

April 16, 2025

202500763

To: Mayor and Members of City Council
From: Sheryl M.M. Long, City Manager
Subject: **COUNCIL REPORT – TIF District Policies Audit**

REFERENCE DOCUMENT #202402534

The City Council at its session on December 18, 2024, referred the following item for review and report:

WE MOVE that the Administration provide a report within forty-five (45) days regarding all policies related to TIF funding and how it can be utilized. This report should be an audit of all policies adopted by Council or implemented by the Administration since the establishment of the TIFs as well as the adoption date of each policy.

BACKGROUND

What is a TIF District?

The Ohio Department of Development (ODOD) provides an overview of TIF District's on their website: <https://development.ohio.gov/business/state-incentives/tax-increment-financing>. Tax Increment Financing (TIF) is an economic development mechanism available to local governments in Ohio to finance public infrastructure improvements and, in certain circumstances, residential rehabilitation. A TIF works by locking in the taxable worth of real property at the value it holds at the time the authorizing legislation was approved. Payments derived from the increased assessed value of any improvement to real property beyond that amount are directed towards a separate fund to finance the construction of public infrastructure defined within the TIF legislation.

Local governments may authorize Incentive District TIFs to fund a number of public infrastructure needs including public roads and highways, water and sewer lines, remediation, land acquisition, demolition, the provision of gas, electric, and communications service facilities, and the enhancement of public waterways (note: public infrastructure does not include police or fire equipment for Incentive Districts

TIFs created after March 30, 2006, and no Incentive District TIF service payments collected in such Districts may be used for such purposes). Along with public infrastructure improvements previously noted, Service Payments generated from private improvements in an Incentive District TIF may be used to fund residential housing renovation projects as long as the TIF includes a public infrastructure component.

POLICY REVIEW

The following policies outline the City of Cincinnati's approach to Tax Increment Financing (TIF) districts, debt issuance, affordable housing set-asides, transparency requirements, and community engagement in economic development projects.

City of Cincinnati TIF policy (2007) – Council Item 200700888

Following the creation of twenty TIF districts in 2003 and 2005, the City Administration developed a policy for the use of TIF district resources and this policy was adopted by City Council. This policy established:

- An application and review process for use of TIF district resources
- Standards for issuance of debt backed by TIF resources

While this policy is no longer in effect, it is included as it was applicable during the period requested by Council.

City of Cincinnati Debt policy (2015) – Administrative Regulation #66

This is the policy that establishes guidelines on debt management and issuance related to capital improvement and economic development programs of the City.

While this policy has a broader application than just TIF Districts it is being provided as it is a policy applicable should the City issue debt backed by TIF district revenues.

TIF District Affordable Housing Set Aside (2020) – Ordinance 206-2020

This is the policy set by City Council requiring the set aside and use of 25% of net TIF district revenues collected by the City each year for use on Public Infrastructure and Housing Renovations (as defined in the Ohio Revised Code) benefitting housing developments for affordable housing projects benefitting households at 60% Area Median Income or below within in the City. The use of these TIF revenues must still meet the Ohio Revised Code (ORC) requirements for the use of TIF revenues on these affordable housing projects.

A report detailing the Administration's intended implementation of this policy is included as an attachment.

TIF District Transparency Policy (2020) – Ordinance 301-2020

To ensure public access to TIF financial information, City Council established this policy which requires the posting of TIF information to the City's website to allow public access to information on the balance of TIF revenues collected within a TIF District and the historic revenues and expenditures within each TIF district.

This policy also requires the Administration to present to City Council with each ordinance for appropriation of TIF district funding the results of a vote of support by the community council where the project is located for City Council's awareness when considering the Administration's recommendation on the use of TIF District funding

Community Engagement on Economic Development Projects (2021) – City Manager policy memo 4195

This policy establishes thresholds for a Community Engagement Meeting conducted by City Planning. The thresholds for development incentives were grants/loans of funding of \$50,000 (including TIF District Funding) or more or sales/leases of land valued at \$50,000 or more. This meeting is to occur prior to City Council consideration of the item so reference of the meeting can be included in the transmittal memo.

RECOMMENDATION

This report is for information only. No action by the City Council is recommended at this time

Copy: Markiea L. Carter, Director, Department of Community & Economic Development

Attachments:

- City of Cincinnati TIF policy
- City of Cincinnati Debt policy
- TIF District Affordable Housing – Ordinance 206-2020
- Administration's Report on Ordinance 206-2020
- TIF District Transparency Policy– Ordinance 301-2020