

PROPERTY TAX WORKING GROUP

Protecting homeowners, strengthening neighborhoods.

December Meeting Notes

Thursday, December 19th, 2019 | 9:00 – 10:30 a.m.

2nd Floor – Human Resources Room A, B, and C

Two Centennial Plaza, 805 Central Avenue

The entirety of this meeting was conducted in three Focused Recommendation Groups.

Focused Group 1: Desired Property Tax Policy for Seniors/People Living with Disabilities/Special Needs (Lead: Heather Sturgill)

Prompts provided to the group in advance:

- What is the property tax relief program?
 - Completely frozen?
 - Pay only a certain percentage?
 - Other?
- What are the eligibility criteria for gaining the property tax relief?
 - Income?
 - Tenure in residence?
 - Age?
 - Other?
- What impacts will this proposed policy have – both positive and negative?

Overarching purpose of discussion:

- An increased demand for housing in general, and an increased desire for more urban community living has led to gentrification and significant upward pressure on property taxes, and other measures that have put pressure on existing residents to relocate against their desire.
- What measures can be taken to keep people in their homes?

Goals of subcommittee:

- A list of legislative and policy recommendations to give to City Council.
- List of any other legislative and policy recommendations that might be under the purview of other entities.

Recommendations:

- I. Tax Relief
 - a. Discount & Deferral - Recommend both
 - i. Local –
 - ii. Qualifications
 1. Own and Occupy Property
 2. Based on Ohio Homestead Exemption with 2 additions
 - a. Low-Income owner or dependent living at residence is legally disabled
 - b. 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 totally the previous 10 years).

- i. % of discount reassessed after senior/person with a disability no longer identifies property as primary residence
 - ii. How does State/County know person has died?
 - iii. Concern that this is beyond scope of seniors and those with disabilities
 - iv. Concern that property inherited by low-income relatives will not be able to receive benefit
 - 1. Likely living elsewhere, not as concerned about displacement then
 - 2. Condition of transfer: Children of owners only
 - a. May want to return to neighborhood. Still a part of stabilizing neighborhood
 - v. How to monitor and enforce? How to prove one is a house member
 - 1. Paying bills, State ID
- b. Discount based on income
 - i. If existing owner as of the date Hamilton County Auditor decreased all property values due to housing crisis/recession, ___% of the assessed increase of home/property value after the date Hamilton County Auditor decreased all property values due to housing crisis/recession
 - ii. % of the assessed increase of home/property value after purchase date.
 - iii. % changes based on income (deducting medical expenses)
 - 1. No Discount if income is above 120% AMI
 - 2. 40% discount if income is between 80% - 120% AMI
 - 3. 60% discount if income is 50% - 80% AMI
 - 4. 80% discount if income is 20% - 50% AMI
 - 5. 100% discount if income is below 20% AMI
 - 6. Need established baselines that State already uses (e.g., Medicaid eligibility, reduced school lunch program=highest discount)
 - iv. Ex) Purchase when valued at \$100k -> value of property increases 50k, discount applies to the incremental assessed value
- c. Deferral
 - i. Lasts until
 - 1. Death of senior
 - 2. When senior moves, and there isn't a
 - a. Surviving spouse
 - b. Surviving income qualified householder
 - 3. Property is sold
 - ii. Due upon deferral's end: all back unpaid discount plus 3% interest
 - iii. Homestead exemption separate
 - iv. As people are living longer, the length of deferral could increase
 - 1. There should be a separate benefit
 - 2. If increase homestead exemption it could offset
 - v. Hamilton Co cannot create a deferral unless the State legislation allows it
- d. Avoiding unintended consequences
 - i. How to count unearned income & other resources?
- e. State policy has important effect (e.g., schools)
- f. Expand State homestead exemption w/ possibility of deferral
 - i. Incremental based on income and asset test
 - ii. What happens over time? What about effect of inflation?
 - 1. There will still be increases in taxes due to inflation but will be offset by deferral if needed

- iii. Hamilton Co can only create their own homestead exemption if the State creates legislation to allow it

II. Tax Fairness

- a. If property receives any of these tax benefits/assistance measures (abatements/deferrals/etc.), is not permitted to register same property on City's Short-term Rental Registry as anything other than "hosted".

III. Other Measures

- a. Permit accessory dwellings/granny flats if occupied as primary residence more than 50% of year AND requires landlord training (fair housing, sample rental contract, landlord best practices, etc.)
 - i. City could do for all
- b. Streamline approvals and waive fees for building permits related to accessibility
- c. Increase funding:
 - i. to maintenance and modification programs that assist the elderly and people with disabilities...(sliding scale eligibility)
 - ii. Grants
 - iii. Loans
- d. Education/information:
 - i. Include fliers listing all these tax reliefs, resources assistance sources with tax bills, on-line, fliers at permit offices, etc.
 - ii. Expand the pool and build the capacity of small contractors. Educate them on abatements and other programs so they can use as a marketing tools. And, they in turn share info with clients...presumably seniors & clients with a disability (or dependent with a disability). Have fliers about these educational/marketing opportunities at stores serving contractors (hardware, plumbing supply, electrical supply, etc.)
- e. Avoiding "harassment":
 - i. More than 1 unsolicited contact with a property owner
 - ii. Tracking property complaints and issuing a fine if a single complainant (track ip – phone numbers?) is submitting complaints on multiple properties.
- f. One portal for homeownership resources, information, and data
- g. Allow (and train) tenants to invest in their properties if renting from a senior or person with a disability

Next Steps:

- Distill recommendations down to present during PTWG in Jan.
 - Run recommendations through contacts to see how folks feel about it, if they support
- Eventually goes through City Council process

Focused Group 2: Support for Low/Limited Income Residents (Lead: Rick Williams)

Prompts provided to the group in advance:

- Address existing challenges that put low or limited income residents at risk of being displaced from their homes
 - What barriers exist?
 - What is the effect of development or redevelopment?
 - Etc.
- What resources exist already for this population?
- What resources could be created (financial tools, etc.)?

Challenges:

- Displacement risks for homeowners
- CDCs not aware of available resources
- Transparency in how to access public funds or private funds
- Funding is sometimes one-time or not available
- Resources are piecemeal throughout the city

Structure needs to be created to increase access to resources:

- Transparency
- Access to information
- Clarity
- Eligibility
- Support for those with illiteracy
 - Phone line
 - People with no computer skills
 - Instruction should be for those with a 5th grade reading level
- Information housed on the City's website should be restructured
 - How? Use a focus group to find out where the communication disconnect is
- A website that shows resources available based on income
 - City, county, public, private, state resources
 - People can enter "this is my income and this is my problem"
- Community councils could have meeting spaces with computer access or identify schools, libraries, etc. with accessibility

Who is the customer?

- Neighborhood? Building? Person?
- All of these are inter-related

Next Steps:

- Develop a structure for communication coordination
 - Change the "Who is the customer" paradigm
- Create a product that can house resources
- An ordinance for Council that is organically driven by need
- Don't duplicate recommendations being made in other spheres
- Meet again to discuss recommendations (see Upcoming Events on cincinnati-oh.gov/propertytaxproject)

Focused Group 3: Residential Tax Abatement Policy Review (Leads: Carol Gibbs and Dan Bower)

Prompts provided to the group in advance:

- 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?

Review of gathered data:

[https://www.cincinnati-oh.gov/planning/assets/File/PTWG_Group%203_Addendum\(1\).pdf](https://www.cincinnati-oh.gov/planning/assets/File/PTWG_Group%203_Addendum(1).pdf)

Discussion:

- Explanation of Columbus CRA policy
 - Study was done and then an eligibility framework was created
 - 3 neighborhood classifications based on objective criteria
- Rules and process should avoid being complex like Cleveland **Heights**
- CRAs are meant to encourage development or improvements that people would not be able to make without the assistance.
- Need to expand residential CRA to include multi-family buildings
- No tax abatements given if there are not affordable units – this is an incentive to maintain affordable units
 - Federal law: increase in LIHTC units proposed; lobby elected officials
 - Affordable housing is not currently required
- Plan should be in place for when abatements expire

Potential Recommendations:

- Close teardown loopholes
- Encourage investment caps
- More incentives for rehab
- Zoning – remove SF requirements for high density
- 25% of revenue from expiring tax abatements to affordable housing fund
 - Requires change of state law
- Transparency on increased revenue from expiring tax abatements to justify the investment
 - New construction raises other property values surrounding it – based on Franklin Co. study
- Tier neighborhoods
 - Can tailor it to make sure it works
 - Keep in mind that investment is long-term
- TIFs should have **not** have outs for development standards

Questions/Comments from public:

- Many lot splits in Mt. Lookout due to desire for tax abatements
- Difference between Cincy Insights info and Auditor's website
- Desire to preserve trees and on-street parking
- Use Census tracts for CRAs
- Consider financial need for home (must be objective)
- Consider other factors rather than just LEED
- Compare Cincinnati and Columbus abatement policy
- Have abatements only in low income areas
- Abatements subsidize the wealthy

Next steps:

- Meeting on January 13th (see Upcoming Events on cincinnati-oh.gov/propertytaxproject)