

PROPERTY TAX WORKING GROUP

Protecting homeowners, strengthening neighborhoods.

November Meeting Notes

Thursday, November 21st, 2019 | 9:00 – 10:30 a.m.

2nd Floor – Human Resources Room B
Two Centennial Plaza, 805 Central Avenue

1. A note from the co-chairs:

The Property Tax Working Group emerged as a partnership between a concerned community member, Carol Gibbs, and a council member, Vice Mayor Smitherman. It was officially established by a City Council motion. The Council asked the working group to study trends related to property taxes, especially the issue of rising property taxes in areas experiencing significant levels of development; to make recommendations to City Council aimed at helping to keep seniors and people living with disabilities/special needs in their homes and communities; and to report on best practices in other cities and states facing similar challenges, in addition to reviewing the City's Tax Abatement Program. During this meeting, the Property Tax Working Group heard research and recommendations from two speakers. We view these presentations as part of this working group's charge to collect research and best practices, not as an endorsement of their recommendations or partnership with their initiatives.

2. Guest Speaker: Suzanne Burke and Kelsey Haus – Council on Aging Property Tax Recommendation

- The Council on Aging did research on property tax relief programs for seniors throughout the United States. During this research, they looked at what exists in other states and the eligibility criteria.
- See PowerPoint presentation below.
- A spreadsheet with their research information is available on the "Resources and References" section of the Property Tax Working Group webpage.
- The Council on Aging's proposal is: Deferral of property taxes for eligible participants with 3% accrual until repayment is completed. Deferrals must be repaid when the home is sold, participant passes away, or the home is no longer used as the primary residence.
- Eligibility for this includes:
 - Own and occupy property
 - Primary residence for the past 10 years
 - Meet the requirements of the State of Ohio Homestead Exemption
 - Maximum income: \$32,800

3. Guest Speaker: Kathy Schwab, LISC – Community-wide Housing Strategy

- Kathy Schwab presented on the work being done by stakeholders on the Community-wide Housing Strategy
- See PowerPoint presentation below.
- Additional resources and a link to the strategy's draft recommendations are available on the "Resources and References" section of the Property Tax Working Group webpage
- Over 100 recommendations in the following categories:
 - Emergency Housing Support
 - Preservation of Affordable Rental Housing
 - Access to Homeownership
 - New Production
 - Policy and Zoning
- Kathy has been sharing the work of the Property Tax Working Group with people working on the Community-wide Housing Strategy

- The Property Tax Working Group recommendations may be mentioned in the strategy, but will go to City Council as a separate piece of legislation.

4. Focused Recommendation Groups Introduction

During the December 19th Property Tax Working Group meeting, the working group will split into subcommittees called "Focused Recommendation Groups." The groups are:

- ***Focused Group 1: Desired Property Tax Policy for Seniors/People Living with Disabilities/Special Needs (Lead: Heather Sturgill)***
 - What is the property tax relief program?
 - What are the eligibility criteria for gaining the property tax relief?
 - What impacts will this proposed policy have – both positive and negative?
- ***Focused Group 2: Support for Low/Limited Income Residents (Lead: Rick Williams)***
 - Address existing challenges that put low or limited income residents at risk of being displaced from their homes
 - What resources exist already for this population?
 - What resources could be created (financial tools, etc.)
- ***Focused Group 3: Residential Tax Abatement Policy Review (Leads: Carol Gibbs and Dan Bower)***
 - Dissect the current City of Cincinnati Residential CRA policy.
 - Look tax abatement policies from other Ohio cities
 - What parameters should be added to the current policy?

These groups will be charged with bringing recommendations to the January Property Tax Working Group. Please provide your thoughts to the Focused Recommendation Group leads [here](#).

All working group members will receive an email from Samantha asking them to rank their Focused Recommendation Group preferences. Assignments will be sent out before Thanksgiving.

5. Announcements

- Next regularly scheduled working group meeting – Thursday, December 19th, 2019 from 9:00-10:30 a.m. at 805 Central Avenue, Cincinnati, OH 45202 (2nd Floor)
- The Vice Mayor stated that after the recommendations come back in January he hopes to start writing legislation with the group. Part of this work will be thinking strategically about how to get the legislation through City Council.

Property Tax Research & Proposal

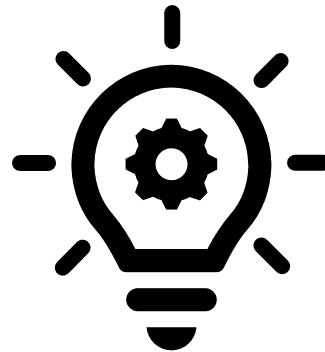
November 21st, 2019



Torch
AWARD
2010 WINNER



[Process]



[Top Options Identified]

- Freezes
- Exemption/Deduction
- Property Tax Discount
- Tax Credit
- Deferrals

[Freezes]

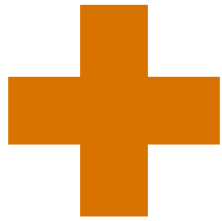
1

Freezing the
taxable value of the
property

2

Freezing the
amount of taxes
owed

[Freezes]



Minimal
Changes in
Property Taxes



Unaffordable
Taxes will be
Still be
Unaffordable

[Exemption/Deduction]

Shield **some** of the market value of a home by **decreasing** a property's taxable value

[Exemption/Deduction]



May Bring Taxes
Down to an
Affordable Level



Other Taxpayers
May Pick up the
Burden

[Property Tax Discount]

Discounted
property taxes
based on income

30%

100%



[Property Tax Discount]



Straightforward
Approach



Other Taxpayers
May Pick up the
Burden

[Tax Credit]

Reduce an individual's
property tax bill by a
certain amount

Tax credit is determined
by **income**

[Tax Credit]



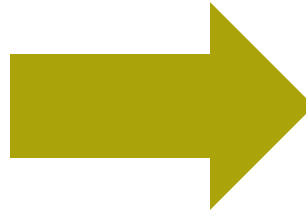
Credits are a
Straightforward
Approach



Other Taxpayers
May Pick up the
Burden

[Deferral]

Postpone paying
property taxes



Results on a **lien**
on the property

[Deferral]



Government
Receives Taxes
Eventually



Some Interest
Rates May be
Excessive

[Our Proposal]

“Deferral of property taxes for eligible participants with **3% accrual** until repayment is completed. Deferrals **must be repaid** when the home is **sold**, participant **passes away**, or the home is **no longer used** as the **primary residence.**”

[Our Proposal]

- Own and Occupy Property
- Primary Residence for the Past 10 Years
- Meet the Requirements of the State of Ohio Homestead Exemption
- Maximum Income: \$32,800



Thank You!

Any Questions?

Community-Wide Housing Strategy

Presented to Property Tax Working Group
November 21, 2019

A Growing Housing Need

In Cincinnati and Hamilton County

Gap in Households and Affordable and Available Units Hamilton County Overall

Poverty, Income & Housing
Housing Gap
Cost Burden

<i>Household Income</i>	Total Households	Affordable and Available Units	Gap
<i>\$14,678 or less</i>	55,600	15,581	-40,019
<i>\$24,464 or less</i>	90,946	52,611	-38,335
<i>\$39,142 or less</i>	138,559	125,073	-13,486
<i>\$48,927 or less</i>	165,531	163,191	-2,340
<i>\$58,712 or less</i>	190,342	193,252	2,910

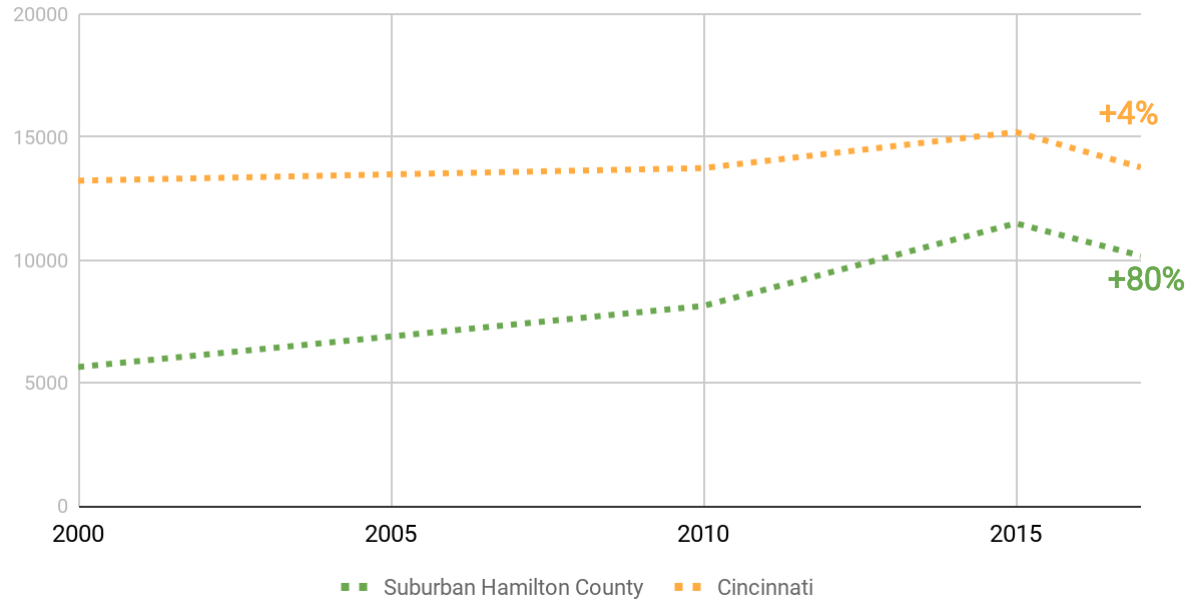
Poverty

Poverty has been rising

The number of Hamilton County families in poverty grew by 27% between 2000 and 2017.

In 2017, 22.4% of families in Cincinnati, and 8% in suburban Hamilton County, were living below the poverty line.

Families in Poverty, 2000-2017



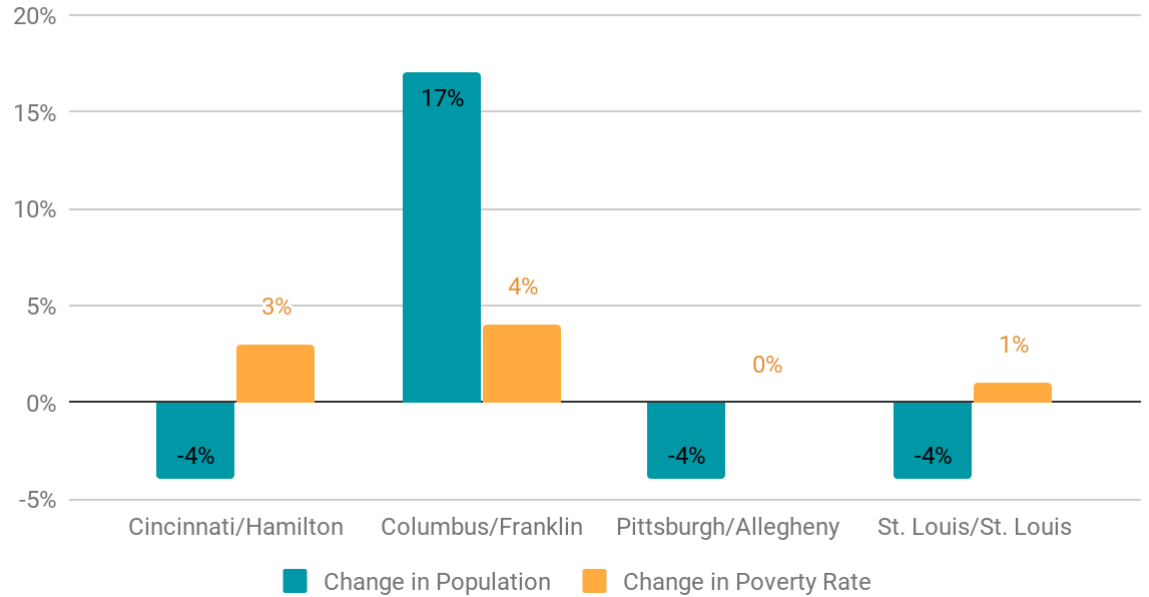
U.S. Census Bureau, 2000-2017

Peer Cities

Population vs. Poverty

Many of Cincinnati's peer cities saw similar population decreases between 2000 and 2017, but Cincinnati saw higher increases in poverty than these peers.

Change in Population and Poverty Rate, 2000 to 2017



U.S. Census Bureau, 2000-2017

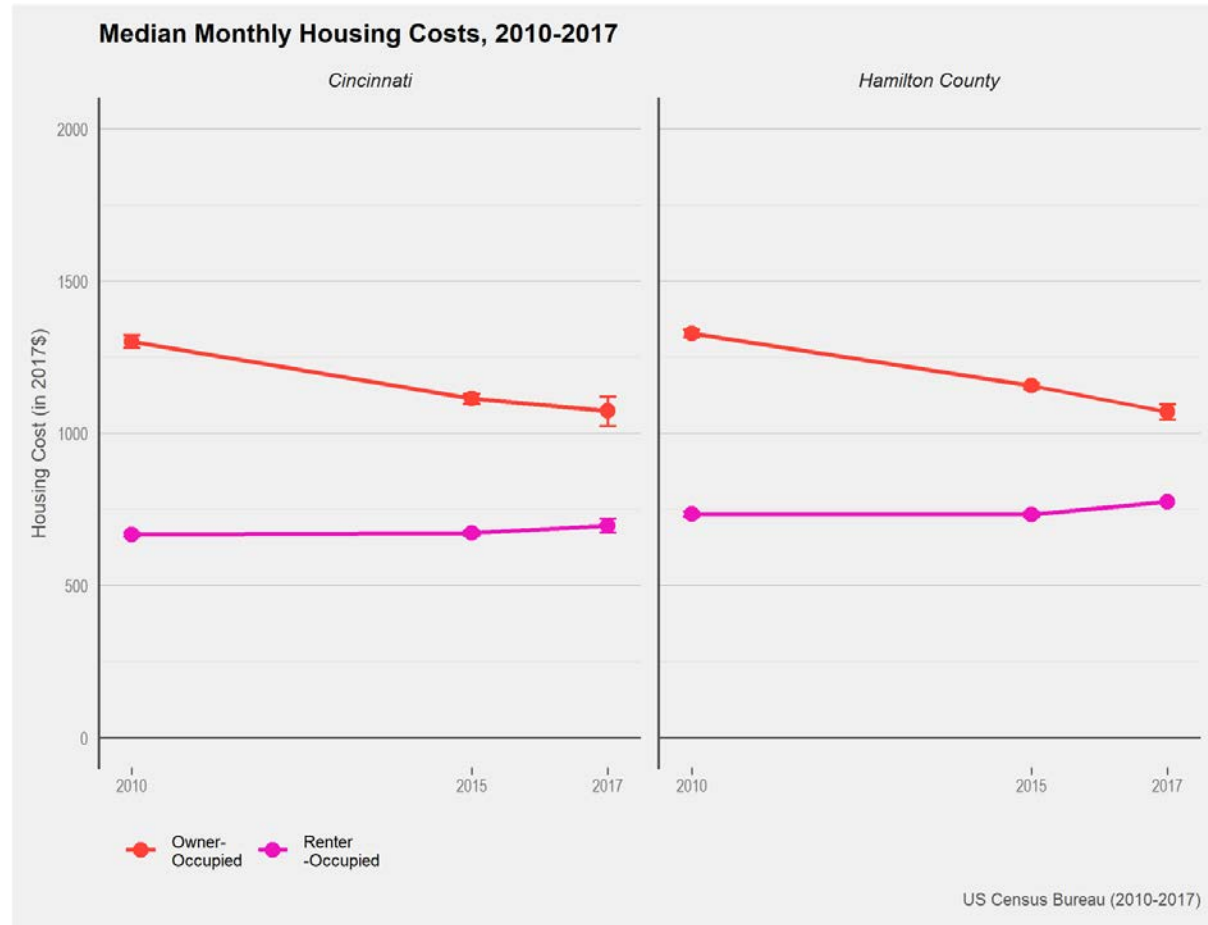
Housing Costs

Rising Costs for Renters

Tenants in both the city and county are seeing their rents go up, even as costs for homeowners fall.

OTR/Pendleton Housing Inventory

Based on a study by CBI, nearly 3,000 units of affordable housing (or 73% of units affordable at 0-30% AMI) were lost from OTR 2002-2015. A majority of these units were rented to people of color.



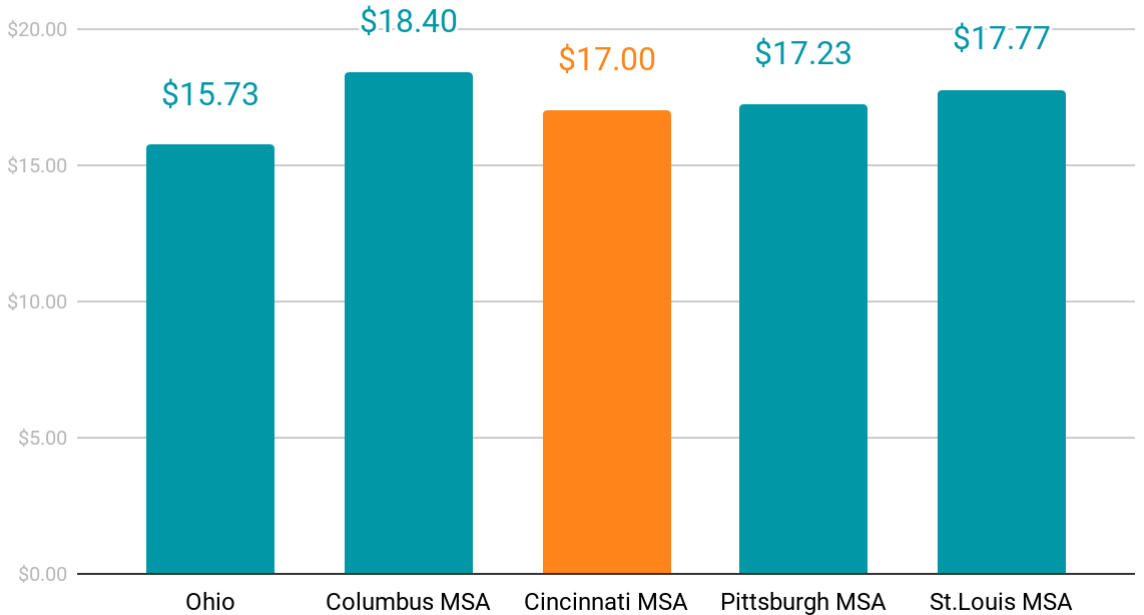
Peer Cities

National Low-Income Housing Coalition "Out of Reach," 2018

In the Cincinnati metro area, a household must earn **\$17 per hour** to afford a fair market rate 2-bedroom apartment without being cost-burdened.

This is slightly lower than for peer cities, but since minimum wage in Ohio is \$8.55, a renter would still need to work **2 full-time minimum wage jobs** just to afford a 2-bedroom apartment.

Housing Wage, 2019

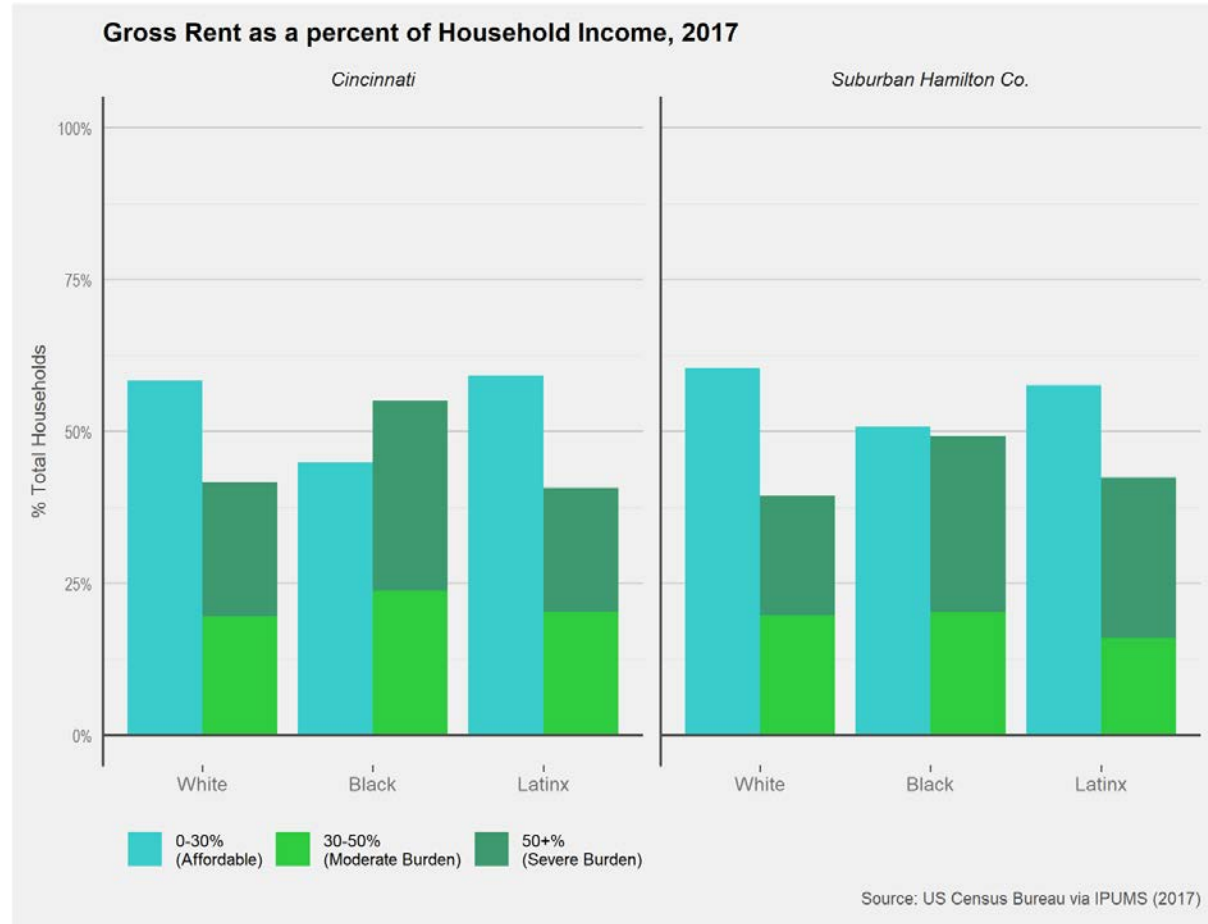


Source: NLIHC Out of Reach Report, Ohio, 2019

Renter Cost Burden by Race

Even higher burdens among Black renters

In both the city and county, Black renters are more likely to be moderately and severely cost-burdened than Whites or Latinos.

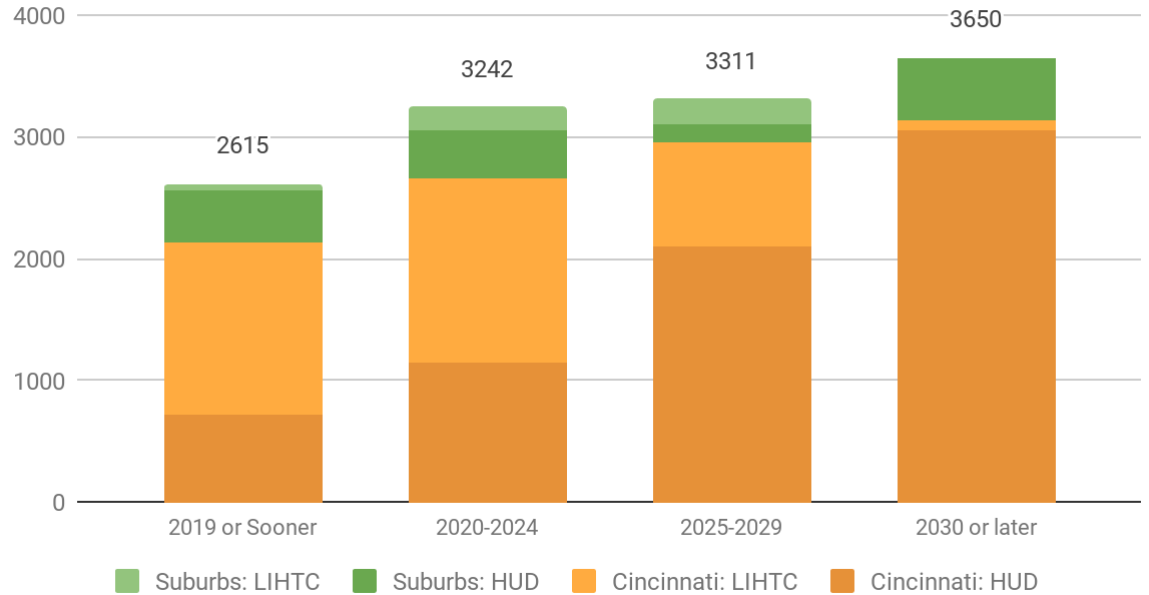


Expiring Units

2017 Ham. Co. Affordability Study

A snapshot of expected expiration dates as of 2016 shows that 42% of homes kept affordable by HUD contracts are set to expire before 2030. About 72% of LIHTC units are also scheduled to expire before 2030.

Subsidized Housing Expirations by Decade



HUD Picture of Subsidized Households; OHFA LIHTC Database, 2015

Evictions

Hamilton County Eviction Report

From 2014 to 2017, an average of **12,439 residential evictions** were filed in Hamilton County. The eviction filing rate (8.7%), or percentage of renter-occupied units that experience an eviction filing, sits **well above the nation's average** (6.3%).

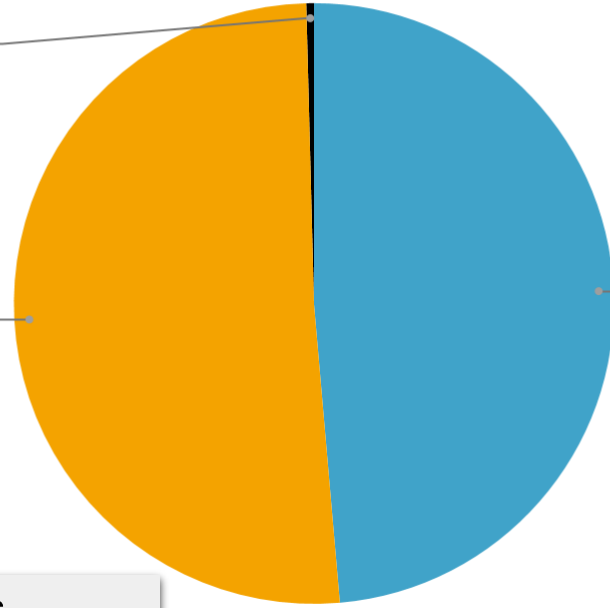
Hamilton County evictions are highly **concentrated** in predominantly Black neighborhoods.

Formal Eviction Decisions, 2017

Tenant's Favor
0.4%

Dismissal
51.0%

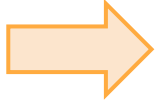
Landlord's Favor
48.6%



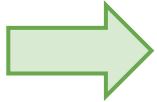
A landlord may dismiss their case if:

- They reach an informal agreement with tenant
- Tenant vacates the premises

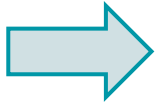
Why a housing strategy?



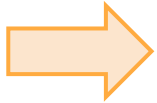
The scope + complexity of the problem demands a holistic response.



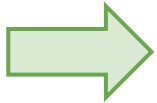
A chance to bring all the stakeholders to the table & build collective capacity.



Document that will unify and align advocates' collective strategies and efforts



We want to guide philanthropic dollars, but also municipal policy.

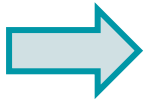


Provide specific policy recommendations

Since 4th Quarter 2018

The working group process:

- Over **250** working group participants
- A total of at least **28** meetings
- **17** Community Engagement forums for input

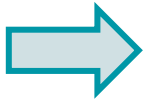


Narrowed to **5** topic areas

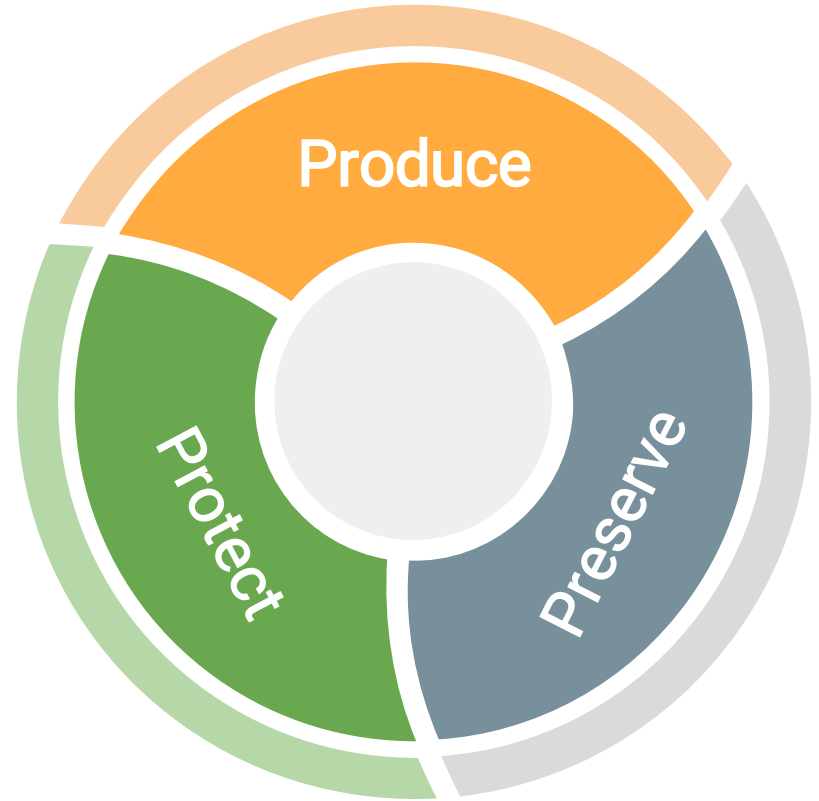
Assessed **need** and developed a set of **over 100** recommendations

Overview

Cincinnati and Hamilton County face complex, interlocking housing challenges.



These challenges must be addressed via **production**, preservation, and **protection**.



Proposed Vision Statement:

Everyone has access to a spectrum of quality, affordable housing within their neighborhood of choice.

Proposed Guiding Principles:

- Put People First
- Promote Choice
- Foster Diversity
- Advance Equity
- Cultivate Collaboration
- Challenge the status quo
- Confront racist and discriminatory policies and practices

Broad themes across working groups

Renter Protections

Housing Quality &
Conditions

Local Capacity

Innovative Financing
Streams

Equitable Production
Goals & Distribution

These are based on recurring recommendations...

Tenant Rights to
Counsel, 'Pay to
Stay,' and
Landlord/Tenant
Mediation

Proactive Code
Enforcement + Home
Repair Grant/Loan
Program

Increasing
Development &
Property
Management
Capacity

Dedicating Funding
for the Housing Trust
Fund

Introducing Fair
Share Expectations



**Access to
Homeownership**

Four Key Ideas

Property tax relief for low-income homeowners, esp. in rapidly appreciating neighborhoods

Proactive Code Enforcement combined with home repair programs, loans, and incentives for small landlords

Open new pathways to homeownership through homesteading and alternative credit building strategies

Increase coordination to offer one portal for homeownership resources, information, and data

New Production

Four Key Ideas

Address wage gap by challenging companies to pay a living wage

Increase by-right zoning for multifamily development

Streamline approvals and waive fees in exchange for affordable units

Expand the pool and build the capacity of small developers, contractors, and property managers

Affordable Rental Preservation

Four Key Ideas

Create a **system to flag expiring units** and offer incentives for preservation and rehabilitation

Combine **data-driven code enforcement** with robust home repair programs and access to loans

Protect against displacement using tenant **legal protections, emergency rental assistance, and legal aid**

Change the narrative around affordable housing through outreach and information campaigns

Policy & Zoning

Four Key Ideas

Reform the zoning code to incentivize affordable development through density bonuses, require in-lieu fees, and permit accessory dwellings

Support a **tenant association** to educate tenants on their rights and mediate with landlords. Adopt new **tenant protections**.

Conduct a “**Fair Share Study**” and evaluating progress.

Dedicate permanent funding streams to the Housing Trust Fund and set up an **oversight board**

Homelessness

Four Key Ideas

Support existing programs that are proven to reduce and prevent homelessness

Require affordable development in exchange for public land, subsidies, or incentives

Enact tenant protections such as a right to counsel, just cause eviction legislation, and a 'pay to stay' ordinance

Dedicate permanent funding streams to the Housing Trust Fund and use it to fund deep, permanent affordability

The logo consists of a solid orange rectangle with a thin black border. The word "CoHear" is centered within the rectangle in a bold, black, sans-serif font. The background of the slide is white, with a solid grey-blue horizontal bar at the bottom.

CoHear

Four Key Ideas

Provide **emergency rent and utility assistance** to families on the brink of homelessness

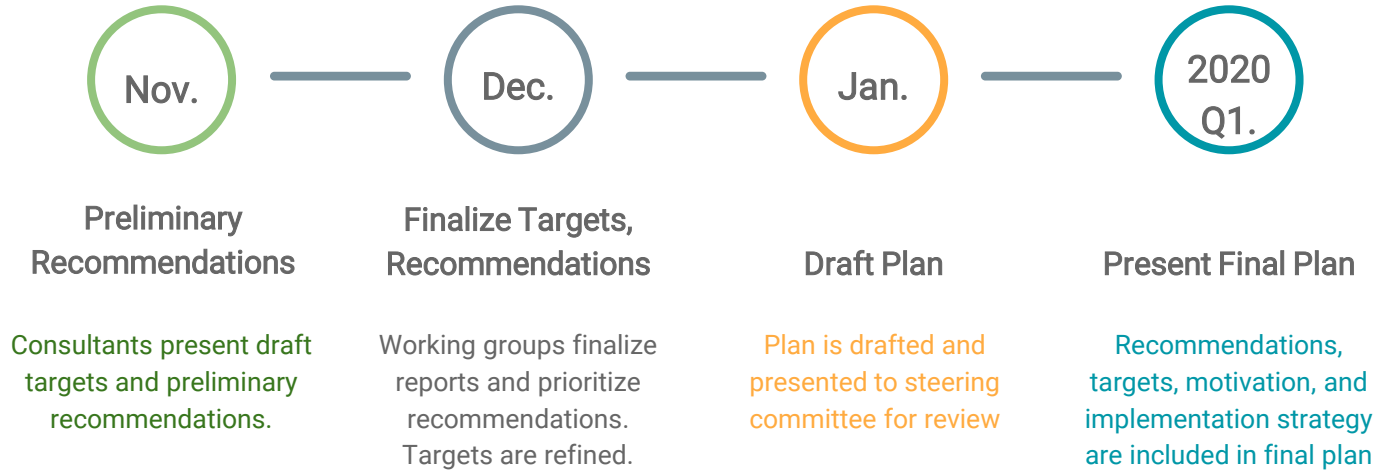
Require **affordable development** in exchange for public land, subsidies, or incentives

Pursue **creative homeownership programs**, such as renter equity and co-op models, and alternative credit histories

Build **property management capacity** and allow (and train) tenants to invest in their properties

4. Next Steps

Timeline



Revisioning

Realistically, what will this plan achieve?

- Provide an **assessment** of current needs
- Establish **key goals** (with the idea that the City and County can adopt them)
- Provide a **suite of tools, policies and funding** for a range of strategies

Funding for the Community-Wide Housing Strategy provided by:



Contact:

Kathy Schwab
Executive Director
LISC Cincinnati
kschwab@lisc.org

<https://www.lisc.org/greater-cincinnati/what-we-do/housing/strategy/>

LISC