

Overview of Affordable Housing Trust Charter Amendment

Overview

- Legal Description of Proposal
 - Emily Smart Woerner, Deputy City Solicitor
- Operational Considerations
 - Billy Weber, Chief of Staff City Manager's Office
- Anticipated Budget Impact
 - Christopher Bigham, Assistant City Manager



Background

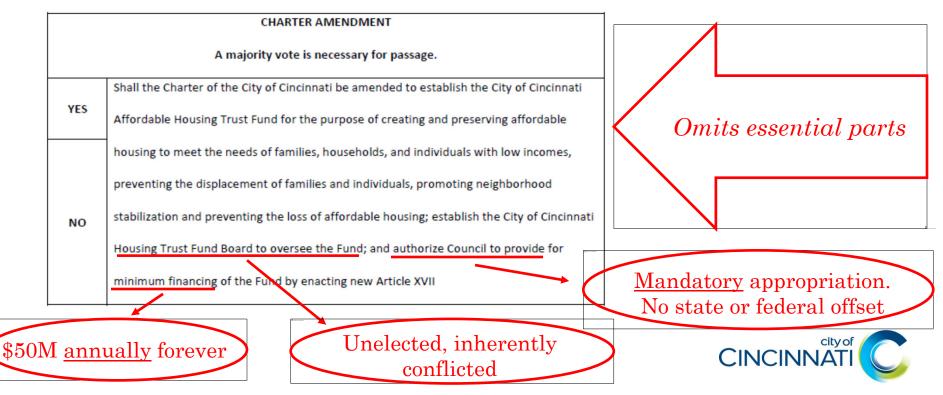
• Proposed amendment to Charter

• Can <u>only</u> be altered or amended at an election if voters approve the change



Current Proposed Ballot Language Omits Key Facts

- Ballot summary language must offer a fair, honest, clear and complete summary
- Voters have the right to know what they are being asked to vote upon



Key Facts

- Establishes an Affordable Housing Trust Fund restricted account
- Requires an <u>annual</u> appropriation of **\$50 Million** to that account in perpetuity
- If passed, effective for FY22 Budget
 - (July '21 June '22)



What can the \$50M be spent on?

- "Affordable" means costs associated with residing in home require no more than 30% of income
- *Half* of the funds (**\$25 million** in year one) are restricted to housing that is affordable for households at or below **30%** of Hamilton County's median household income
- *All* of the funds are restricted to housing that is affordable for households at or below **60**% of Hamilton County's median household income



What can the \$50M be spent on?

- \$25 million on housing where housing costs are no more than \$429 per month
- No funds can be spent on housing where housing costs are more than \$858.18 per month.
- To receive funds, the owner **must** agree to a deed restriction that the property will forever be affordable (costs no more than 30% of 60% mhi)
 - Sole exception for owner-occupied single-family residences



Who spends these public funds?

- An unelected 11-person volunteer board serving
 4- year terms with no term limits
- 9 members are selected by outside agencies, 2 members are selected by Council President Pro Tem
- Members must have certain experience or relation to affordable housing issues
- Council has no discretion to reject nominees



Who spends these public funds?

- Some members will be inherently ethically conflicted
- No removal or suspension provision
- 6 votes for action
- City Manager must execute the Board's approved contracts



The City's General Capital and Operating Funds.



The proposed charter amendment identifies the following funding sources:

- Income tax on the award of stock options
- Fee assessed to developers
- Revenue from lease or sale of Cincinnati Southern Railway
- City's general capital or operating funds



The City cannot tax stock options

- The Ohio Constitution provides that the state General Assembly may limit cities' ability to levy taxes
- The Ohio General Assembly passed a municipal income tax uniformity law that caused the City to rewrite its local income tax chapter in 2016
- At that time, the City exempted income from stock options and so it cannot now impose a tax on stock options



Where does the money come from?

The proposed charter amendment identifies the following funding sources:

- Income tax on the award of stock options
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- Revenue from lease or sale of Cincinnati Southern Railway
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Fees must be related to cost of service

- In Ohio, fees charged must be related to the cost of the service provided or the impact of the activity
- Here, we'd have to prove that the creation of new housing is <u>causing</u> a lack of affordable housing in Cincinnati
 - The fee cannot simply generate excess revenue for the fund. That "fee" would be a tax—a tax the City is not allowed to impose



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Revenue from the CSR is restricted

- State law requires that **all revenue** (rent or sale proceeds) from the lease or sale of the Cincinnati Southern Railway must go to pay our bond debt
- Currently, rent from the CSR funds bonds that pay for required maintenance of existing City infrastructure
- If the City does not meet its infrastructure maintenance obligations, it cannot levy .1% of its income tax



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 Southern Railway

City's general capital or operating funds

State and Federal funds – no matter the amount—do not eliminate the \$50M obligation

Other legal deficiencies

- The City cannot even in its Charter conflict with state eviction law
 - The purported eviction protections might never apply
- Contracts could evade minority, women, and small business enterprise goals and requirements
- Law Department is issuing an opinion outlining in detail its analysis



Operational Considerations

• Lack of Public Accountability and Oversight

• Inadequate Expertise

• Inefficient Use of Public Investment

