

# PROPERTY TAX WORKING GROUP

*Protecting homeowners, strengthening neighborhoods.*

## Recommendations

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### RESOURCES FOR LOW/LIMITED INCOME RESIDENTS

#### 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.*

**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.*

**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.

## **DESIRED PROPERTY TAX POLICY FOR SENIORS/PEOPLE LIVING WITH DISABILITIES/SPECIAL NEEDS**

### **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 must be built into implementation.

### **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:

- a. Either the larger or smaller residence must be occupied as the primary residence by the owner more than 75% of year
- b. 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

- a. 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]
- b. 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
- c. 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.*

**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.

**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]

## RESIDENTIAL TAX ABATEMENT POLICY

### 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		
<b>NEW CONSTRUCTION Criteria</b>	<b>Cap</b>	<b>Term</b>
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
<b>REMODEL Criteria</b>	<b>Cap</b>	<b>Term</b>
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
<b>Bonus Criteria (for New Construction and Remodel)</b>	<b>Add't Cap</b>	<b>Add't Term</b>
Visitability	\$100,000	0 yr

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

### 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.

### **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.