

City of Cincinnati

Council



Melissa Autry, CMC
Clerk of Council

Office of the Clerk

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Residential Property Tax Abatement Reform

The need to update Cincinnati's residential property tax abatement program has emerged as a key community priority. As part of this evolving conversation, the Property Tax Working Group has released preliminary recommendations Q1 of this year.

One recommendation from the Working Group is amending the residential property tax abatement program to include a tiered approach, similar to that implemented in Columbus, Ohio.

This tiered approach would allow for equitable funding for our schools and other critical levies; increased support for critical City services; and new investments in neighborhoods to support residents and reverse decades-long patterns of disinvestment.

Ensuring that Cincinnati remains competitive while increasing equity and lifting up all of our neighborhoods and residents is essential for Cincinnati's success now and in the future.

Motion

WE MOVE that the City Administration report on the impact of residential abatements on both property and earning tax revenues.

WE FURTHER MOVE that the City Administration report on how Cincinnati can best create a tiered residential abatement program that would continue to encourage residential development in neighborhoods that are already experiencing growth; further incentivize residential development in neighborhoods that have lacked similar investment; and strengthen the incentive for rehabilitation of existing residential properties in high-investment neighborhoods, thus relieving the unintended economic pressure to tear down and build new vs. rehab when appropriate.

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This report should:

- Identify whether a three-tiered system of area-groupings would best be implemented at the neighborhood, zip-code, or census-tract level; and,
- Recommend how often area-groupings should be updated in order to account for real estate market changes occurring in different parts of the City; and,
- Incorporate differing abatement term lengths and percentages depending upon the residential investments needs of the individual area-groupings. The determination of area-groupings should incorporate the following criteria:
 - Poverty rate: the percentage of the population in an area living at or below the federally established poverty level
 - Foreclosure rate: percentages of homes foreclosed upon in an area
 - Median household income: percentage change in median household income for an area over a five-year period
 - Housing vacancy rate: the percentage of unoccupied housing units in an area
 - Population growth: percentage change of population for an area over a five year period

WE FURTHER MOVE that this report should take into consideration, with all of these analyses of possible changes, the potential negative impacts associated with:

- Additional administration expense; and,
- Creating a competitive disadvantage in attracting the desired development per neighborhood.

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WE FURTHER MOVE that as part of the City of Cincinnati's Fiscal Year 2021 Closeout Budget process, \$150k be allocated to fund a study that would allow for the research and design of a tiered residential abatement program.

WE FURTHER MOVE that the City Administration examine the possibility of changes to State law that would allow for lengthened abatement terms that could be implemented solely to incentivize the rehabilitation or new construction of affordable residential development.

Council Member Greg Landsman

Council Member P.G. Sittenfeld