

June 22, 2021

To: Mayor and Members of City Council 202102393
From: Paula Boggs Muething, City Manager
Subject: Property Tax Working Group Recommendations

REFERENCE DOCUMENTS #202000954, #202000951, #202000945

On September 1, 2020, the Economic Growth and Zoning Committee referred the following for a report:

MOTION, dated July 28, 2020 submitted by Vice Mayor Smitherman and Councilmember Mann, The Property Tax Working Group (PTWG) was created by motion on September 5, 2018 to study trends related to property taxes. Especially important were rising property taxes in areas experiencing significant levels of development, helping senior citizens remain in their homes and communities and reporting on best practices of other cities and states. (Please see the attach motion and vote by Cincinnati City Council). The Property Tax Working Group had its final meeting on Thursday, July 23, 2020. This group was Chaired by Carol Gibbs, President/CEO Mt. Auburn Community Development Corporation (MACDC) and Vice Mayor Christopher Smitherman. The idea for the PTWG was the brainchild of Mrs. Carol Gibbs. (Balance of motion on file in the Clerk's Office)

The Property Tax Working Group (PTWG), officially established by Council in September 2018, Document #201801401, gathered feedback from community members through two online surveys and a series of public meetings. From feedback and discussions, two major thematic areas emerged: (i) property taxes and seniors, legacy residents, and individuals living with disabilities; and (ii) residential tax abatement review. The PTWG then spilt into three focus areas: (i) Limited Income Individuals, (ii) Seniors/Persons Living with Disabilities, and (iii) Residential Tax Abatement Review. These three subgroups discussed problems, root causes, potential solutions, information needed, and generated a list of recommendations for City Council's consideration. The following report contains responses by the Administration to these recommendations at the request of the Economic Growth and Zoning Committee.

I. LIMITED INCOME INDIVIDUALS (Doc. #202000954)

Recommendation 1

Create an online portal with programs and resources for residents - both homeowners and renters. (This portal would be like the open data portal managed by the Office of Performance and Data Analytics (OPDA). The portal should be user friendly but include deep connections in its logic. For example, users would input age, veteran's status, etc. and the portal would respond with the programs that are available to them. This helps with the goal to proactively identify homeowners who need help with repairs, so the burden does not only fall to the homeowner.)

Response: From an operational perspective, the City is not a direct service provider of these programs and services and instead funds partner organizations to deliver these types of services to limited income residents. These individual partner organizations conduct outreach to their various target beneficiaries as part of the scope of services with the City and are well positioned to understand how best to reach these individuals and respond to their needs. Therefore, the Administration does not recommend a direct-to-resident portal approach for this function, however, Council could provide additional funding to expand the scope of work with a partner organization in order to include this as a component of their work.

Recommendation 2

Create a housing court with a dedicated support staff who are housing experts and can connect residents to resources. (Convert a Common Pleas seat into a housing court seat. Community members can advocate for this by lobbying the Common Pleas judges directly, as well ask their City representatives to support creation of a housing court. Cleveland is a good reference for this recommendation.

Response: The Administration, working with the Mayor’s office, continues its efforts at the County and State levels to create a Housing Court at the Hamilton County Court of Common Pleas and is actively engaged with the judiciary and state legislature. Over the last six years, the Administration has prepared draft legislation to amend the Ohio Revised Code and has been engaged in discussions with state legislators, judges, the Ohio Supreme Court administrative staff, and interested community organizations and members. A majority of the Hamilton Court Common Pleas Court judges must vote to proceed with the establishment of a housing court in order for the Ohio Supreme Court and state legislature to take the next steps in furtherance of this initiative. Members of the Property Tax Working Group and the public can assist in this effort by directly contacting their local state representatives and judicial officers at the Court to express their support for a Housing Court.

Recommendation 3

Make housing a priority by creating a position like the Chief Advocacy Officer Role that would lead housing efforts for the City. This position would act as a Connector/Czar. This position would connect with the City Manager, City Council, Mayor, City Departments, and residents, and is guided by an advisory board. This position has the responsibility to manage the portal.

Response: This Administration has made housing efforts a priority and in furtherance of those efforts has created the new Office of Human Services. The Office of Human Services will provide additional attention and staffing capacity to focus on housing needs, address the issue of homelessness in our City, and act as the central repository and connection for service agencies to share their concerns regarding emerging issues related to housing, among other things. Additionally, recent restructuring in the City Manager’s Office and in the Department of Community and Economic Development has increased staff capacity to focus more resources on housing needs, service delivery, and advocacy.

Recommendation 4

When a code complaint is filed in a geographic area with high development activity, require a social worker to accompany the building inspector to provide information on funds to help with repairs and directions to the portal. (Helps with goal to proactively identify homeowners who need help with repairs, so the burden does not only fall to the homeowner.)

Response: On March 17, 2021, Council passed Ordinance No. 75-2021, which established the position of Housing Services Coordinator in the City’s Department of Buildings and Inspections. This position will assist in the issues identified in the recommendation, and the Department of Buildings and Inspections intends to advertise and fill this position in the fall of 2021.

Recommendation 5

Create a lending program for minority and women-owned contractors who work fairly with seniors and low-income households. (This lending program would have a revolving line of credit with favorable rates aimed to restore the small contractors who lost their businesses in Cincinnati. Information on these licensed contractors would be housed on the portal.)

Response: The City has two existing small business loan programs for which City-based construction businesses are eligible. These programs are housed in the Department of Community and Economic Development (DCED), which can provide technical assistance to any interested organizations. Additionally, Council has recently appropriated significant American Rescue Plan funding to specifically support women-owned and minority-owned businesses, including the Cincy*Ascend Program and a partnership with Main Street Ventures. Interested companies can contact DCED for additional information.

Recommendation 6

Provide funding for organizations that work with homeowners to help them stay in their homes. (Information on these organizations would be on the portal)

Response: The City currently funds People Working Cooperatively and Legal Aid for Housing Repair Services, CARE, and Emergency Mortgage Assistance programs. These programs collectively represent 19% of the approximately \$12 million annual community development block grant budget. Please refer to “Attachment 1” for additional information on these existing programs. Increasing funding to these organizations or creating new programs without reducing funding to existing programs will require Council appropriation of additional resources to this type of programming.

Recommendation 7

Look to other cities on how they are addressing recommendations 1-6.

Response: During Council recess in the summer of 2021 the City Administration will conduct additional research of activities by other cities and will issue those findings in a supplemental report.

Recommendation 8

Lobby the state to make changes that benefit home retention for individuals with low or limited income, disabilities, seniors, etc.

Response: With additional funding, the City Administration could expand the scope of its state lobbying contract to include these and related initiatives. The chief impediment is the identification of policy initiatives that would have the desired impact; these initiatives can be presented by Councilmembers, or by citizens to elected officials, or through partner organizations. The Administration does not have a full-time position or policy team working specifically on these issues, but the Administration will provide and support legislative initiatives as they come to our attention during our daily operations.

II. SENIORS/PEOPLE LIVING WITH DISABILITIES (Doc. #202000951)

Section 1. Tax Relief Qualifications

Recommendation 1

Discount and Deferrals for seniors and people living with disabilities.

Response: This recommendation will require modification to state law, likely Ohio's Homestead Exemption. With additional funding, the City Administration could expand the scope of its state lobbying contract to include these and related initiatives.

Section 2. Tax Fairness

Recommendation 1

If a property receives any of these tax benefits/assistance measures, it is not permitted to be registered on the City's Short-Term Rental Registry as anything other than "hosted."

Response: In order to provide a response on this recommendation, the City Administration will undertake further analysis of possible financial impacts of this proposal, including potential reduction in revenue from the City's short-term rental excise tax. The City Administration will complete this analysis during Council's summer recess and will issue a supplemental report with a response on this recommendation.

Section 3. Other Measures

Recommendation 1

Change Zoning Code to permit accessory dwellings/granny flats with stipulations that:

- a. Either the larger of smaller residence must be occupied as the primary residence
- b. Require landlord training on fair housing, sample rental contracts, landlord best practice and more

Response 1(A): The Administration will develop and propose legislation for the inclusion of Accessory Dwelling Units (ADU) in the Zoning Code. ADUs have the potential to provide housing for different family sizes and configurations, and people with varying incomes and needs. Additionally, an ADU policy is consistent with multiple strategies within *Plan Cincinnati* (2012). It supports the City's commitment to increasing its AARP Livability Index score and being a community for people of all ages. Please refer to "Attachment 2," and "Appendix 1," for additional information.

Response 1(B): The City's existing landlord training, hosted by the Solicitor's Office, has been updated to include this recommendation.

Recommendation 2

Streamline approvals and waive fees for building permits related to accessibility, such as widening doorways and hallways, curb less showers, step free entries, cabinetry modifications for wheel-in space. Extra sound insulation can be considered as well.

Response: Building Permit approval processes relating to accessibility are currently streamlined through the existing Tier 1 same day walk through B&I permit service. The waiver of permit fees requires legislative action and can have legal implications. Without an identified offsetting revenue source or appropriation, the Administration does not recommend fee waivers of this nature, as fee revenue is utilized to directly support the operations and services provided for that fee.

Recommendation 3

Increase funding, including grants and loans, for programs that assist the elderly and people with disabilities and families with dependents that have a disability in maintaining and modifying their residences for accessibility. A sliding scale for eligibility.

Response: The City currently funds People Working Cooperatively and Legal Aid for programs like Housing Repair Services, CARE, and Emergency Mortgage Assistance. These programs collectively represent 19% of the approximately \$12 million annual community development block grant budget. Please refer to “Attachment 1” for additional information on these existing programs. Increased funding would require an additional appropriation from Council to expand these types of services.

Recommendation 4

Education and information for homeowners and small contractors.

- a. Create an online portal with programs and resources for residents, both homeowners and renters, and contractors
- b. Use this information to create fliers that can be included in tax bill mailings and set out at the permit officers and other points of contact.
- c. Expand the pool and build the capacity of small contractors. Use the compiled info on all programs and resources to educate them so they can use the info as a marketing tool to find new customers. (Have fliers about these educations/marketing opportunities at stores serving contractors e.g. hardware, plumbing supply, electrical supply, etc)

Response 4: As described above, the City is not a direct service provider of these types of services but relies on partner organizations for service delivery. These partners are in the best position to complete outreach to target beneficiaries and are the organizations contracting with vendors to deliver those services. Council could provide additional funding to expand the scope of work with partner organizations in order to include or expand their work. Through the contract with each partner organization the City also enforces the requirements under Chapter 323 of the Cincinnati Municipal Code regarding the City’s small business enterprise and local business enterprise programs and under Chapter 324 regarding the minority and women owned business enterprise programs.

Recommendation 5

Avoid Housing harassment by fining entities having more than one unsolicited contact with a property owner. (Find out if it is possible to track on-line property maintenance complaints if a complainant is submitting complaints on multiple properties. If possible, these complainants will receive a warning. If they continue, it should be considered harassment and they would receive a fine.

Response 5: Based on feedback from the Law Department, this recommendation presents constitutional concerns and is therefore not recommended to be implemented as drafted.

Recommendation 6

Provide education to landlords about the importance of allowing tenants who are seniors or persons with a disability to modify properties to its original condition upon move out. Educate landlords on the importance of this.

Response: The City’s existing landlord training, hosted by the Solicitor’s Office, incorporates information regarding legal obligations of Landlords. This training will be updated to include additional information based on this recommendation.

III. RESIDENTIAL TAX ABATEMENT POLICY (Doc. #202000945)

Section 1. Immediate Recommendations

Recommendation 1

Residential buildings with up to and including four units should be eligible for residential tax abatements

Response: This recommendation was incorporated in Ordinance No. 370-2020, which was passed on November 12, 2020.

Section 2. Long Term Recommendations

Recommendation 1

Explore a tiered approach to residential tax abatements based on extensive study. (If a tiered approach is implemented, then increase staff to meet need for long-term monitoring)

Response: This recommendation was incorporated in Ordinance No. 333-2020, which was passed on September 30, 2020, to fund a third-party study of the program and provide recommendations on program modifications, including a potential tiered approach. DCED released an RFP to identify a qualified consultancy firm to conduct the study and responses are now under review.

Recommendation 2

Consider a stipulation that would prohibit properties that receive residential tax abatements from being able to register on the City's Short-term Rental Registry as anything other than "hosted."

Response: A response to this recommendation requires additional analysis and will be included in the supplemental report, referenced above relating to this issue.

Recommendation 3

Explore possible incentives for local renter co-ops.

Response: All property tax incentives (residential CRA, commercial CRA, project TIF, district TIF funding, etc.) currently available to the broader development community would be available to a developer of a renter co-op project, contingent upon project need and underwriting. To add additional incentives, Council could explore possible changes to the commercial CRA program to expressly address renter co-ops or could appropriate additional specific funding to facilitate these types of development.

Attachments