral is paid.

Considerations Before Implementation of Discount and Deferral

The following questions need to be addressed and considered before implementation Discount and Deferral Recommendation:

- How to count unearned income and other resources? (look into income tax process and what information is collected)
- What is the impact on tax revenue? How much revenue is collected from housing owned by each AMI bracket in Discount (d) recommendation?
- What is the potential deferral and how long might that be?
- Education *revenue* must be built into implementation.

Discussion on Section I

- *Heather Sturgill: City has no direct control – modified at State level – city passing resolution, ongoing education needed across state to have this go into effect*
 - *Base level recommendations that needs to be modified, based on further research*
- *African American Chamber: How does this impact school funding?*
 - *HS: we need questions answered about % of people these discounts would apply to, then we can fine tune the policy; Need fine-tuning before going to council for resolution, this may not actually apply to many properties/will be not a lot of money, depending on property values*
- *Council on Aging: doesn't support discount, does support deferral*
 - *Too many unanswered Qs on the discount – we feel deferral, from statewide ability to give senior's relief*
 - *Regarding qualifications - we don't agree w/ Item E – we believe adding E is beyond scope of aiding seniors*
 - *All this has been discussed w/ advisory council & board*
- *Hispanic Chamber: simply effect on growth rate – it will not be as big of an effect on \$\$\$ as imagined (seniors make up 20% pop, even less are homeowners)*
- *Carol Gibbs: Concern about taking both discount and deferral to the state may not fly*
 - *Council on Aging shares this concern - to get this passed you need statewide support – we believe if we can get movement it will be ONLY the discount, not the deferral*
- *Legal Aid Society: feels like there are great ideas in this proposal; comment on scope of it:*
 - *Focused on seniors/disabilities/special needs, but we should point out Housing our Future Plan says we should increase assistance to ALL low-moderate income homeowners who are facing tax increases (especially in gentrifying neighborhoods)*
 - *I see problem as broader than seniors/special needs, and that needs to be addressed further down the line*
- *Question from chat bar: Will discounts apply retroactively or only to future increases in value?*
 - *Ron: it's the increase in value after purchase – you set reference point to date determined by legislation – the point is to not take away any tax revenue – this would be more effectual to properties purchased AFTER the legislation goes into effect – we do not think it will affect properties purchased BEFORE legislation*
- *Board of Education: Clarification on last bullet under “Consideration before implementation” – Should read “Education revenue should be built into implementation.”*

- *School of Planning: conceptual recommendation w/ details worked out later – we don't need to vote on this as if we are City Council passing a resolution – we're voting on the GENERAL IDEA*
- *Carol Gibbs: In the discount, you're talking about assessment of increase in property value. Are you limiting that to increase in prop value due to development? Or are you saying, if my house appreciates over 15 years just sitting there, that I can apply for this discount? Can anybody apply?*
 - *Heather Sturgill: Yes, currently Homestead Exemption says you can*

[Vote on Qualifications – passes]

[Vote on Discount (with considerations noted) – passes]

[Vote on Deferral (with considerations noted) – passes]

- *Vice Mayor clarified that even though the recommendations passed, there is still more work to be done before they go to Council.*

Section II: Tax Fairness

Recommendation 1 – If a property receives any of these tax benefits/assistance measures, it is not permitted to be registered on the City's Short-term Rental Registry as anything other than "hosted".
[joint recommendation – Residential Tax Abatement Long-Term Recommendation 2]

Section III: Other Measures

Recommendation 1 – Change the Zoning Code to permit accessory dwellings/granny flats with stipulations that:

- Either the larger or smaller residence must be occupied as the primary residence by the owner more than 75% of year
- Require landlord training on fair housing, sample rental contracts, landlord best practices and more.

Recommendation 2 – Streamline approvals and waive fees for building permits related to accessibility, such as widening doorways and hallways, curb less showers, step-free entries, cabinetry modifications for wheel-in space. Extra sound insulation can be considered as well.

Recommendation 3 – Increase funding, including grants and loans, for programs that assist the elderly and people with disabilities and families with dependents that have a disability in maintaining and modifying their residences for accessibility. A sliding scale for eligibility.

Recommendation 4 – Education and information for homeowners and small contractors

- Create an online portal with programs and resources for residents, both homeowners and renters, and contractors [joint recommendation – Resources for Low/Limited Income Residents Recommendation 1]
- Use this information to create fliers that can be included in tax bill mailings and set out at the permit offices and other points of contact
- Expand the pool and build the capacity of small contractors. Use the compiled info on all programs and resources to educate them so they can use the info as a marketing tool to find new customers.

Have fliers about these educational/marketing opportunities at stores serving contractors (hardware, plumbing supply, electrical supply, etc.).

Recommendation 5 – Avoid housing harassment by fining entities having more than one unsolicited contact with a property owner.

Find out if it is possible to track on-line property maintenance complaints if a complainant is submitting complaints on multiple properties. If possible, these complainants will receive a warning. If they continue, it should be considered harassment and they would receive a fine.

- *Constitutionality concerns about this recommendation*
- *Law Dept. would have to look at this recommendation in more detail before it could move forward*

Recommendation 6 – Allow tenants who are seniors or persons with a disability to modify properties without requiring these individuals to return the property to its original condition upon move out. Educate landlords on the importance of this.

- *Carol Gibbs: thought this working group was only address homeowner issues; this seems to address renter concerns*
- *Heather Sturgill: we can reword this recommendation so it states focus on educating homeowners (landlords) of benefits*

Recommendation 7 – Make housing a priority by creating a position like the Chief Advocacy Officer role that would lead housing efforts for the City. [joint recommendation – Resources for Low/Limited Income Residents Recommendation 3]

[Vote on Section II and III with edit to Recommendation 6 re: homeowners – passes]

Residential Tax Abatement Recommendations Discussion/Questions and Vote by Working Group Members [Discussion and Questions in Italics]

Structure of Recommendations

Section I	Immediate Recommendations
Section II	Aims of Recommendations
Section III	Considerations for Recommendation Implementation
Section IV	Long-term Recommendations

Section I: Immediate Recommendations

Recommendation 1 – The following chart outlines the recommended criteria, caps, and terms for residential tax abatements.

Recommendation		
NEW CONSTRUCTION Criteria	Cap	Term
New Construction	\$200,000	10 yr
New Construction - LEED Silver	\$400,000	15 yr
New Construction - LEED Gold/LBC Zero Energy Petal	\$500,000	15 yr
New Construction - LEED Platinum/LBC Full Cert/ Passive House	\$650,000	15 yr
REMODEL Criteria	Cap	Term
Remodel	\$200,000	12 yr
Remodel - HERS/Other moderate level EE & High performance Cert	\$300,000	15 yr
Remodel - LEED Silver	\$500,000	15 yr
Remodel - LEED Gold/LBC Zero Energy Petal	\$650,000	15 yr

Remodel - LEED Platinum/LBC Full Cert/ Passive House	\$800,000	15 yr
Historic Renovation/Restoration (pre-1940 building)	\$750,000	15 yr
Bonus Criteria (for New Construction and Remodel)	Add't Cap	Add't Term
Visitability	\$100,000	0 yr

- *Discussion on New Construction, \$200k cap, 10 yr term*
 - *USGBC – doesn't believe this is what was agreed upon in the Focused Recommendation Group*
 - *Objection because it leads to overweighting of LEED in certain neighborhoods*
 - *Less than 20% of new construction is not LEED and is often of lower quality and in lower income neighborhoods*
 - *To build LEED is not more expensive, long-term, but there is a lack of education for builders and contractors*
 - *Legal Aid Society – concern based on Housing Our Future study that abatement policy does not benefit low and moderate-income households. Why are we working on a program with high caps when this doesn't benefit low/moderate-income?*
 - *HOME – these are upper limit caps so lower cost building/renovation projects will still be able to benefit*
 - *Carol Gibbs – want to raise New Construction to \$275k for 10 yr term*
 - *African American Chamber – where is \$200k or \$275k number coming from? What about 10 yr term? Is this related to what we are seeing in the market? Wants to abstain because lacks info*
 - *Carol – lowered to \$200k to compromise with USGBC, HBA, and Realtors. Keeps an option to new construction without LEED or HERS. Argument that it doesn't cost more, but it does. Low-income people have harder time to get a mortgage anyways, LEED may make it even more difficult and may not be worth it in terms of savings. Thinks caps are too high.*

[Vote to move cap for new construction from \$200 to \$275k – does not pass]

[Vote to eliminate new construction/reduce cap to \$0 – does not pass – New Construction to remain as written]

- *Discussion on Historic Renovation/Restoration (pre 1940 building)*
 - *Carol Gibbs, Co-Chair – historic restoration (pre-1940s) issue is cost of taking an old home and restoring to habitable conditions and cost to do HERS or LEED (more expensive than building a new home) so it should be kept as separate line item.*
 - *USGBC – wanted to get some of the harder homes to renovate/restore an extra amount that doesn't cannibalize on LEED or visitability. Wants this as bonus criteria for extra \$100k cap. 1920s is probably better starting point. Benefits are reduced or eliminated by keeping as part of Remodel criteria. Might as well eliminate rest of Remodel category if keep here because most renovations/remodels are pre-1940s buildings.*

[Vote to keep Historic Renovation/Restoration (pre 1940 building) in Remodel criteria - does not pass]

[Vote to move Historic Renovation/Restoration (pre 1940 building) to Bonus Criteria (\$100k additional cap, 0 additional yrs) - does not pass]

[Vote for recommendation chart as proposed - does not pass]

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

- *The idea behind this recommendation is to incentivize people to buy and bring vacant 4-unit buildings back to life. Live in one unit and be able to rent out the other 3*

Section II: Aims of Recommendations

The residential tax abatement recommendations aim to:

- Encourage small, minority-owned, and women-owned businesses and small-scale developments
- Encourage reinvestment in existing affordable housing.
- Not reduce the overall quantity of affordable housing.
- Encourage units appropriate for a family (two or more bedrooms)
- Not reduce the overall unit growth needed to meet the growing population
- Encourage low-cost of long-term homeownership through environmental design
- Encourage transparency of residential abatements
- Consider investment incentives of our local competitors
- Consider overall tax rates and impact of abatements on new tax levies
- Encourage historic conservation

Section III: Considerations for Implementation

This section includes points that must be considered when implementing the recommendations.

Consideration 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 and splits from parent parcels
- b. Reviewing abatements to ensure that they are not overly inflating neighboring property values. This review should occur on a consistent basis every 3-5 years (including before implementation of the long-term recommendation). The review should include community input.

Consideration 2 – Adequate notice should be provided about policy change to developers, homeowners, and other stakeholders. Criteria for grandfathering applicants under current policy should be clearly outlined as well.

- *Lots of conversation about teardowns so want to ensure abatement is on value increase from pre-demolition, not post-demolition*

Section IV - Long-Term Recommendation

This section includes recommendations that will require a more long-term approach.

Long-Term Recommendation 1 – Explore a tiered approach to residential tax abatements based on extensive study.

- If a tiered approach is implemented, then increase staff to meet need for long-term monitoring.

Long-Term Recommendation 2 – Consider a stipulation that would prohibit properties that receive residential tax abatements from being able to register on the City’s Short-term Rental Registry as anything other than “hosted.” [joint recommendation – Property Tax Relief for Seniors and People Living with Disabilities/Special Needs – Tax Fairness Recommendation]

Long-Term Recommendation 3 – Explore possible incentives for local renter co-ops.

[Vote conducted for Section 1 Recommendation 2 and Sections 2, 3, and 4 – passes]

Concluding Remarks and Next Steps (from Vice Mayor Smitherman)

- Thanked everyone for their commitment over past one and a half years.
- Looks forward to bringing recommendations to Council. Items will need to go before a Council Committee before going to full Council. He hopes this will happen in August/September.
- Vice Mayor's Office will work on the residential tax abatement caps/terms recommendation to find consensus.

Log of Votes [see next page]

Y = Yes, No = N, A = Abstain

	Resources for Low/Limited Income Residents – All Recs	Property Tax Relief – Section 1, Qualifications	Property Tax Relief – Section 1, Discount	Property Tax Relief – Section 1, Deferral	Property Tax Relief - Section II and III	Residential Tax Abatement Section 1, Rec 1 - New Construction increase to \$275k	Residential Tax Abatement Section 1, Rec 1 - New Construction decrease to \$0k	Residential Tax Abatement Section 1, Rec 1 - Historic Renovation/Resoration - keep under "Remodel Criteria" at \$750k	Residential Tax Abatement Section 1, Rec 1 - Historic Renovation/Resoration - move to "Bonus Criteria" at \$100k add't cap	Residential Tax Abatement Section 1 - Chart as written	Residential Tax Abatement Section 1, Rec 2 and Sections 2, 3, and 4
African American Chamber	Y	A	Y	A	Y	A	A	A	A	A	Y
Cincinnati Area Board of REALTORS	Y	Y	Y	Y	N	A	A	N	Y	A	Y
CNBDU	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y
Community Action Agency	Y	Y	Y	Y	Y	[not present]	[not present]	[not present]	[not present]	[not present]	[not present]
Council on Aging	Y	A	N	Y	Y	A	A	A	A	A	[not present]
CPS Board of Education	Y	A	Y	A	Y	Y	Y	Y	N	Y	Y
Hispanic Chamber	Y	Y	Y	Y	Y	A	A	A	A	A	A
HOME	Y	Y	Y	Y	Y	N	Y	N	Y	A	Y
Home Builders Association	Y	Y	Y	Y	N	A	Y	N	Y	Y	Y
Homeownership Center	Y	[not present]	[not present]	[not present]	[not present]	[not present]	[not present]	[not present]	[not present]	[not present]	[not present]
Legal Aid Society	Y	Y	Y	Y	Y	A	A	A	A	A	Y
LISC	Y	Y	Y	Y	Y	A	A	A	A	A	Y
UC School of Planning	Y	Y	Y	Y	Y	A	N	Y	N	Y	Y
USGBC	Y	Y	Y	Y	A	N	Y	N	Y	N	Y
Carol Gibbs, Co Chair	Y	Y	A	Y	Y	Y	N	Y	N	Y	Y
Vice Mayor Smitherman, Co Chair	Y	Y	A	Y	Y	Y	N	Y	N	Y	Y
RESULTS	PASSES 16 - Yes	PASSES 12 - yes; 3 - abstain; 1 not present	PASSES 12 - yes; 1 - no; 2 abstain; 1 not present	PASSES 13 - yes; 2 - abstain; 1 not present	PASSES 12 - yes; 2 - no; 1 abstain; 1 not present	FAILS 4 - yes; 2 - no; 8 - abstain; 2 not present	FAILS 5 - yes; 3 - no; 6 - abstain; 2 not present	FAILS 5 - yes; 4 - no; 5 - abstain; 2 not present	FAILS 4 - yes; 5 - no; 5 - abstain; 2 not present	FAILS 6 - yes; 1 - no; 7 - abstain; 2 not present	PASSES 12 - yes; 1- abstain; 3 not present