

EMERGENCY

City of Cincinnati

KMB

AWB

An Ordinance No. \_\_\_\_\_

- 2021

**TO SUBMIT** to the electors of the City of Cincinnati an amendment to the Charter of the City that would establish a 0.1% earned income tax levy for financing affordable housing for low-income households, and otherwise providing for the housing needs of low-income households such that the overall City earnings tax rate is increased from 1.8% to 1.9% and that would remove obsolete language from the Charter, by amending existing Section 6c of Article VIII, "Taxation and Finance."

WHEREAS, prior to 1972, earned income in Cincinnati was taxed at a rate of 1.7 percent; and

WHEREAS, in 1972 the total earned income tax rate rose to 2.0 percent with the creation of a 0.3 percent Transit Tax; and

WHEREAS, in 1988 the total earned income tax rate rose to 2.1 percent with the inclusion of a 0.1 percent Infrastructure Tax; and

WHEREAS, in 2020 the total earned income tax rate fell to 1.8 percent with the termination of the 0.3 percent Transit Tax; and

WHEREAS, City Council finds that there is an existing shortage of affordable housing units in the City of Cincinnati and that additional financial resources are necessary in order to create additional affordable housing units for the residents of the City of Cincinnati; and

WHEREAS, Section 16 of Article VIII of the Ohio Constitution provides that it is in the public interest and a proper public purpose for the City to enhance the availability of adequate housing and to improve the economic and general well-being of the people of the City by providing money for the provision of housing; and

WHEREAS, Ohio Revised Code Chapter 176, as codified in Chapter 209 of the Cincinnati Municipal Code, establishes the City's Housing Advisory Board; and

WHEREAS, Ordinance No. 121-2021, passed April 14, 2021, designated the Housing Advisory Board to establish affordable housing policy priorities of the City and to advise the City's affordable housing loan pool administrator of those priorities; and

WHEREAS, City Council finds that (i) there is an existing shortage of affordable housing units in the City of Cincinnati; (ii) that additional financial resources are necessary in order to create additional and maintain affordable housing units for the residents of the City of Cincinnati; and (iii) additional financial resources are needed to assist the City's residents with limited income and those experiencing or at risk of experiencing homelessness to secure and retain housing; and

WHEREAS, it is in the best interest of the citizens of the City of Cincinnati to create a dedicated revenue source that is perpetual through a charter amendment for the purposes of creating and retaining affordable housing units and providing direct assistance to residents of the City of Cincinnati with a limited income and those experiencing or at risk of experiencing homelessness; and

WHEREAS, the passage of this charter amendment to increase earned income taxes on those who reside or work in the City of Cincinnati is mutually beneficial and in the best interests of the citizens of Cincinnati; and

WHEREAS, Ordinance No. 364-2018, passed December 12, 2018, (i) established a new special revenue fund, Fund 439, "Affordable Housing Trust Fund," (the "Affordable Housing Trust Fund") for the purpose of receiving and disbursing funds to preserve and develop affordable housing and prevent homelessness in the City of Cincinnati, and to fund any of the City of Cincinnati's administrative costs associated therewith; and (ii) contemplated the designation of an advisory board by a separate ordinance; and

WHEREAS, the increase to the earned income taxes shall be deposited in the existing Affordable Housing Trust Fund or a similar city fund for purposes of creating and retaining affordable housing units and providing direct assistance to residents of the City of Cincinnati with a limited income and those experiencing or at risk of experiencing homelessness; and

WHEREAS, following approval by the electorate of this charter amendment, City Council intends to simultaneously enact a corresponding chapter to the Cincinnati Municipal Code to further operationalize the provisions herein; and

WHEREAS, City Council finds that the language referencing the Transit Tax is now obsolete and should be removed for clarity; now, therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio, two-thirds of the members elected thereto concurring:

Section 1. That there shall be submitted to the vote of the qualified electors of the City of Cincinnati for their approval or disapproval at the general election to be held on November 2, 2021, an amendment to the Charter of the City of Cincinnati, amending existing Section 6c of Article VIII, "Taxation and Finance," to read as follows:

**Article VIII. – Taxation and Finance.**

**Section 6c.**

If the council shall at any time levy a tax on earned income, such tax may be at a uniform rate or at a graduated rate, with exemptions, and deductions to the extent such may be allowed by

the constitution of the state of Ohio and laws enacted pursuant thereto. Such earned income tax shall not be at a rate in excess of one and fifty-five one-hundredths percent (1.55%) for current operating expenses and permanent improvement purposes plus fifteen-hundredths of one percent (.15%) for permanent improvement purposes only, ~~and three-tenths of one percent (.3%) for public transit purposes generally and without limitation and including both capital and current operating expenses for the remainder of the calendar year 1972 and thereafter without having obtained the approval of any tax in excess of that stated herein by the electors voting on the question at a general election or at a special or primary election.~~

~~In the event that at an election on or before November 3, 2020 the Southwest Ohio Regional Transit Authority passes a resolution, pursuant to Ohio Revised Code § 5739.023 or any successor section, to levy a sales and use tax to provide general revenues for the Southwest Ohio Regional Transit Authority and the electors of the county of Hamilton, state of Ohio approve the sales and use tax levy, so long as such levy or successor levies to it remain in effect the three-tenths of one percent (.3%) earned income tax levied for public transit purposes generally shall not be levied. If the sales and use tax levy is approved, the levy of the .3% earnings tax for public transit purposes generally shall be stopped as of the first day following the collection of the sales and use tax to provide general revenues for the Southwest Ohio Regional Transit Authority.~~

In addition to the earned income tax provided above, there shall be an earned income tax at a rate of a one-tenth of one percent (0.1%) per annum to finance affordable housing for low-income households and otherwise to provide for the housing needs of low-income households, referred to as the “Cincinnati Housing Levy,” consistent with the following requirements:

- 1) All tax revenue collected under the Cincinnati Housing Levy shall be allocated to finance housing for low-income households and provide for the housing needs of low-income households as follows: (a) 50% of the Cincinnati Housing Levy annual revenue shall be used for the Rental Housing Preservation and Production Program (the “Rental Program Funds”); (b) 20.5% of the Cincinnati Housing Levy annual revenue shall be used for the Homeownership and Home Repair Program; and (c) 20.5% of the Cincinnati Housing Levy annual revenue shall be used for the Homelessness Prevention and Housing Stability Program.
- 2) The city’s Housing Advisory Board as codified in Chapter 209 of the Cincinnati Municipal Code, or its successor board, shall make funding recommendations in its advisory role for each program, as established in Article VIII, Section 6c(1), to City Council and the City Manager for each fiscal year (“FY”), beginning FY 2023, consistent with the following:
  - a. At least 50% of the Rental Program Funds should be used to support housing and rents affordable to individuals and families with a Household Income at or below 30% of the AMI and no less than 40% of the Rental Program Funds should support housing and rents affordable to individuals and families with household income at or below 60% of AMI, provided that when funding the construction, rehabilitation, or acquisition of a project that includes affordable rental housing, such project is deemed as satisfying the foregoing

when it serves individuals and families with an average Household Income not exceeding 60% AMI.

- b. The Cincinnati Housing Levy annual revenue allocated to the Homeownership and Home Repair Program should be used to provide assistance to homeowners and first-time homebuyers with a Household Income at or below 80% of AMI through forgivable loans, grants, or other similar financial assistance.
  - c. Cincinnati Housing Levy annual revenue allocated to the Homelessness Prevention and Housing Stability Program should be used to provide temporary rental assistance, shelter diversion assistance, and stability services for individuals and families with a Household Income of at or below 60% of AMI.
- 3) By the end of each fiscal year, the city administration, in collaboration with the Housing Advisory Board, shall prepare a report that details the Cincinnati Housing Levy revenue, allocated uses, and programs.
  - 4) Nine percent (9%) of the Cincinnati Housing Levy annual revenue shall be made available for the associated costs of administering affordable housing programs consistent with the purposes of this Article, but cannot be used for payment of debt service.
  - 5) The Cincinnati Housing Levy tax shall begin on January 1, 2022, and apply to income earned from January 1, 2022, through December 31, 2030. City Council shall take the action necessary to put a renewal of the 0.1% earned income tax for the Cincinnati Housing Levy to commence on January 1, 2031, on the ballot in 2030 for consideration of the electors
  - 6) City Council intends to enact a corresponding chapter to the Cincinnati Municipal Code to specify additional parameters on the programs described in this Article and further operationalize this Article.
  - 7) For the purpose of Section 6c of Article VIII, "Taxation and Finance," the words and phrases defined in this section shall have the meanings respectively ascribed to them, unless a different meaning is clearly indicated by the context, as follows:
    - a. "AMI" means the average median income of the Cincinnati, OH-KY-IN HUD Metro Fair Market Rent Area, as established annually by the U.S. Department of Housing and Urban Development.
    - b. "Household Income" means the combined gross income (except as noted herein) of all individuals living in the home who are 18 years old or older, regardless of whether they are related or not, including salaries, wages, tips, net income from self-employment, interest income, dividend income, rental

income, pension payments, spousal support payments, child support payments, social security payments, food stamps, and any other welfare payments.

Section 2. That the tax on income and the withholding tax authorized by this ordinance is authorized by Article XVIII, Section 3 of the Ohio Constitution. The tax on income and the withholding tax established by this ordinance are deemed to be levied in accordance with, and to be consistent with, the provisions and limitations of Chapter 718 of the Ohio Revised Code.

Section 3. That Council shall file with the Board of Elections at least ninety (90) days before the day of the election a copy of this ordinance requesting the Board of Elections to place the charter amendment on the ballot for approval by the electors. The submission of the proposed amendment to the electors shall be substantially as follows:

<b>CHARTER AMENDMENT</b> <b>A majority vote is necessary for passage.</b>	
<b>FOR THE INCOME TAX</b>	Shall the Ordinance providing for a 0.1 per cent levy on income for financing affordable housing for low-income households, and otherwise to provide for the housing needs of low-income households, by amending existing Section 6c of Article VIII, "Taxation and Finance" be passed?
<b>AGAINST THE INCOME TAX</b>	

Section 4. That the Clerk of Council shall give notice of the proposed Charter Amendment in the manner provided by Sections 8 and 9 of Article XVIII of the Ohio Constitution and Section 731.211 (B) of the Ohio Revised Code.

Section 5. That the Board of Elections of Hamilton County shall certify to the Council the result of the vote upon said amendment, and if said amendment is approved by a majority of the electors voting thereon, the amended Section 6c of Article VIII, "Taxation and Finance," shall become a part of the Charter of the City of Cincinnati.

Section 6. That Council authorizes the proper City officials to take all necessary and proper actions to implement this ordinance including, without limitation, to begin collecting the 0.1% earned income tax for affordable housing purposes (the "Cincinnati Housing Levy") upon satisfaction of the conditions in Section 5 of this ordinance.

Section 7. That this ordinance shall be an emergency measure necessary for the preservation of the public peace, health, safety, and general welfare and shall, subject to the terms of Article II, Section 6, be effective immediately. The reason for the emergency is the immediate necessity to authorize the Clerk of Council to certify and transmit this ordinance to the Board of Elections at least ninety days prior to the November 2, 2021 election.

Passed: \_\_\_\_\_, 2021

\_\_\_\_\_  
John Cranley, Mayor

Attest: \_\_\_\_\_  
Clerk

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Deletions are struck through. Additions are underlined.