

Ordinance No. 719-2024 AS AMENDED

AN EMERGENCY ORDINANCE

To amend Sections 2, 3, 4, 5, 6, 7, and 8 of Ordinance No. 482-2022, passed May 25, 2022, relating to establishing the entire City of Cleveland as a Community Reinvestment Area.

By Council Members Hairston and Griffin
(by departmental request)

WHEREAS, this ordinance constitutes an emergency measure providing for the usual daily operation of a municipal department; now, therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CLEVELAND:

Section 1. That Sections 2, 3, 4, 5, 6, 7, and 8 of Ordinance No. 482-2022, passed May 25, 2022, are amended to read as follows:

Section 2. That the entire area within the municipal boundaries of the City of Cleveland, as depicted on the zoned boundary map contained in the above-mentioned file, is ~~divided into three~~ designated a Community Reinvestment Area ("CRA") under Section 3735.65 et seq. of the Revised Code.

Section 3. That Community Reinvestment Area Subarea #1, the Strong Market Area (~~"CRA Area #1"~~) ("CRA Subarea #1"), Community Reinvestment Area Subarea #2, the Middle Market Area (~~"CRA Area #2"~~) ("CRA Subarea #2"), and Community Reinvestment ~~Area Subarea #3~~, the Opportunity Area (~~"CRA Area #3"~~) ("CRA Subarea #3") (jointly the "CRAs") are areas where the construction of new residential structures and the remodeling of existing residential structures are declared to be a public purpose for which exemptions from real property taxation shall be granted in the following manner in accordance with Section 3735.67 of the Revised Code:

From the date of passage of this Ordinance until December 31, 2023,

(a) The owner of any such real property in the CRAs CRA may file an application with the Housing Officer for an exemption from real property taxation for a period of 15 years for 100% of the increased assessed taxes for new construction projects consisting of one and two family residential properties and multi-family residential structures consisting of three or more units.

(b) The owner of any such real property in the CRAs CRA may file an application with the Housing Officer for an exemption from real property taxation for a period of 15 years for 100% of the increased assessed taxes for the remodeling of existing multi-family residential structures consisting of three or more units where remodeling costs are greater than \$15,000 per unit or \$500,000 per structure.

(c) The owner of any such real property in the CRAs CRA may file an application with the Housing Officer for an exemption from real property taxation for a period of 15 years for 100% of the increased assessed taxes for the remodeling of one and two family residential properties where remodeling costs are greater than \$2,500.

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(d) For mixed-use projects, defined as those containing both residential and commercial components, only the residential component is eligible for tax abatement in accordance with the approved schedule.

An owner who has submitted a Part-One Application with the City and a completed submission of Schematic Drawings on or before December 31, 2023 will remain eligible for the above abatement schedule.

From January 1, 2024 until the sunset date exemptions from real property taxation shall be granted in the following manner:

SINGLE FAMILY NEW CONSTRUCTION

(e) The owner of any restricted affordable housing, where all units are affordable at 80% Area Median Income ("AMI") or below for a minimum of 15 years, in the CRAs CRA may file an application with the Housing Officer for an exemption from real property taxation for a period of 15 years for 100% of the increased assessed taxes for new construction projects consisting of one, two, and three family residential properties.

(f) The owner of any non-restricted housing in (i) CRA Subarea #1 may file an application with the Housing Officer for an exemption from real property taxation for a period of 15 years for 85% of the increased assessed taxes not to exceed \$350,000.00, (ii) CRA Subarea #2 may file an application with the Housing Officer for an exemption from real property taxation for a period of 15 years for 100% of the increased assessed taxes not to exceed \$400,000.00, and (iii) CRA Subarea #3 may file an application with the Housing Officer for an exemption from real property taxation for a period of 15 years for 100% of the increased assessed taxes not to exceed \$450,000.00 for new construction projects consisting of one, two, and three family residential properties.

(g) The owner of any housing that meets the City of Cleveland Aging in Place standards in the CRAs CRA may file an application with the Housing Officer for an exemption from real property taxation for a period of 15 years for 100% of the increased assessed taxes not to exceed \$450,000.00 for new construction projects consisting of one, two, and three family residential properties.

SINGLE FAMILY REMODELING

(h) The owner of any restricted affordable housing, where all units are affordable at 80% Area Median Income ("AMI") or below for a minimum of 15 years, in the CRAs CRA may file an application with the Housing Officer for an exemption from real property taxation for a period of 15 years for 100% of the increased assessed taxes for the remodeling of one, two, and three family residential properties where remodeling costs are greater than \$5,000.

(i) The owner of any housing in the CRAs CRA may file an application with the Housing Officer for an exemption from real property taxation for a

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period of 15 years for 100% of the increased assessed taxes not to exceed \$450,000.00 for the remodeling of one, two, and three family residential properties where remodeling costs are greater than \$5,000.

(j) For mixed-use projects, defined as those containing both residential and commercial components, only the residential component is eligible for tax abatement in accordance with the approved schedule.

MULTIFAMILY NEW CONSTRUCTION

(k) The owner of any residential real property may file an application with the Housing Officer and shall be eligible for an exemption from real property taxation (i) for a period of 15 years for 100% in CRA Subarea #3, and in CRA Subarea #1 and CRA Subarea #2 if all units are affordable as defined in the table attached in the above-mentioned file, (ii) for a period of 15 years for 85% in CRA Subarea #1, and (iii) in CRA Subarea #2, for a period of 15 years for 90% of the increased assessed taxes for new construction multi-family projects consisting of four or more units occurring according to the rules outlined in Section 3735.67 of the Revised Code. The owner must enter into a Community Benefits Agreement ("CBA") with the City's Department of Community Development. The CBA must require that the owner comply with the Codified Ordinances of Cleveland, Ohio, 1976, Chapters 187, 188, and 189 and must include a requirement that the owner set aside affordable units in accordance with the table attached in the above-mentioned file. The CBA may waive the set aside requirements in the event the owner makes a voluntary payment in accordance with the table.

MULTIFAMILY REMODELING

(l) The owner of any residential real property in the CRAs CRA may file an application with the Housing Officer and shall be eligible for an exemption from real property taxation for a period of 15 years for one hundred percent (100%) of the increased assessed taxes resulting from the remodeling of existing multi-family residential structures consisting of four or more units where remodeling costs are greater than \$15,000 per unit or \$500,000 per structure for the activities described in Section 3735.67 of the Revised Code. The owner must enter into a CBA with the City's Department of Community Development. The CBA must require that the owner comply with the Cleveland Codified Ordinances Chapters 187, 188, and 189 and must include a requirement that the owner set aside affordable units in accordance with the table placed in the above-mentioned file. The Agreement may waive the set aside requirements in the event the owner makes a voluntary payment in accordance with the table.

(m) Notwithstanding the provisions of (a) through (l) above, for any residential property that has been determined to be a dwelling structure of historical or architectural significance, and is a certified historic structure that has been subject to federal tax treatment under 26 U.S.C. 47 and 170(h), as amended, and in which units within the structure have been leased to individual tenants for five consecutive years, and which dwelling is being converted from

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for-rent to for-sale, and for which an exemption has previously been granted, the owner of such dwelling may apply for an extension of the exemption period for an additional period of 10 years from the date of the approval of application for extension. The exemption from real property taxation for the new 10-year period shall be for 100% of the assessed taxes for the difference in value between the County Auditor's value of the unit before abatement at the time of condominium conversion and the for-sale value following the conversion. The owner must amend any existing Agreement with the City prior to being granted the extension.

Section 4. That all owners of real property in the CRAs CRA that file an application with the Housing Officer for an exemption from real property taxation, must demonstrate that new construction or remodeling meets the City's Cleveland Green Building Standard found in the *Cleveland Green Building Standard Handbook*, effective December 5, 2017, and which may be amended or updated from time to time by the Department of Community Development, in order to be eligible for residential tax abatement. ~~The Director of the Department of Community Development is authorized to set and collect application fees.~~

Section 5. That the Bureau Chief who manages the Division Bureau of Housing Development ~~Commissioner of Neighborhood Development~~ for the City of Cleveland shall serve as Housing Officer, as defined by Section 3735.65 et seq. of the Revised Code, for the Community Reinvestment Areas described above and shall administer all activities carried out under Section 3735.65 et seq. of the Revised Code and this ordinance.

Section 6. That a Housing Council shall be appointed for the ~~Community Reinvestment Areas~~ CRA under Section 3735.69 of the Revised Code, and the City of Cleveland has previously established the Housing Council that will continue to serve as the Housing Council for ~~these Community Reinvestment Areas~~ the CRA, and shall make an annual inspection of the properties within the ~~Area~~ CRA for which abatements have been granted and shall hear appeals under Section 3735.70 of the Revised Code.

Section 7. That under Section 3735.68 of the Revised Code, the City may terminate the residential tax exemption after the first year if the Housing Officer finds that the property is not being properly maintained or repaired due to the neglect of the owner, that the owner is in default of the CBA, that the property is being used for limited lodging or short term rental as defined in the the Codified Ordinances of Cleveland, Ohio, 1976, that the City has revoked the owner's Rental Registration, or that the property taxes have become certified delinquent; and once terminated shall not reinstate the tax exemption. The Housing Officer shall include this requirement on the application for tax exemption signed by the applicant. The City shall require the owner of property whose exemption has been revoked to reimburse the taxing authorities within whose taxing jurisdiction the exempted property is located for the amount of real property taxes that would have been payable to those authorities had the property not been exempted from taxation.

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Section 8. That the Community Reinvestment ~~Areas~~ Area described in this ordinance shall expire on June 4, 2027.

Section 2. That existing Sections 2, 3, 4, 5, 6, 7, and 8 of Ordinance No. 482-2022, passed May 25, 2022, are repealed.

Section 3. That this ordinance is declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

GP:nl
7-10-2024
FOR: Director Hernandez

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**REPORT
after second Reading**

By Council Members Hairston and Griffin (by departmental request)

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To amend Sections 2, 3, 4, 5, 6, 7, and 8 of Ordinance No. 482-2022, passed May 25, 2022, relating to establishing the entire City of Cleveland as a Community Reinvestment Area.

_____ **READ FIRST TIME** _____ **REPORTS**

and referred to _____

by the council _____

CITY CLERK

_____ **READ SECOND TIME** _____

by the council _____

CITY CLERK

_____ **READ THIRD TIME** _____

by the council _____

PRESIDENT

CITY CLERK

_____ **APPROVED** _____

MAYOR

Recorded Vol. _____ Page _____

Published in the City Record _____