

## **CITY OF CINCINNATI TIF DISTRICT POLICY**

### **Background**

The City of Cincinnati's Tax Increment Financing ("TIF") Districts are a strategic tool used by the City to generate dedicated resources for investment in economic growth. Established under Ohio Revised Code ("ORC") 5709.40(C), the TIF Districts operate by capturing incremental growth of property tax revenue, based on the increase in property values within the defined geography following creation of the district.

The City's initial TIF Districts were created in 2002, with subsequent waves of additional new districts created in 2005 and 2019. Today, these districts provide a critical source of funding for development of the City's neighborhoods.

### **Policy Statement**

This policy's purpose is to establish a culture of "yes and" within the Administration—prioritizing solutions, accelerating development, and proactively deploying capital to move projects forward. This policy provides clear guidance to the Administration on implementation and expenditure of TIF resources while creating predictability and transparency for development partners and communities.

The primary purpose of the City's TIF Districts is to incentivize, accelerate, and improve commercial and residential development projects that generate long-term economic growth. In limited circumstances, TIF District resources may also be used to enhance the built environment in ways that improve pedestrian mobility, neighborhood vitality, and the overall desirability of commercial and residential areas.

TIF Districts provide economic development capital focused within designated areas of the City. The use of TIF funds shall advance projects that benefit current and future residents of Cincinnati and strengthen the City's long-term tax base and economic competitiveness.

TIF shall be viewed as a catalytic growth engine for Cincinnati. It is the City's tool of first thought when addressing development challenges and advancing strategic priorities.

When a development partner seeks City support within a TIF District, it shall be the presumption of the Administration that TIF resources are the primary economic development tool to be evaluated. TIF is intended to catalyze, complete, or materially improve residential and commercial development within the district. Projects supported by TIF must demonstrate a clear catalytic impact through the creation or acceleration of housing or commercial space, or through improvements to the built environment that directly strengthen the residential or commercial experience where no more appropriate funding source is reasonably available. This should also include the use of TIF funds for projects that positively impact public safety, including for police and fire stations, if state law is amended to allow such uses.

Growth, including market-rate, mixed-income, and affordable housing as well as job creation, is a primary objective of TIF deployment. Projects that materially increase housing supply, support adaptive reuse, support job creation or growth, or provide long-term affordability shall receive priority consideration within each district. The City recognizes that expanding housing supply at all price points strengthens economic growth, supports neighborhood stability, and, along with job creation, enhances long-term fiscal sustainability.

This policy updates and replaces all prior TIF policies adopted or enacted prior to January 1, 2026. Any policy in effect prior to the adopted date of this policy are null and void in relation to TIF. This policy does not apply to what are known as "Project TIFs", which are site-specific tax increment financing incentives created for specific projects and generally created under ORC 5709.40(B) and ORC 5709.41.

## **Policy Guidelines**

### ***Eligible Uses and Guidance***

All use of TIF District funds shall comply with applicable provisions of the ORC, including but not limited to Sections 5709.40 through 5709.41, and all relevant provisions of the Cincinnati Municipal Code. TIF District funds shall be used only for public infrastructure improvements and other purposes permitted under Ohio law, including housing renovations, and nothing in this policy shall authorize expenditures beyond those permitted by statute.

TIF District funds utilized for public infrastructure improvements shall be directed toward new or substantially enhanced public infrastructure or housing renovations that supports new housing development within the district or advances investment in a neighborhood business district or commercial corridor that lacks sufficient funds in the City's capital budget, including but not limited to streetscapes, structured parking where eligible, utility extensions, and strategic property acquisition for transformative development. TIF District funds should typically not be used to backfill, replace, or supplant infrastructure projects that are customarily funded through the City's general capital or operating budgets. TIF is an economic development tool intended to catalyze new growth, and routine maintenance or repair of existing infrastructure shall remain supported by alternative funding sources, the first of which should be Cincy on Track funding.

TIF District funds may be used for strategic land acquisition, site control, environmental remediation, master planning, and other eligible predevelopment activities within designated TIF districts when such actions are necessary to unlock transformative residential or commercial development. The City may act proactively by itself or with partners such as the Port, 3CDC, CDF, or other trusted community development organizations to assemble land, address environmental constraints, or remove other barriers when doing so materially increases the likelihood, scale, or speed of catalytic private investment, consistent with Ohio law and the approved purposes of the applicable TIF district.

TIF shall be used flexibly within development capital stacks to achieve catalytic outcomes and advance City priorities. TIF may serve as first dollars in, front-end acquisition capital, subordinate financing, reimbursement financing, or other lawful structures permitted under Ohio law that are necessary to move a project forward. As a general guideline, TIF assistance shall represent a reasonable and proportionate share of total project costs, ensuring that private capital maintains meaningful participation, equity contribution, and risk in each project.

### ***Deployment Guidelines***

The Administration shall deploy all available TIF District revenues as follows:

- i. 50% to the following two programs as first-available sources for any eligible uses: (1) the newly established neighborhood development fund and (2) the affordable housing trust fund. Council will establish a practice of appropriating this portion of TIF District revenue upon receipt by the City from the Hamilton County Auditor, so that this funding may be deployed seamlessly as part of these capital programs. Funds can be accessed through application to the programs, overseen by the Office of Strategic Growth.
- ii. 50% on a project-by-project basis for eligible TIF District uses advised by the community and approved by City Council. These resources are intended to fund projects driven by or done in collaboration with community-based organizations—such as Community Councils, Community Development Corporations, and Business Associations. Funds can be accessed through application to the Office of Strategic Growth. The Administration will bring forward proposed uses for City Council consideration and appropriation.

When structuring deployment of TIF Districts resources, the Administration should carefully consider whether a loan or grant would maximize overall economic impact in each scenario and deploy funds accordingly. Loans funded by TIF Districts revenues shall be used only where necessary to preserve or advance a catalytic project. When funds are deployed as loans, forgivable loans tied to measurable outcomes should be the preferred mechanism, with unforgivable loans reserved for circumstances where they are necessary to maximize overall economic and fiscal benefit to the City.

TIF is not merely a gap-filling mechanism. It shall be viewed and deployed as a strategic tool to strengthen and enhance development projects by increasing incentives, improving project design, supporting prevailing wage commitments, and ensuring high-quality outcomes that the community will take pride in long after completion. TIF funding shall be used to catalyze and accelerate projects that advance City priorities, with a clear path to closing and commencement of construction within a defined and reasonable timeframe, generally within six months of approval. The intent is not routine subsidy, but intentional incentivization that results in durable economic growth, strengthened neighborhoods, and long-term public value within the district.

Underwriting for TIF-supported projects shall recognize the inclusion of a reasonable developer fee as an eligible project cost. The developer fee should generally fall within a range of 8 to 12 percent of total project costs, consistent with market standards and applicable law. However, the TIF-supported portion of the developer fee should not exceed 20 percent of the total TIF-supported need for the project. The Administration shall ensure that developer compensation is reasonable, proportionate, and aligned with the successful delivery of a high-quality project.

Community Councils and business district associations may review and provide comment on proposed projects receiving TIF support; however, such review shall be advisory in nature and shall not be used to delay, impede, or obstruct a project once the City has determined that the proposed use of TIF is appropriate and consistent with this policy and applicable law. Community review shall be limited to the scope, design, and neighborhood impact of the project and shall not extend to the City's financial underwriting, capital structure decisions, or internal evaluation of project economics.

Projects supported by TIF shall be presumptively eligible for complementary local incentives, including Community Reinvestment Area abatements or other lawful tools, subject to statutory requirements. The City's intent is to align incentives in a coordinated manner that maximizes catalytic impact and reduces unnecessary friction for development partners.

TIF is intended to move projects to completion, not to indefinitely reserve funds. The City shall prioritize the timely advancement of TIF-supported projects and shall work to ensure that, from initial formal request to Council vote, the process averages no more than ninety days. Any project exceeding this timeframe shall require a written memorandum from the City Manager to Council explaining the reason for the delay and outlining the steps being taken to move the project forward. Projects receiving TIF support shall also generally finalize acquisition or begin construction within six months of final approval unless otherwise approved by the Administration for documented reasons. Projects shall proceed to substantial completion within a commercially reasonable timeframe. Failure to perform may result in termination or reallocation of TIF resources to ensure funds are actively deployed.

Excess TIF revenues not required for current commitments shall be retained and reinvested in catalytic projects within the originating district or other priority growth areas as determined by the Administration. The City shall view excess TIF revenue as an opportunity to accelerate additional housing, commercial development, or transformative infrastructure rather than allowing funds to remain idle.

To the extent that excess TIF revenues are accumulating in a District, the Administration should view that balance as a strategic opportunity. This may require that the City do outreach and education or otherwise

deploy its partners to provide additional technical assistance to help that area develop financeable and impactful development projects.

### ***Financial Management and Bonding of TIF District Resources***

While the City is committed to aggressive deployment of TIF resources, the Administration shall maintain prudent financial management standards to preserve long-term TIF capacity. The City shall maintain appropriate projected debt coverage ratios, diversification across districts, and reasonable exposure limits to any single project to ensure that TIF remains a sustainable growth tool for decades to come. Aggressive deployment shall not come at the expense of long-term fiscal stability.

When financially prudent and feasible, the City should consider bonding to increase capacity and accelerate impact. In assessing the use of bonding, the Administration should consider the economic impact of large-scale projects against the long-term fiscal impact on the TIF district resources and weigh the tradeoffs accordingly.

Nothing in this policy shall prevent the Administration from proposing to Council the full use of available TIF district resources, through bonding or other deployment approach, if such action is necessary to complete a catalytic project.

### ***Transparency and Reporting***

The City shall publish a publicly accessible TIF dashboard that is updated quarterly and annual performance report identifying available revenues, funds deployed, projects supported, and private dollars leveraged. This data should be updated semi-annually. Transparency shall reinforce public trust and demonstrate the City's commitment to using TIF as an active growth engine.

The Administration shall report to Council on a semi-annual basis detailing the percentage of TIF revenues deployed, projected future commitments, and identified opportunities for continued growth and investment. This report should include opportunities in less productive TIF districts to support eligible, high priority, catalytic projects that would benefit the district in adjacent neighborhoods.