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Cincinnati Property Tax Task Force: Overview, Findings, and Recommendations

Background:

The Cincinnati Property Tax Task Force, formed in March of this year, recently held its last public meeting on August 22nd. The main objective of the Task Force was to develop short and long-term recommendations for providing relief to property owners who have been adversely impacted by the significant rise in property taxes throughout Cincinnati. Those recommendations have been focused on what Cincinnati can control to support struggling property owners, as well as what Cincinnati can advocate for at other levels of government to directly impact individuals' property tax bills.

With Councilmember Jeffreys chairing the Task Force, other members included residents from neighborhoods most impacted, as well as representatives from the following organizations:

- Housing Opportunities Made Equal (HOME)
- Legal Aid
- Community Action Agency (CAA)
- Local Initiatives Support Corporation (LISC)
- Habitat for Humanity
- Council on Aging
- Greater Cincinnati Realtist Association
- National Appraiser Bias Task Force
- Greater Cincinnati Real Estate Association
- Greater Cincinnati Northern Kentucky Apartment Association
- Neighborhood Allies
- Urban Coalition of Appraisal Professionals
- Warsaw Federal
- eruka
- Donovan Energy
- The Port of Greater Cincinnati Development Authority

Since its formation Property Tax Task Force meetings were publicly noticed every other week, with a few exceptions, and included two Town Hall sessions and guest appearances from State Representative Dani Isaacsohn and State Senator Louis W. Blessing. Town Hall sessions were held at the Evanston Recreation Center and the Price Hill Library with dozens of attendees at each. Multiple residents who came to a Town Hall session continued to attend the regular Task Force meetings. Through hours of public comment and robust dialogue, five major themes emerged from both Town Halls:

- Property tax increases are threatening owners' abilities to stay in their home, maintain their home, and build generational wealth, particularly older Cincinnatians on fixed income and in communities of color.
- There is a lack of transparency in the way that property taxes are assessed.
- Property tax increases were quick and unexpected – in some cases, there was only 20 days' notice.
- Homestead Exemptions have not been as helpful as their value declined, having not been indexed for inflation until recently.
- The Board of Revisions' appeal process can be unclear and intimidating- e.g. how appeals work, when to appeal, how to get a reappraisal.

Given that the Town Halls were held shortly after the formation of the Task Force, these themes have guided its work.

Property Tax Equity Report:

In June, Housing Opportunities Made Equal (HOME), in collaboration with eruka, released two reports that investigate the inequities in the recent property tax increases: [*Levied: Rectifying Hamilton County's Racial and Economic Unjust Property Taxes*](#) & [*What Really Happened?: Evaluating The Common Misperceptions about Hamilton County's Property Tax Increases*](#).

These two reports, and its findings listed below, were presented to, and discussed by the Task Force:

- County voters passed new or renewed levies that increased the total tax collected in the county by 11%.

- In Hamilton County, 50% of property tax bills either decreased or remained relatively stable, while 45% of bills saw significant increases, and 5% more than doubled.
- The average property tax bill in communities of color increased 2x more than property tax bills in white communities.
- Property tax changes do not reflect changes in the real estate market. Neighborhoods that saw the highest increases in property taxes were not necessarily the same neighborhoods with increases in sale prices.
- Many auditor offices, including Hamilton County, contract with a private company to create a mass assessment model that uses a computer algorithm to derive property values. Private company models are often proprietary, which limits information about the exact terms of the model. Mass assessment models often overestimate values in communities of color and underestimate values in white communities.
- The poorest residents pay higher proportions of their income on property tax. Households making less than \$25,000 annually pay, on average, 36% of their income on property taxes, whereas households making more than \$150,000 annually pay, on average, only 2% of their income on property taxes.
- Property owners who have gained the most profit from buying/selling their property have paid the least of their profit in taxes. 40% of residential property owners in the county pay more in taxes than their property appreciates in value.
- Residential renters pay a similar proportion of the county's taxes as commercial properties as landlords are allowed to pass the cost of property taxes onto their renters.

HomeSafe Property Tax Relief Program:

Thanks to the leadership of Mayor Aftab and Vice Mayor Kearney, City Council allocated \$1,000,000 in May for the creation of the HomeSafe Property Tax Relief Program. The program provides up to \$10,000 in relief funds for low-to-moderate-income homeowners who currently have delinquent property taxes. In June, the Property Tax Task Force gave guidance to the Department of Community & Economic Development (DCED) as they created the program that was officially launched in July. Much credit and gratitude are owed to DCED for their swift implementation of this program that is providing meaningful relief to those who need it the most.

By the end of August, over 160 applications had been submitted. The average amount of relief provided per applicant was \$3,000, and the average annual income per applicant was \$30,000. The neighborhoods with the most submitted applications are Bond Hill, College Hill, Lower Price Hill, East Price Hill, West Price Hill, and Westwood. Pending the applications still in review, there is still over \$600,000 left in available relief.

The findings from this initiative, the different reports, Town Hall sessions, and the meetings with Rep. Isaacsohn and Senator Blessing have resulted in the following recommendations.

State Recommendations and Legislation:

(1) Transparency:

Issue: The mass assessment process used to estimate property values is unclear as each county across the state typically hires a private firm to conduct a mass assessment on properties based on a proprietary algorithm of unknown variables. This has led to homeowners not understanding what data is used with their assessment.

Solution: Request that the Department of Taxation or new legislation allow for more approaches to assessment estimations and make public the exact variables that go into assessment algorithms.

(2) Late Fees

Issue: Fees for homeowners who are delinquent on their property taxes add up quickly and can be substantial, especially for homeowners who were not expecting an increase. County auditors and treasurers do not have the authority to suspend these fees.

Solution: Request that the Department of Taxation or new legislation give county auditors and treasurers the ability to suspend the assessment and accumulation of late fees on unpaid property taxes.

(3) Circuit Breaker

Issue: The property tax increase has most impacted lower income homeowners and those on fixed income.

Solution: SB 271, and its companion HB 645, propose a refundable income tax credit or rebate for homeowners and renters whose property taxes or a portion of their rent exceed five per cent of their income. Although such a proposal would come with a high price tag, reforms in other tax deduction programs have been proposed to reduce this cost. Circuit Breaker practices are known to have the most impact on low-moderate- and fixed-income residents' tax burdens.

(4) Homestead Exemption

Issue: The Homestead Exemption has historically allowed qualified individuals to “exempt” \$25,000 off the total value of their home – effectively reducing the amount that they are taxed. However, this amount has not changed, nor has it been indexed for inflation until recently (now \$26,200), meaning the value of that exemption has decreased over time.

Solution: Increase the income threshold for those eligible to receive the homestead exemption AND increase the amount able to be exempted to \$50,000 indexed for inflation. Therefore, a greater number of homeowners will be eligible for a more valuable exemption.

Additional Solutions: The State of Ohio could match demographic data with income data to identify homeowners who are eligible for the homestead exemption and automatically enroll them in the program, offering an “op-out” like system.

State Legislation: HB 187 proposes an increase of the eligible income threshold to \$75,000, however exemption values run on a sliding scale dependent on income. HB 60 proposes increasing the eligible income threshold to \$45,000 and increases the exemption value to \$40,000.

(5) Homeowner Protections

Issue: Homeowners who are late on their taxes are often harassed by aggressive investors offering to buy their homes at a significant discount.

Solution: SB 192 proposes certain licensures and disclosures for wholesale homebuyers or institutional investors who often prey on delinquent homeowners by getting them to sell their homes.

City of Cincinnati Recommendations

(1) Immediate Cost Relief for Eligible Households

Issue: There are thousands of households in Hamilton County who may be eligible for, but are not taking advantage of, the owner occupancy credit (~\$78) and Homestead Exemption (~\$600).

Solution: Create an education campaign to notify eligible homeowners of available opportunities. Information could go through organizations like those on the Task Force & via the city's HomeSafe program. This also includes outreach to Community Councils in the most impacted neighborhoods, faith communities and at neighborhood events.

(2) Provide Additional Delinquent Tax Relief

Issue: With >\$7,000,000 in delinquent taxes (and raising), without some relief homeowners – especially those on fixed income and lower income – will face foreclosure and/or eviction. The \$1,000,000 provided thus far has helped but more is needed.

Solution: Provide another \$1,000,000 allocation to continue to provide relief to the thousands of households with delinquent property taxes and explore ways to leverage that investment with other funding to provide further tax relief.

(3) Reduce Energy Costs for Thousands of Cincinnatians via a New Green Bank

Issue: In addition to rising property taxes 23%, homeowner energy costs have risen 13%. With historic funding from the Inflation Reduction Act (IRA), the State of Ohio will deploy \$500M in next six months to subsidize energy efficiency improvements such as weatherization, heat pumps, and solar panels, which could mean significant savings for households. But residents & City of Cincinnati need to be ready to capture those dollars. They will be 'first come, first serve'. Homeowners will have to have energy audits completed and have their homes be "upgrade ready". It also means that we need more trained workers to do the energy audits and upgrades. For many lower income homeowners,

they will need assistance with home repairs to take advantage of this opportunity e.g. fix a leaky roof for solar panels, remove lead paint for weatherization, etc.

Solution: Pursue a multi-prong funding strategy to unlock federal and private foundation investments.

- Allocate \$500K to create a Green Bank to facilitate energy audits & braiding together of programs. Over the past year a Green Bank coalition (including the Cincinnati Development Fund, Port, etc) has been working on developing much of this infrastructure.
- Invest \$275K in workforce development – training folks to do energy audits
- Invest up to \$9.225M in home repair & subsidy for low-to-moderate-income households.
- Attachment A details the recommended investment.

This level of investment will unlock over \$28.8M in federal subsidies, the development and creation of hundreds of green jobs, reduce greenhouse emissions and save individuals an average of \$800-\$1,200 annually. By working with the Green Bank coalition, and organizations with vast housing portfolios like Habitat for Humanity, Working in Neighborhoods, or the Port, thousands of homes could enjoy the benefits of these programs initially.

With federal investments being deployed in the next few months, a City of Cincinnati investment will put the city “at the front of the line” in these competitive allocations and has the potential to unlock significant private investment.

Ideas That Require Further Evaluation:

(1) Local Homeowner Protections

Issue: With delinquent property tax data being public, delinquent property tax owners are often hounded by wholesale homebuyers, or institutional investors, pushing them to see often at below market value.

Solution: Similar to Philadelphia, explore developing a do not call list – a list that homeowners can get on to avoid these calls. This is an idea to explore further because there are complications involved with it e.g. administrative cost to operate and enforce it, the

process to update the list, etc. It is an idea that should be explored in partnership with the county as well and requires further work.

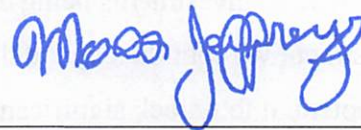
Additional Solution: Similar to the proposed SB192, require real estate investors to make extensive disclosures to homeowners before asking homeowners to sign a purchase contract. Without compliance with the disclosure requirement, the homeowner would have the ability to rescind a purchase contract at any time before the transfer of title.

(2) Hamilton County Board of Revisions Remediation

Issue: The appeal process and Board of Revisions is often challenging and intimidating for homeowners to navigate, especially those who are unable to be represented by an attorney.

Solution: Support the County Auditor's attempts to improve the Board of Revision appeal process to make it easier for homeowners to navigate.

There is still a lot of work to do to help bring down costs for homeowners, prevent evictions & foreclosures and improve the quality of life for homeowners, but the Task Force believes these actions will have the greatest impact on property owners most affected by the recent surge in property taxes, moreover, all Cincinnatians struggling with increasing costs of living. We thank all citizens and organizations who have provided input into crafting these solutions.



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