

PROPERTY TAX WORKING GROUP

Protecting homeowners, strengthening neighborhoods.

May Meeting Notes

Thursday, May 16, 2019 | 9:00 – 10:30 a.m.
Human Resources Training Room B (2nd Floor)
Two Centennial Plaza, 805 Central Avenue

1. Welcome and Introductions

- 14 working group members
- 17 community members
- 6 staff

2. Review of Purpose and Expectations of the Working Group (Co-Chairs)

3. Small Group Work: Group 1 Topic - Property taxes and legacy residents/seniors

Recorded by Ron Reblando, Working Group Member (edited for form):

Problems:

- Auditor's valuation
 - Understanding valuation
- Impact of development on valuation
- Property owners incentivized to not take care of their property
- Fixed income in retirement

Things to consider:

- Data based approach v. perception
- Valuation v. income v. taxation
- Owner occupied v. renter
 - Homeowner tenure
- Funding via property tax v. income tax
- Impact of levies (schools, eg Preschool Promise program)

Potential solutions:

- tax relief benefits for the elderly
- development – smart, inclusive, responsive to the community
- Proposition 13
- Equity in funding schools
 - Let's not focus on saying "Don't vote for this levy" if it's an issue you care about. Let's look for a more equitable way to provide funding for these needed services.
- Understand valuation
- Factor in ...

- Age
- Income
- Time at property
- Ownership
- Inflation adjusted base valuation
- Deferrals
 - Payable upon transfer
 - Excludes family members
- Consequences of solutions: vote for property tax when you're not an owner – inequity

To do:

- Do more research on solutions from other states
- Guest speakers who have worked on solutions that work in other places

4. Small Group Work: Group 2 Topic - Tax Abatements

Submitted by Paul Yankie, Working Group Member (edited for form):

Questions that need to be addressed:

1. Do Tax Abatements or TIFs for development make property taxes for existing homeowners go up?
 - Residential and/or Commercial CRAs?
 - New Construction and/or Rehab?
 - If so, how?
 - If not, then why does this perception linger?
2. Do Tax Abatements allow a property to pay less than it paying currently?
 - Can the process of tearing down a house and then petitioning the county to reassess the parcel at a lower value and then building a new home (thus lowering the amount the county is getting currently) be shut down completely?
3. Do Tax Abatements promote or magnify gentrification?
4. Do Tax Abatements promote or magnify teardowns?
5. Do Tax Abatement deals get reviewed or is it a 100% acceptance of applications?
6. Do Tax Abatement deals get analyzed for the City's return on its investment and the impact to its constituents (both positive and negative)?
7. Why are we allowing Tax Abatements in neighborhoods that have a high demand for housing already?
8. How much additional revenue is the City/County receiving every year by these properties coming out of the tax abatement and setting a new higher tax base for the City/County to budget/spend from?

- Is this additional revenue exceeding inflation? If so, this money should be either lowering constituents' taxes or being spent on additional services. Which is it and what are they?

List of Problems (brought up, but not necessarily agreed by all that they are actual problems):

1. Property taxes too high.
2. Property tax rate too high.
3. Levies
 - Renters voting on levies – Do they vote yes more often since it has a perceived less impact on their monthly cost of living?
 - 2012 census – 39.4% owner occupied
4. Real estate tax increasing faster than income.
5. Fixed income/retired residents are burdened disproportionately by increasing tax bills than others.
6. Increased Density increases infrastructure pressure.
7. Not enough data to help target and defend the Incentives.
 - CRA impact
 - i. ROIs
 - ii. Equity – Human Cost/Benefit
8. Small number (1-10) unit buildings and smaller budget developers/developments have unique challenges that do not allow them to take full advantage of the CRA.
 - Fixed Fee for commercial CRA is not equitable between large and small developments.
 - Pre-Development costs needed at time of pre-application but an extra burden on small developers with smaller budgets.
9. Hard to tell if the new house build, house/commercial property improvement or new commercial structure would have happened without an abatement?
How to know better?

Possible Root Causes (with opinions voiced below them):

- A. Residential CRA
 - Completely a problem
 - Only a problem in neighborhoods that already have high demand for investment.
 - Low demand neighborhoods definitely need it but high demand ones might be creating lower cost and better returning development to the City and its constituents that does not negatively impact low demand neighborhoods outcomes.
- B. Commercial CRA
 - Not as much of a concern from this group.

C. TIFs

- TIFs are an alternative to CRAs for large commercial projects that may want to avoid the additional investment (and City and constituent benefits) of LEED construction. When getting this benefit, what are we asking the developer to do additional than the legal minimum?
- D. Teardowns and then reassessing the value of the property lower to get a lower tax base. This loophole should be closed.
- E. Developers making too much money.
- F. Higher priced houses due to market demand.
- G. Higher priced houses due to market cost factors (short supply of labor, rising material costs, tariffs, etc.).
- H. Not enough affordable and quality housing in most neighborhoods. Could the VTICA help with this?

5. Next Steps

- Next meeting – June 20th
- Send Samantha resources/references to share with group via PTWG webpage (cincinnati-oh.gov/propertytaxproject)
- Suggested homework:
 - i. Review survey responses (especially question 2: DO you have any ideas on how to ensure that property owners, specifically legacy residents and senior citizens on fixed incomes, have a greater opportunity to remain in their homes?): <https://www.cincinnati-oh.gov/planning/planning-projects-and-studies/property-tax-working-group/survey-responses/>
 - ii. Review resources and reference documents on PTWG webpage: <https://www.cincinnati-oh.gov/planning/planning-projects-and-studies/property-tax-working-group/resources-and-references/>