

**CITY OF CLEVELAND**  
**DEPARTMENT OF COMMUNITY DEVELOPMENT**  
**2022 Residential Tax Abatement Renewal**  
**LEGISLATIVE REQUEST - EXECUTIVE SUMMARY**  
**ORDINANCE NO. 482-2022**

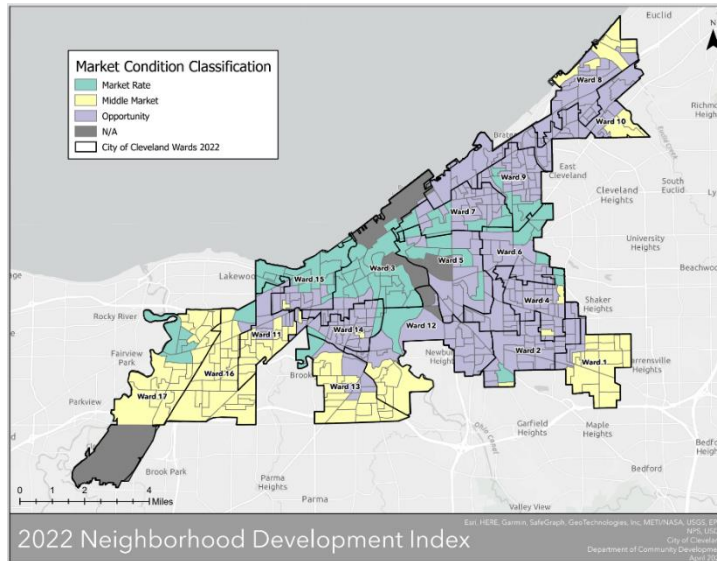
**Purpose:** This ordinance authorizes the renewal and targeting of 15-year residential tax abatement for single-family and multi-family new construction and significant rehabilitation throughout the City. The City's current residential tax abatement program expires on June 4, 2022.

**Program**

**Description:** This renewal and proposed program modifications are the result of an extensive multi-year study and engagement with community stakeholders to provide a more equitable residential tax abatement program to foster development throughout the City Cleveland in concert with other development tools. This ordinance authorizes the following:

- 1) Permits the Department of Community Development to apply to the State of Ohio to administer a residential tax abatement program for the next 5 years.
- 2) Continues an established Housing Council to oversee the residential tax abatement program.
- 3) Continues the requirement that all developments must adhere to the green building standards in order to be eligible for residential tax abatement.
- 4) Establishes a cap for single-family development. Tax abatement shall be applied to only the first \$350,000 of new value.
- 5) Establishes three areas that will have different percentages of abatement:
  - a. Strong Market Area- 85% abatement;
  - b. Middle Market Area- 90% abatement; and,
  - c. Opportunity Area- 100% abatement.

**Program Description** (cont'd)



- 6) Provides 15-year 100% abatement for deed restricted affordable housing anywhere in the City.
- 7) Requires Community Benefit Agreement for multi-family developments in order to provide:
  - a. opportunities to minority, women and Cleveland based businesses as required by Cleveland Codified Ordinance Chapters 187, 188 or 189;
  - b. Requirements for set-aside affordable units found in the table below;
  - c. Voluntary payment in order to waive set-aside requirements found in the table below;

	<u>Strong Market</u>	<u>Middle Market</u>	<u>Opportunity Market</u>
<b>Affordable Unit Set Aside %</b>	25%	15%	5%
<b>Reduction</b>	1 Unit Reduction for Every Unit at 30% AMI for 15 years		
<b>Voluntary Payment In-Lieu</b>	\$20,000 per unit		

- d. An Affordable Unit is a unit that is affordable to a household at 80% Area Median Income (AMI) for the Cleveland-Elyria Metropolitan Statistical Area (MSA). MSA Median Household Income \$56,008 Based on the 2020 American Community Survey (ACS) the rents that would be considered affordable are as follows. The formula to calculate the 100%, 80%, 50% and 30% AMI Rents are:

## Program Description *(cont'd)*

- 2 Bedroom Rent = (median income x 0.26) /12
- 1 Bedroom Rent = 2 Bedroom Rent x 0.83
- 3 Bedroom Rent = = 2 Bedroom Rent x 1.15

<b>2022 Rents</b>	<b>0-1 Bdrm</b>	<b>2 Bdrm</b>	<b>3+ Bdrm</b>
<b>30% AMI</b>	\$302	\$364	\$419
<b>50% AMI</b>	\$504	\$607	\$698
<b>80% AMI</b>	\$806	\$971	\$1,116
<b>100% AMI</b>	\$1,007	\$1,214	\$1,396

The composition of bedroom types for affordable units shall match the composition bedroom types for the units with rents above 80% AMI affordability.