

## ADMINISTRATIVE CRA APPROVALS FOR NOFA AND AHLF PROJECTS

**Background:** On February 2, 2022, City Council amended the Commercial Community Reinvestment Area (CRA) policy under the passage of Ordinance No. 24-2022, effectively entitled the "Commercial Policy Ordinance". The Commercial Policy Ordinance authorized the City Administration to approve the maximum CRA real property tax exemption for projects awarded Low-Income Housing Tax Credits (LIHTC) by the Ohio Housing Finance Agency (OHFA) without further approval by City Council, and clarify the eligible length of real property tax exemptions for commercial projects of historical or architectural significance in downtown Cincinnati.

The intent of the legislation was to better support the development of affordable housing units by reducing the administrative and legislative time it takes to award a CRA. This legislative action also made local LIHTC applications more competitive by instituting an approval process that allows the Administration to execute award letters that are not conditioned on a subsequent authorization of the City Council.

Since the passage of the Commercial Policy Ordinance, there have been five (5) LIHTC projects serving households at or below 60% of the Area Median Income (AMI) that have been approved. Since the passage of the Commercial Policy Ordinance there have been five (5) additional projects that have been awarded City or Federal funding through either the Department of Community and Economic Development's (DCED) annual Notice of Funding Availability (NOFA) or the Cincinnati Development Fund (CDF) administered Affordable Housing Leverage Fund (AHLF) and have gone through the legislative process to receive approval for the CRA tax abatement.

**Proposal:** Amend Ordinance 24-2022 regarding commercial policies of Community Reinvestment Area real property tax exemptions to set a policy by which City Council authorizes the City Administration to approve the maximum Community Reinvestment Area real property tax exemption for projects awarded City or Federal funding as may be made available through the Notice of Funding Availability (NOFA) program or Affordable Housing Leverage Fund (AHLF), subject to any agreements between the City and Board of Education of the Cincinnati City School District.

**Rationale:** A reduction in the administrative and legislative time to award a CRA can be a cost-saving measure intended to promote an affordable housing project's viability and sustainability. This policy provided more assurances that the CRA would not only be approved administratively in a quicker timeframe but also that these projects would be awarded the maximum incentive as authorized under the legislation. CRAs are critical to helping keep operating costs lower and with a lower property tax liability, the projects can support more debt and/or keep rents at an affordable level.

Many affordable housing developers not utilizing the LIHTC program are equally as eager to secure financing, lock in rates and get products to market as quickly as possible. Projects subsidized by the NOFA and AHLF preserve and create affordable housing units but may not always be the beneficiaries of LIHTCs. Projects funded from these sources may also be smaller with developers with less financial and organizational capacity. Expanding this policy to these projects will further aid in the development of more affordable housing units, especially when construction costs and interest rates are high.

**Transparency and Accountability:** To ensure awareness of projects approved administratively that fall within this amended ordinance, DCED will provide a monthly project summary to the City Manager for distribution to the Mayor and Members of City Council.