

Recommendations and Survey Results from
the **Equitable Community Development**
Working Group
on Cleveland's Tax Abatement Program

April 15, 2022

Membership

The Equitable Community Development Working Group began meeting in March 2018 and has continued meeting through April 2022. Membership has consisted of Cleveland residents, housing organizations, community development corporations, research and academic institutions, local foundations, and more. These organizations were represented by many people over the last four years, and we are grateful to everyone who contributed their time and expertise to this work.

From 2018 through 2021, several current and former government officials from Cleveland City Hall engaged in this work. Cleveland City Council representatives included Cleveland City Council President Blaine Griffin, Ward 3 Councilman Kerry McCormack, former Ward 5 Councilwoman Phyllis Cleveland, former Ward 12 Councilman Tony Brancatelli, and former Ward 15 Councilman Matt Zone. We are deeply grateful for the Administration's and Council's past and continuing support for our group's work and contributions.

Working Group members who participated in the results presented in this report include the following groups.

Burten, Bell, Carr Development Corporation (BBC)	Greater Collinwood Development Corporation (GCDC)
CHN Housing Partners (CHN)	LISC (LISC)
The Cleveland Foundation (TCF)	Local Residents (Resident)
Cleveland Neighborhood Progress (CNP)	Midtown Cleveland, Inc. (MCI)
Cleveland State University (CSU)	Neighborhood Connections (NC)
The Cuyahoga County Land Reutilization Corp. (CCLRC)	Northwest Neighborhoods CDC (NNCDC)
Cuyahoga Metropolitan Housing Authority (CMHA)	Ohio City, Inc. (OCI)
Downtown Cleveland Alliance (DCA)	Policy Matters Ohio (PMO)
Enterprise Community Partners (ECP)	The St. Luke's Foundation (StLF)
Famicos Foundation (FF)	Tremont West Development Corporation (TWDC)

Important Note for Reading Recommendations and Comments

The acronyms in parenthesis after each organization are used throughout the report to identify which comments were submitted by which organizations.

Tax Abatement as One Tool in a Comprehensive Housing Plan for Cleveland

Tax abatement must be addressed by June 4, 2022, which is when its current 5-year authorization period ends. With a clear deadline for reauthorization on the horizon, we recognize this as an opportunity for our community to address an antiquated, one-size-fits all tax abatement policy. While some Cleveland neighborhoods have witnessed unprecedented levels of market development in recent decades, others remain disinvested. Cleveland's success is inextricably linked to the success of its neighborhoods and the opportunities available to its residents. National best practices demand that our tax abatement policy be more strategic.

That said, tax abatement is *not* a panacea for creating more equitable neighborhoods or more affordable housing. *Tax abatement is one important piece of a much bigger puzzle.* It is one tool in the toolbox – and it happens to be the first one we must deal with because of the June deadline for reauthorization. For that reason alone, tax abatement cannot solve every problem. Advocates and policymakers must dedicate themselves to building the full suite of tools necessary for equitable neighborhood revitalization, beginning with tax abatement.

The City of Cleveland Tax Abatement Study published in 2020 recognizes this fact:

Institutional stakeholders, housing observers, and Cleveland residents expressed interest in protecting long-term residents from displacement risks but acknowledged other tools are required. All groups engaged through the study expressed concern for long-term residents' stability [...]. **However, there was also consensus that tax abatements cannot address these concerns, and that the City will need to advance policy options to protect residents** from different threats of displacement, such as increasing property taxes, increasing rents, foreclosure, eviction, or unsafe housing conditions. [Emphasis added.]

While the first phase of this work will include tax abatement reform and other priorities, we must recognize that additional work is needed to preserve existing affordable housing, help address deferred maintenance and repairs, protect low-income homeowners and renters, and crack down on predatory investing.

Cleveland neighborhoods are not one-size-fits all. We need a strategy, with a comprehensive set of policies and tools, to reflect that reality. Strategic, citywide investment and policies should be paired with smart administrative improvements and advocacy to meet neighborhoods where they are at, to create more racially and economically inclusive neighborhoods, to ensure all of our residents with safe, decent, affordable housing.

Studies, Reports, and Discussion that Precede the 2022 Tax Abatement Renewal

Changes to the City of Cleveland's tax abatement ordinance in 2022 come after years of research, convening, and community conversations.

For example, in 2018, the City of Cleveland Department of Community Development and the Equitable Community Development Working Group began work on a study of the City of Cleveland's tax abatement program. The final report, [City of Cleveland Tax Abatement Study](#), was published in 2020. Accompanied by thorough research, and community and stakeholder feedback, the study made six recommendations for reforming the existing City of Cleveland tax abatement program.

The following year, the City of Cleveland Department of Community Development published the [Cleveland 2030 10-Year: A Housing Equity Plan](#). This plan includes more research, neighborhood analysis, an outline of housing needs, and a specific recommendation for the City of Cleveland to improve the tax abatement program. The plan further recommends that the City of Cleveland "explore scaling the size of the abatement by home type, price, and location in order to encourage its use for homes in a wider range of neighborhoods and price points." Work on the plan began months before the Coronavirus pandemic and the partners who led this work shifted their strategies to rely on robust, digital outreach in order to solicit significant public participation.

Both studies included community engagement, surveys, community meetings, and interviews with residents, developers, lenders, neighborhood organizations, and more.

Informed by this robust data, extensive research, community feedback, and of course, years of lived experience and impact in our neighborhoods, the Equitable Community Development Working Group developed potential options for reforming the tax abatement program. The Working Group then facilitated a rigorous, transparent survey process to determine which options should become official recommendations for the City of Cleveland.

Summary of 10 Recommendations from Survey Results

Survey respondents – organizational members of the Equitable Community Development Working Group - answered 38 questions about the City of Cleveland tax abatement program. The Equitable Community Development Working Group agreed that any recommendation advanced from this survey would have to earn at least *75% support* from those who participated in the survey and answered that question.

Ten items received support at or above the 75% threshold. These recommendations are summarized below, and additional considerations are shared at the start of each section.

Capping Tax Abatement

Recommendation #1: Broadly speaking, tax abatements for single-family housing should be capped.

Geographically Targeting Tax Abatement

Recommendation #2: Broadly speaking, tax abatement policy should be geographically targeted based on the market map presented by the Department of Community Development.

Advancing Policy Priorities with Tax Abatement

Recommendation #3: Tax abatement policy should include exceptions to the cap for identified policy priorities.

Recommendation #4: Tax abatement policy should maintain the current green building standards required as a baseline.

Recommendation #5: Tax abatement policy should upwardly adjust limitations on length and/or percentage based on the following policy priorities:

- A. Affordable housing (generally defined at or below 80% AMI)
- B. Rehab and renovation
- C. Transit-oriented development
- D. First-time homebuyers
- E. Multi-family workforce housing (80% - 120% AMI)
- F. Single-family workforce housing (80% - 120% AMI)

Requiring Community Benefits Agreements for Tax Abatement

Recommendation #6: Multi-family, market rate tax abatements should require Community Benefits Agreements (CBAs). Those CBAs should include:

- A. Guidelines and standardized policies, developed by the Department of Community Development, to implement CBAs, including any consideration of affordability requirements.

- B. Minority hiring goals, workforce development goals, and other neighborhood-specific hiring goals, developed by the Department of Community Development.
- C. A claw-back provision that would rescind the tax abatement for non-compliance.

Phasing-In Tax Abatement Changes

Recommendation #7: Changes made to the tax abatement policy this year should be phased in, rather than immediately implemented.

Administration: Monitoring and Reporting, Renewal, and Application Process

Recommendation #8: The Department of Community Development should annually monitor and report on the tax abatement policy.

Recommendation #9: The Department of Community Development should implement a digital application process for tax abatements.

Recommendation #10: The Department of Community Development should submit a report to the Mayor and to City Council 18 months after reauthorization of the tax abatement policy, outlining all process improvements implemented to date and all of those that are still in progress.

What are the goals that you believe tax abatement reform should achieve?

As a part of the survey process, the Equitable Community Development Working Group members had an opportunity to articulate their respective goals for the tax abatement reform.

<i>Organization</i>	<i>Comments</i>
<i>BBC</i>	Incentivize home purchase in challenged neighborhoods, make home ownership affordable, incentivize real estate developers to build in challenged neighborhoods
<i>CHN</i>	Tax abatement is a medium to long-term investment strategy by the City to incentivize the development and preservation of housing that is consistent with the City's public policy goals.
<i>CNP</i>	To advance reforms to tax abatement that support development and growth in equitable ways across all Cleveland neighborhoods.
<i>DCA</i>	Cleveland's tax abatement policy is a part of a comprehensive development policy that acknowledges that our real estate market is weak compared to other similar tiered cities. The goal of this policy is to encourage development of diverse, high quality housing options across the city by mitigating barriers such as relatively high construction costs, high taxes, and low rents compared to other cities.
<i>ECP</i>	Enterprise's ultimate goal is to create a more equitable tax abatement policy. True equity means that the policy can no longer be applied the same in every neighborhood or in every situation. Tax abatement cannot and should not be a solution for all housing issues, but it can certainly be a piece of the large puzzle that creates more affordable, sustainable, and equitable housing options across the city.
<i>FF</i>	Encourage development in undeserved neighborhoods in the city especially the Eastside of Cleveland
<i>GCDC</i>	A more equitable approach for all parts of the city
<i>MTC</i>	Legislation that would allow Community Development Department to adapt to changing neighborhoods of the City, as well as incentivize bonuses based on strategic principals
<i>NC</i>	Encourage development in under invested areas of the City
<i>NIMIC</i>	To increase investment in disinvested areas and to preserve and increase affordable housing.
<i>NNCDC</i>	Promotion of housing typologies that serve a public need (eg, Affordable housing)
<i>PMO</i>	Helping advance development that will benefit the whole community.
<i>OCI</i>	Incentivize housing investment across the city, and leverage that investment in strong neighborhood markets to produce affordable housing.

<i>OBCDC</i>	Be designed to encourage development and investment in neighborhoods that have not seen significant investment over the last decade. It can be a tool that pushes investment to underserved neighborhoods.
<i>Resident</i>	My goal is to see an equitable tax system that enables current residents to remain in their homes in 'hot' neighborhoods and also incentivize development in underserved neighborhoods, ensuring that schools and other governmental entities retain sufficient funding to operate.
<i>Resident</i>	To stimulate neighborhood revitalization, incentivize new-construction, and make Cleveland more competitive regionally
<i>TCF</i>	Stimulate community investment that allows residents and small businesses to capture the future value/opportunity.
<i>TWDC</i>	Tax abatement should be utilized to: <ol style="list-style-type: none"> 1. Level the playing field to attract development in underinvested communities, 2. Address financing gap with projects, and 3. Advance affordable housing development.
<i>StLF</i>	It should be a tool used to attract individuals and families, primarily homebuyers, to choose Cleveland neighborhoods over other surrounding communities. It should not be used where it is not needed to attract homebuyers and it should not be a one size fits all resource. The subsidy should be based on the competitive disadvantage of each neighborhood. Neighborhoods with a greater disadvantage should have a deeper subsidy available.

Capping Tax Abatement for Single-Family Homes: Questions 1 - 5

Recommendation #1: Broadly speaking, tax abatements for single-family housing should be capped.

Our Working Group recommends a cap but does not yet have consensus on cap level. Nearly half of our Working Group recommended to caps according to geography, some recommended a \$300,000 cap (also recommended by the tax abatement study), and few recommended a \$350,000 cap (increased to address rising construction costs)

It is important to determine the single-family or multi-family disposition of condominiums and townhomes.

If no cap in certain geographies or situations, the impact that may have on increasing property taxes, particularly in underinvested areas.

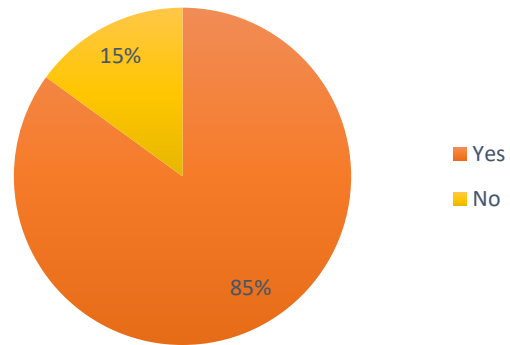
1. Broadly speaking, should tax abatements for single-family homes be capped?

Summary of Results

The Equitable Community Development Working Group recommends, broadly speaking, that tax abatements for single-family homes be capped.

A majority (85%) of survey participants voted in favor of capping tax abatements for single-family homes.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

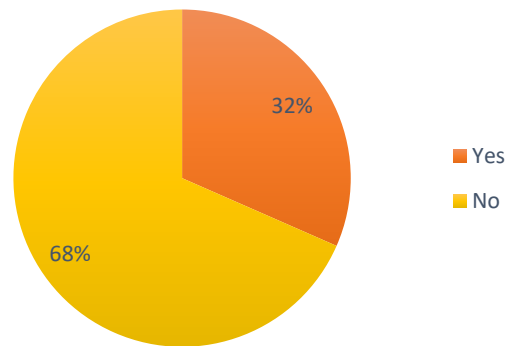
Organization	Comments
BBC	If a home is selling for much higher than the average home price in Cleveland then it should be capped.
CHN	Single Family tax abatements should be capped, but only for market rate houses. \$500,000 seems like a reasonable number. By way of example, a two-borrower household that makes 150% AMI (\$94,320) can afford a purchase price of \$466,000 on a 30-year mortgage with a 4.25% interest rate and 3% down.
DCA	Condominiums and townhomes should not be considered single-family homes for purposes of tax abatement.
FF	Capping tax abatement is to artificially cap demand in areas that may not have seen vibrant economic activity in the past. Should capping come into the equation, it should be based on neighborhood due to the fact that some neighborhoods are doing better than others and therefore a cap would not matter to the market.
GCDC	Those who can afford the more expensive real estate should be able to pay their taxes as well.
StLF	If percentages are not used, it should be capped, but I believe percentages should be used based of how stable the neighborhood is.
TCF	Would allow for a degree of relief.
TWDC	This solution was meant as an easy-to-manage option.

2. Should the value of a tax abatement for a single-family home be capped at \$300,000 for the entire city and adjusted annually for inflation?

Summary of Results

Only 32% of survey participants supported capping tax abatements for single-family homes at \$300,000, adjusted annually for inflation.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
BBC	On the odd chance that a home in a challenged neighborhood could sell for that amount or higher, we wouldn't want to discourage that investment.
DCA	A \$300,000 cap would inhibit development of condominiums and townhomes in high-density neighborhoods like the central business district.
CHN	If we move forward with a cap, it needs to exempt affordable housing. It is unclear why we've selected \$300,000 as a benchmark. If we elect to recommend capping at \$300,000, this needs to exempt affordable housing. Someone who is at 120% AMI (\$75,456 for a 2-borrower household) can afford an up to \$357,000 home on a 30-year fixed rate mortgage with 3% down and a 4.25% interest rate. Additionally, this would limit the ability to construct new single-family homes across the City, many of which may exceed this cost. This will discourage the development of mixed income neighborhoods and the strengthening of property values within neighborhoods that would be considered weak or middle markets.
ECP	Comfortable with \$300,000 or \$350,000 understanding that policy priorities and geography can extend these limits. \$300,000 was recommended by tax abatement study.
FF	This is really discriminatory and racist for those neighborhoods on the East Side still trying to pull housing values upwards. What part of the city will this affect the most if not on the East Side of Cleveland? Other parts of the city already have housing values above \$300,000, such that capping the rate at \$300,000 will just keep down housing values in neighborhoods that need higher values.

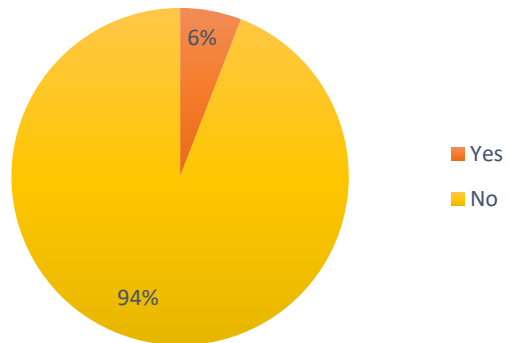
<i>MTC</i>	No to caps; yes to adjusted annually for inflation.
<i>NNCDC</i>	The value generally seems appropriate. Although a \$300k house is not really affordable to the middle market. Perhaps the cap should be somewhere in the \$250,000 range.
<i>StLF</i>	Again, if the group does not incorporate percentages, it should be capped. I would be in favor of the \$300,000 cap.
<i>TCF</i>	Needs to be catered to market needs.
<i>TWDC</i>	My real answer is maybe. I think more thought should be put into how to set the number. Already, prices have risen substantially since that number was in the report in summer 2020. Additionally, what are the goals of the policy and how is this cap used to reach the goals or more equally distribute the outcomes to a change in the policy?

3. Should the value of a tax abatement for a single-family home be capped at \$350,000 for the entire city and adjusted annually for inflation?

Summary of Results

Only 6% of survey participants supported capping tax abatements for single-family homes at \$350,000, adjusted annually for inflation.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
BBC	On the odd chance that a home in a challenged neighborhood could sell for that amount or higher we wouldn't want to discourage that investment.
CHN	If we move forward with a cap, it needs to exempt affordable housing. It is unclear why we've selected \$350,000 as a benchmark. If we elect to recommend capping at \$350,000, this needs to exempt affordable housing. Someone who is at 120% AMI (\$75,456 for a 2 borrower household) can afford an up to \$357,000 home on a 30 year fixed rate mortgage with 3% down and a 4.25% interest rate. Additionally, this would limit the ability to construct new single-family homes across the City, many of which may exceed this cost. This will discourage the development of mixed income neighborhoods and the strengthening of property values within neighborhoods that would be considered weak or middle markets.
DCA	A \$350,000 cap would inhibit development of condominiums and townhomes in high density neighborhoods like the central business district.
ECP	Comfortable with \$300k or \$350k, \$350k was recommended based on reports from developers experiencing rising construction costs
FF	My response is the same as above. Yes, you can set the threshold at \$350k as long as struggling neighborhoods are allowed to rise.
MTC	No to caps, yes to adjusted annually for inflation

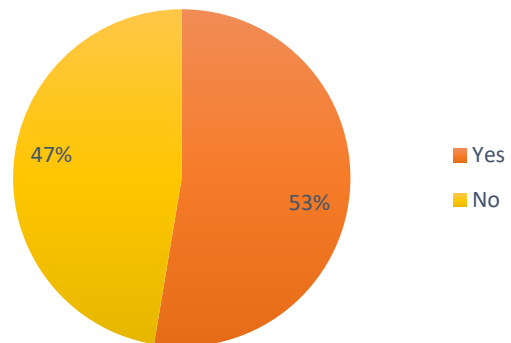
<i>NC</i>	I think \$300,000 is a reasonable amount, but if this is where there is consensus, I would concede.
<i>NNCDC</i>	\$350,000 is well beyond the middle market and begins to enter into luxury value. The city should NOT subsidize luxury.
<i>Resident</i>	If option 4 is deemed too difficult to administer, this would be my second choice.
<i>TWDC</i>	See Above.

4. Should the value of a tax abatement for a single-family home be capped and adjusted for inflation according to data-based maps of census tracts?

This would include: \$300,000 in market-rate census tracts, \$500,000 in middle-markets census tracts, and no cap in underinvested census tracts.

Summary of Results

A slight majority of 53% of survey participants supported capping tax abatements for single-family homes based on maps of market-rate, middle-market, and underinvested census tracts.



This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.

Comments

Organization	Comments
CHN	If we move forward with caps and step downs, it needs to exempt affordable housing. The decreasing of caps in strong markets vs. weaker markets is counterintuitive to me. If we are trying to incentivize mixed income markets, this is doing the opposite by making the stronger markets, which will have higher taxes, more unaffordable for people with lower incomes.
CNP	The brackets in this question serve as a good concept, but may change in legislation.
DCA	A \$300,000 cap would inhibit development of home ownership opportunities in neighborhoods with few home ownership opportunities. It is still difficult to finance development in Cleveland and we should be cognizant of this fact and not hurt development. The opportunity to spur development in underinvested census tracts is through additional incentives beyond tax abatement not offered to other census tracts.
ECP	We are open to considering a tier abatement structure but we do have some serious concerns about no cap in underinvested census tracts potentially leading to rapidly rising property taxes and displacement pressure
FF	This makes sense because it takes into consideration market needs.

<i>GCDC</i>	I can't imagine where we would build a \$550,000 house in our middle market neighborhood but sure
<i>MTC</i>	No to caps, but agree to stratification on neighborhood
<i>NNCDC</i>	Although having different caps for different areas makes sense, these values are much too high.
<i>Resident</i>	This is the closest to my preference. I think there should be a differentiation according to census tract; but think there should also be a cap for underinvested tracts. Need to also adjust for inflation
<i>Resident</i>	More affordable housing would occur in hot neighborhoods and growth will occur in the middle-market neighborhoods.
<i>StLF</i>	I support this proposal if percentages are not used.
<i>TWDC</i>	See Above.

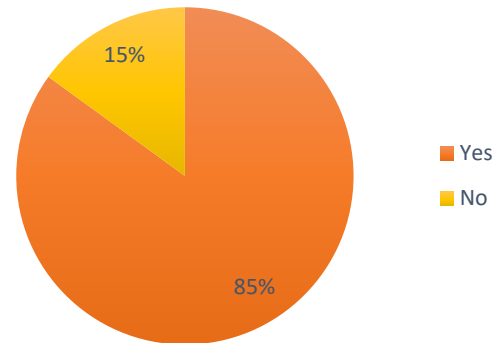
5. Should exceptions to caps be considered for policy priorities?

Summary of Results

The Equitable Community Development Working Group recommends that there be exceptions to caps for policy priorities. Those priorities are explored later in this survey.

A majority (85%) of survey participants voted in favor of making exceptions for policy priorities.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	If we move forward with caps, there should be exceptions. First would be affordable housing. Second would be rehab/renovation. Many of the homes in Cleveland are large and if they are going to undergo a substantial renovation, the project could exceed \$300,000 or \$350,000. It's unclear why we would need to incentivize a first-time homebuyer differently if we have caps at \$350,000 or above because at those purchase prices, the person is at least 120%AMI or above.
CMHA	If exceptions are considered to promote transit-oriented development for example, there should be additional requirements for density of housing units to achieve an exception and ensure the policy goals are met. Rehab may be considered for historic districts, or areas surrounding commercial districts to promote the preservation of walkable neighborhoods. Other policy priorities may include developments of a certain size in target development zones that catalyze neighborhood transformation as opposed to a one-off single-family home.
DCA	Our understanding is that condominiums and townhomes are considered single family for purposes of tax abatement. They should not be. In order to encourage walkable transit-oriented development and home ownership development in high density neighborhoods that lack such opportunities, low-to-midrise condominiums and townhomes should be exempt from caps. The greater opportunity to spur development in underinvested census tracts is through additional incentives beyond tax abatement not offered to other census tracts.
FF	Consistent with my previous response yes for East side neighborhoods that are struggling. We need all the help we can get. Realize that tax abatement is meant to incentivize development. It is therefore a strong tool to attract investment in underserved neighborhoods.

MTC Projects should receive bonuses. Again, I disagree with caps

PMO Very limited - this should not become a loophole.

TWDC Affordable housing (need to define cut-off) and rehab/renovation should get full 15-year abatements everywhere.

Limiting the Length and Percentage of Abatement: Questions 6 - 10

A Consideration for Policymakers: There is an interest among our Working Group members to limit the length and/or the percentage of tax abatements according to the market map, but no consensus on the exact limitations

Our Working Group continues to show great interest in these possible changes but does not yet have consensus, in part due to the lack of considerations of such limitations in the tax abatement study.

Limiting the length and/or percentage is a tax abatement best practice (see tax abatement study, pages 32-33). For example, Cincinnati and Lakewood offer a range of tax abatement lengths. Columbus offers a range of tax abatement percentages according to neighborhood. St. Louis, Cleveland Heights, and Pittsburgh offers a range of tax abatement lengths and percentages according to neighborhood.

Our Working Group is open to a “both/and” approach, a combination of limitations in length and percentage, but flagged concerns about administrative burden.

Recommendation #7: Changes made to the tax abatement policy this year should be phased in, rather than immediately implemented.

Allowing a year or two for the Administration to prepare for implementation is smart and fair, though waiting until longer than that or until the next tax abatement policy renewal is too late.

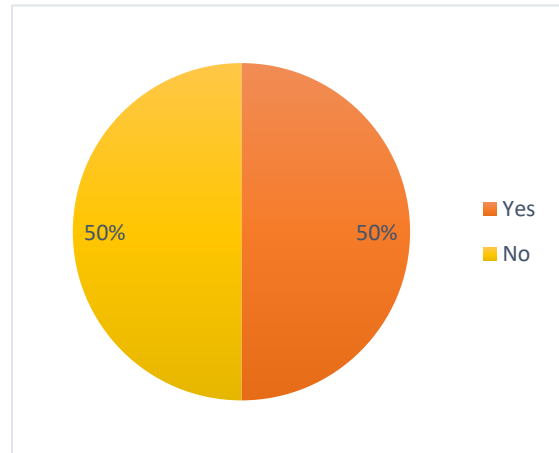
Phase-in allows ample time to appropriately “grandfather in” current tax abatement projects in pipeline.

6. Should we leave the length of tax abatements at 15 years, regardless of caps on value?

Summary of Results

Half of survey participants supported leaving the length of abatement at 15 years, regardless of any caps on value.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	Again, we need to treat affordable housing differently and, no matter the result of the market rate discussion, affordable housing should automatically be 15-year, 100% abatement.
CMHA	As opposed to varying the caps on abatement, gradually reducing abatement value over time based on demographics or neighborhood trends could be a better option. This will also reduce the burden on a property owner when an abatement suddenly goes from 100% to 0% - hopefully preventing them from selling and leaving the neighborhood / city post-abatement.
CNP	In some markets, the length of abatement should be less. This should be data-driven based on geographic boundaries like census tracts or SPA neighborhoods, but not wards.
ECP	See answers below related to stratifying the abatement based on percentage rather than length.
PMO	Length of abatement should also vary by neighborhood and be reduced significantly in market-rate census tracts.
Resident	I think we should keep the abatement for 15 years but limit the amount and the % abatement depending on market type
StLF	You should have a maybe option. My answers depend on other details.
TWDC	This may be a preferable and easier to apply way, rather than the cap that needs adjusted every year. You can adjust the different levels of tax abatement based on the strength of neighborhood over time. However, this can get tricky because hard line borders could see stark divides in what block gets developed and which does not.

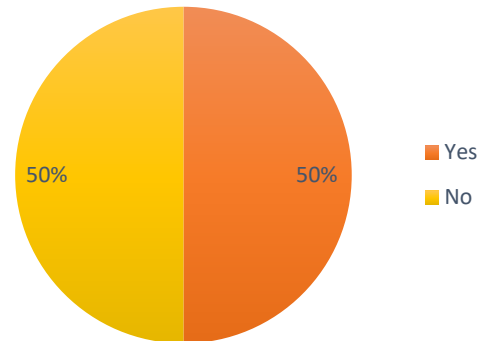
7. Should we phase in limitations on the length of the abatements over a given period of time?

For example, maintain length in the 2022 renewal and then begin to decrease the length in certain neighborhoods/census tracts/geographically targeted areas in the 2027 renewal.

Summary of Results

Half of survey participants supported phasing in limitations on the length of the abatements over time.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

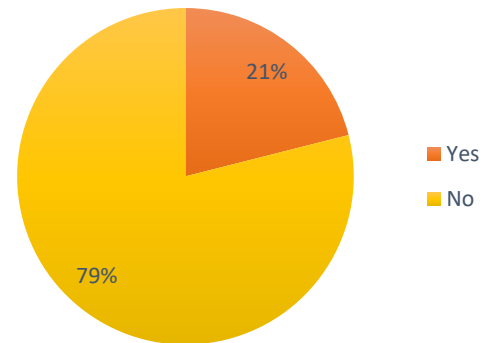
Organization	Comments
CHN	If we move forward with caps, there needs to be a phase in. This will allow for the market to adjust and plan for it. It also will allow for the City to re-evaluate its decisions in a more normalized market.
CMHA	2023-2024 may be a more viable timeline.
FF	Provided there is strong proof that neighborhoods that have been lagging behind have caught up with the rest of city.
OCI	Disincentivizing in some areas with shorter abatement periods will not lead to greater incentivizing investment in other areas. There are many more factors that lead to chronic disinvestment than tax abatement. Disincentivizing in stronger markets will simply lead to developers investing in other stronger markets with incentives outside the city.
Resident	see answer to #6
StLF	If 100% abatement is the direction the group go, I would be in favor of reducing the years of abatement for the stronger market neighborhoods.
TWDC	With the caveat that I think the phasing should happen in 2022 or in 2023 after a year delay in implementing change.

8. Or should we immediately begin limiting the length of abatements in the 2022 renewal?

Summary of Results

Only 21% of survey participants supported immediately limiting the length of abatements with the 2022 renewal of Cleveland's tax abatement ordinance.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	This would be bad policy because so many projects are already underway that are contingent upon tax abatement. If set now, there need to be a built-in grandfathering period for current projects of at least 2 years.
CMHA	2023-24 Seems more viable
ECP	Whether we stratify by length of percentage, that change should happen immediately
FF	To do so is not equitable because the assumption is every neighborhood is performing at the same level which isn't going to be true. And those neighborhoods that may be catching up but not quite there yet may still be too fragile to touch.
OBCDC	Combined with the caps, the length can be used as a tool to push investment in target neighborhoods
PMO	Immediately begin limiting length for new projects.
Resident	see answer to #6
TWDC	Perhaps a year phase in period or a year for the new Councilmembers and new administration to have time to review the tax abatement policy in full.

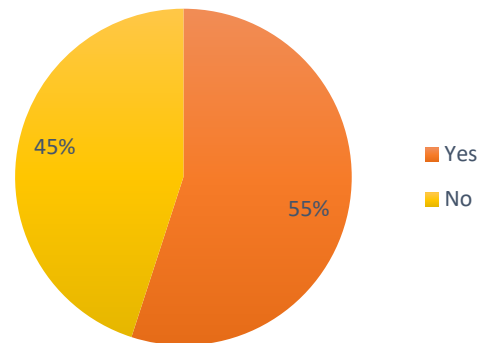
9. Should we leave the length of tax abatements at 15 years, and instead limit the percentage of added value based on market maps?

For example, the abatement length is 15 years but the first five years of abatement could be at 100% of added value, the second five years at 75%, and the final five years at 50%.

Summary of Results

A slight majority of 55% of survey participants supported leaving the length of abatement at 15 years and instead limiting the percentage of abatement, based on market maps.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	We should not over-engineer tax abatement policy with this market map concept. It can have unintended consequences of limiting the ability of LMI families to move into stronger markets. In any event, if we were to move forward with market maps, we need to exempt affordable housing.
CMHA	A gradual reduction of abatement will lessen the burden on homeowners as the tax abatement expires.
ECP	We understand this may present additional administration barriers but we are strongly in favor of this approach rather than adjusting the length
FF	What is the process of determining this structure or is the intent to unintentionally create winners and losers?
MTC	Interesting idea. Might want to get some feedback from lenders on this approach. Will they underwrite to these type of policy changes?
NNCDC	This makes the most sense to me. FOR SINGLE-FAMILY HOMES ONLY.
OBCDC	That could be effective as well

PMO We should limit the percentage and the length. I don't see (9) as an either/or thing. Additional comment added later: In short, we should do both, limit both the term and the percentage (see 10).

Resident I would support either this or #10

StLF For some neighborhoods I suggest a lower percentage immediately.

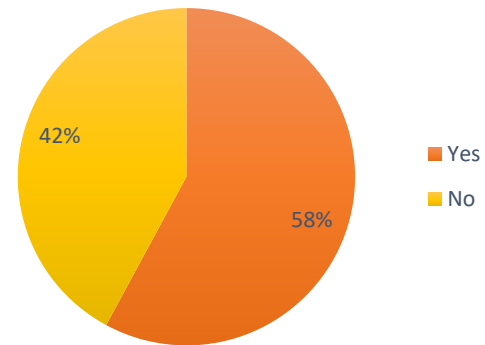
TWDC Any combination of the three choices would be fine, however, I still think it needs to be easy to implement and begin to address market areas of the city differently.

10. Should there be a combination of limitations in the length of the abatement and limitations to the added value?

Summary of Results

More than half (58%) of survey participants supported a combination of limitations in the length of the abatement and the limitations on the added value.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	This is over-engineering, unnecessarily complex, and will likely have unintended consequences. In any event, if we were to move forward with this concept, we need to exempt affordable housing.
CMHA	It's best not to over complicate the rules to ensure that they promote neighborhood development as intended. If a blend I used, ensure that it is VERY clear. For example, data may be used to determine the geographic needs, but a gradual reduction in abatement value could be consistent.
DCA	The opportunity to spur development in underinvested census tracts is through additional incentives beyond tax abatement not offered to other census tracts.
ECP	This would present too steep of administration barriers
FF	Unless there is a transparent structure to making this decision and making sure that struggling markets are excluded from the mix
PMO	We definitely need limitations to the added value based on the neighborhood. This is the most crucial piece in my view
Resident	I would support this or #9; my goal is to incentivize development where it is needed but not provide full abatements where market rate housing is thriving
StLF	Maybe, depending on the details. In some cases, I would be a proponent of a full 15 year depending on the other terms.
TWDC	Any of these ideas can certainly be moved forward, however, staff capacity must be prioritized to ensure projects can move through the process.

Geographically Targeting Abatements: Questions 11 - 12

Recommendation #2: Broadly speaking, tax abatement policy should be geographically targeted based on the market map presented by the Department of Community Development.

In December, the Department of Community Development presented to our Working Group on a new proposal, built as a part of the Middle Neighborhoods Initiative, to geographically target tax abatement with a data-driven approach that classified each census tract as either market rate, middle market, or underinvested.

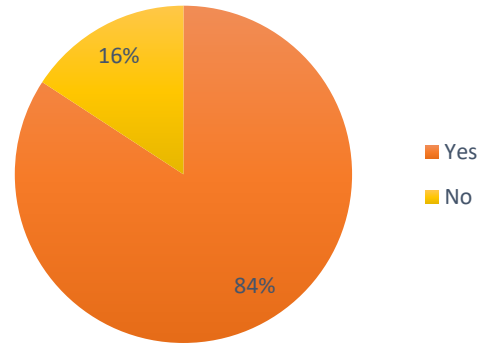
Our Working Group supports updating market maps for geographically targeting could be annually to biannually or at another interval.

11. Broadly speaking, should the city adopt geographic targeting of the tax abatement, as presented by the Department of Community Development?

Summary of Results

The Equitable Community Development Working Group recommends, broadly speaking, that the city adopt geographic targeting of tax abatements, as presented by the Department of Community Development.

A majority (84%) of survey participants voted in favor of geographic targeting based on the market maps shared by the Cleveland Department of Community Development.



This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.

Comments

Organization	Comments
CHN	No, this is over-engineering and will yield inequitable results for all neighborhoods by limiting the availability of affordable housing. Again, this needs to exempt affordable housing. Affordable housing, both multi-family and single family, rely on tax abatement for the deals to pencil because of the limits on rents and purchase price. Additionally, if we adopt targets and they include affordable housing, this will not align with the preferences of the Ohio Housing Finance Agency and will hurt the City's ability to compete for tax credits. OHFA's current preferences include locating projects in stronger markets. Also, even though OHFA doesn't currently consider either of the following criteria, they have in the past and could again. First, they used to provide points for projects that have tax abatement. Second, they used to provide points for projects with must pay debt leverage. Projects in stronger markets can achieve closer to the OHFA rent caps and therefore are more likely to be able to pay debt service.
CMHA	In many neighborhoods tax abatement has achieved its goals, and those incentives can now do their part in other neighborhoods
ECP	Absolutely, we strongly support stratifying the tax abatement policy by neighborhood. We will never achieve more equity without such a consideration.
FF	Interesting concept but we need to know what type of data and how long it should be collected to ensure that there is real market strength. How long will data from a

particular census tract show strong market demand to be assumed stable and therefore no additional intervention needed. If the area is left too soon it could be a mistake. Let be certain in the decisions we make.

NNCDC

The city should definitely incentivize investment in under-invested areas.

OCI

Disincentivizing in some areas with shorter abatement periods will not lead to greater incentivizing investment in other areas. There are many more factors that lead to chronic disinvestment than tax abatement. Disincentivizing in stronger markets will simply lead to developers investing in other stronger markets with incentives outside the city.

PMO

We could also add in the analysis done in the tax abatement report on high-pressure block groups

Resident

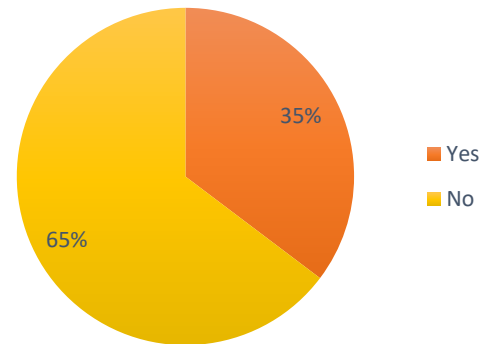
I think this is the best way to ensure that abatements are directed toward areas that need development

12. Should the tax abatement policy continue the current 15-year length of tax abatements from 2022 through 2026, and in 2027 shift to a tiered duration based on market maps for census tracts determined to be market rate, middle market, and underinvested.

Summary of Results

Only 35% of survey participants supported continuing the current 15-year length of tax abatement throughout the duration of the upcoming renewal period (2022 through 2026).

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
BBC	Four years is too long of a grace period--It should start in 2024
CHN	If maps become the standard, then yes, but we should not adopt a maps-based approach. This is over-engineering and will yield inequitable results for all neighborhoods by limiting the availability of affordable housing. Again, this needs to exempt affordable housing. Affordable housing, both multi-family and single family, rely on tax abatement for the deals to pencil because of the limits on rents and purchase price. Additionally, if we adopt targets and they include affordable housing, this will not align with the preferences of the Ohio Housing Finance Agency and will hurt the City's ability to compete for tax credits. OHFA's current preferences include locating projects in stronger markets. Also, even though OHFA doesn't currently consider either of the following criteria, they have in the past and could again. First, they used to provide points for projects that have tax abatement. Second, they used to provide points for projects with must pay debt leverage. Projects in stronger markets can achieve closer to the OHFA rent caps and therefore are more likely to be able to pay debt service.
CMHA	If there is an interim timeline it may be more beneficial for neighborhoods that haven't benefitted from the program as much as others at this point.
ECP	No, the tax abatement should stay at 15 years.
FF	Again, an interesting concept as long as there is clear policy and understanding ho to reach at these milestones. The east side of Cleveland has pockets of market strength and unless the areas of strengths are encouraged by continued incentives chances

are the gains made may be lost, so we have to be careful how and when the cut off can happen

Resident I like this approach but I think the tiered approach should begin in 2023. There is too much pressure in market rate neighborhoods now. So, I don't know whether to say yes or no here.

OBCDC The need is present in middle and underinvested markets, why wait?

PMO We need to change the policy in 2022, not 2027

TCF Should consider immediate changes.

TWDC Needs to be implemented sooner.

Advancing Policy Priorities with Tax Abatement: Questions 13 - 20

Recommendation #3: Tax abatement policy should include exceptions to the cap for identified policy priorities.

Recommendation #4: Tax abatement policy should maintain the current green building standards required as a baseline.

Recommendation #5: Tax abatement policy should upwardly adjust limitations on length and/or percentage based on the following policy priorities:

- A. Affordable housing (generally defined at or below 80% AMI)
- B. Rehab and renovation
- C. Transit-oriented development
- D. First-time homebuyers
- E. Multi-family workforce housing (80% and 120% AMI)
- F. Single-family workforce housing (80% and 120% AMI)

It is important to carefully craft and monitor policy priority exceptions to ensure they are not loopholes.

Other tools may better accomplish certain policy priorities, such as incentivizing first-time homebuyers.

Please note, our Working Group discussed other policy priorities that did not reach consensus.

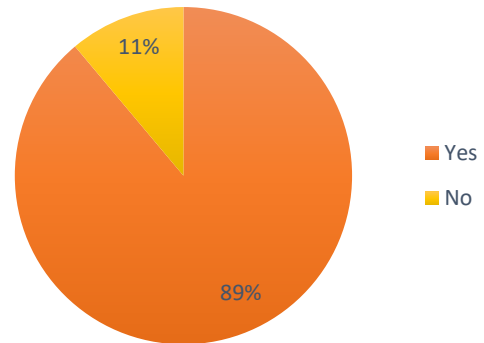
It is worth elevating that affordable housing had nearly unanimous support as critical policy priority.

13. Green Building Standards: Should the tax abatement policy maintain the city's current green building standards in tax abatement policy?

Summary of Results

The Equitable Community Development Working Group recommends, maintaining the city’s current green building standards in its tax abatement policy.

A majority (89%) of survey participants voted in favor of maintaining the current policy on green building standards.



This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.

Comments

Organization	Comments
BBC	There should be some flexibility in the application of the standards
CHN	We should maintain the current standard for substantial rehab and new construction. However, we should not for light to moderate rehab. Currently, it is prohibited to use this tool in light to moderate rehab of single-family homes, limiting one tool for the development of existing single family housing stock for rental or homeownership.
CMHA	A certain level of green standards should be retained for any project that municipal funding is applied.
ECP	Yes, this should be the minimum expectation for tax abatement and any other publicly subsidized building
FF	Green Standards should be maintained provided we recognize the size and cost differences on renovated homes, especially historic houses, as we discuss tax abatement capping. Green building comes at a cost and the older, larger the house the more expensive to renovate and ordinarily expected to cost more. If you cap tax abatement this becomes an issue that will affect development.
NNCDC	Green standards should be a threshold requirement. The key is affordability.
OCI	If every policy that has the ability to impact climate change, should find a way to do so.

Resident One question I did not think to articulate in our earlier discussions is whether there is an opportunity to use tax abatements to incentivize renovations or new construction that maintain or increase the tree canopy and green space. I don't know if that is covered by green building standards.

Some developers in Ohio City are turning back yards into a row of town homes. Such developments are changing neighborhoods from spaces with trees and birds to places without any green space.

I realize that there are reasons to promote density, especially along transit routes, but with climate change, there is also a need to preserve trees and green space.

I also know that there is a movement to allow people to add dwelling units, allegedly to promote affordability. However, the townhomes being squeezed in the alleys near me are not affordable (some are being marketed at prices well over \$300,000 up to \$700,000.) I hope that caps will prevent such developments from receiving tax abatements going forward.

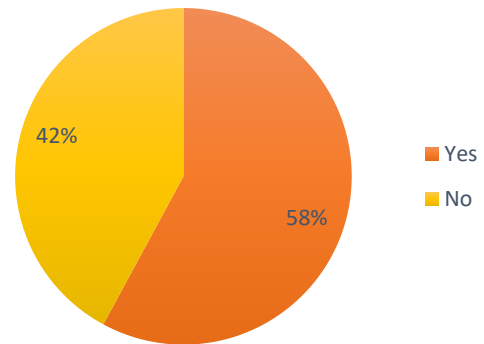
While I hope LOOP legislation may protect long term homeowners from raising property taxes, there is also the issue of changing a neighborhood from one with yards with trees and green space to one with concrete, lacking trees and green space.

StLF Open to supporting reduced requirements.

14. **Green Building Standards:** Should the tax abatement policy incentivize more aggressive green building standards with upward limitations to tax abatement caps, length, or percentage of abatement?

Summary of Results

A majority of 58% of survey participants supported incentivizing more aggressive green building standards by providing upward adjustments to tax abatement caps, length, or percentage of abatement.



This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.

Comments

Organization	Comments
CHN	We should maintain the current standard for substantial rehab and new construction. However, we should not for light to moderate rehab. Currently, it is prohibited to use this tool in light to moderate rehab of single-family homes, limiting one tool for the development of existing single-family housing stock for rental or homeownership.
CMHA	This seems like a policy that will be a burden for lower income homeowners to achieve, but standards they would benefit from the most.
CNP	We should be careful not to make the requirements too difficult. For example, we still want homeowners doing rehab to understand the requirements and be able to meet them.
FF	My point above if we go that route
DCA	More aggressive green building standards should be incentivized with additional resources or with streamlined “fast track” permitting.
MTC	There should be a separate bonus for this
TWDC	Set one standard, use different incentives to create greener options.

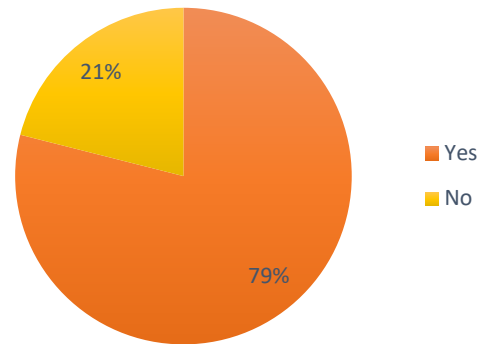
15. **Transit-Oriented Development:** Should the tax abatement policy incentivize single-family and multi-family transit-oriented development with upward limitations to tax abatement caps, length, or percentage of abatement?

Summary of Results

The Equitable Community Development Working Group recommends incentivizing transit-oriented development by providing upward adjustments to tax abatement caps, lengths, or percentage.

A majority of 79% of survey participants voted in favor of incentivizing transit-oriented development in the reauthorization or the city’s tax abatement ordinance.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	This is an over-engineering of abatements and will have unintended consequences, particularly, if we are truly trying to create a TOD lifestyle/culture. We need to define what TOD means and that should depend not just on the location of a bus stop, for example, but the quality of access.
CMHA	Upward limitations should only be granted to developments of a certain scale / number of units and that meet targeted density goals.
CNP	There could be some additional nuance to TOD-based incentives. For example, maybe they should only apply in middle and underinvested markets. Either way, the city should partner with RTA to designate TOD zones for these incentives.
NC	More keen to incentive multifamily TOD
NNCDC	Some under-invested areas are also transit deserts. Some areas with great transit are very healthy housing markets. TOD should be encouraged but affordability remains key.
Resident	I say Yes, but only if there is also an affordable housing component in that development
TWDC	But should be tied to affordability in TOD

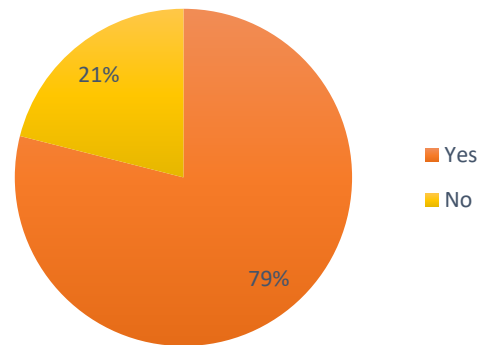
16. First-Time Homebuyers: Should the tax abatement policy incentivize first-time homebuyers, such as upward limitations to tax abatement caps, lengths, or percentages of abatement?

Summary of Results

The Equitable Community Development Working Group recommends providing an incentive for first-time homebuyers with upward adjustments to tax abatement caps, lengths, or percentage.

A majority of 79% of survey participants voted in favor of providing an incentive for first-time homebuyers in the tax abatement program.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	I am torn by this one because this answer very much depends on whether there is geographic targeting and/or caps. If the value cap is at 350,000, then I don't see why it would be necessary because \$350,000 is affordable to a 150% or higher AMI (income of \$94,320) two borrower household. However, if the value cap is 50% because of geographic targeting, then probably yes. In all, if there are caps of any kind, I'd like to see an incentive for people who are at or below 150% AMI.
CNP	There are other development tools that might be more appropriate to support first-time homebuyers. Tax abatement could work, but it is not the best fit.
DCA	Condominiums and townhomes should not be considered single family for purposes of tax abatement.
ECP	We do not feel strongly about this recommendation. It seems fine but that other tools, like down payment assistance, may better incentivize first down homebuying.
NNCDC	I am not sure about this but I marked yes because it is interesting.
Resident	should there be income limits? higher incentive for lower income individuals?
TWDC	Over complicates. Use different tool for this.

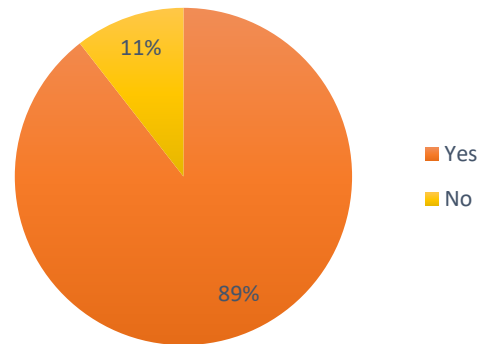
17. **Affordable Housing:** Should the tax abatement policy continue to provide 100%, 15-year tax abatement for multi-family, affordable housing (generally defined at or below 80% of Cleveland’s Area Median Income)?

Summary of Results

The Equitable Community Development Working Group recommends continuing the current policy of providing 100%, 15-year tax abatements for multi-family, affordable housing developments.

An 89% majority of survey participants voted in favor of maintaining the city’s current tax abatement policy for multi-family, affordable housing.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
BBC	For both first time and affordable home owners, a gradually decreasing abatement on a tiered level is ideal so that they slowly experience the tax increase instead of experiencing it all at once in year 15 as they do currently.
CHN	Affordable housing should be 100% abated for 15 years, new construction and preservation, city wide. Without it, the numbers just don't work. Also, we should be encouraging mixed income neighborhoods and not limit to neighborhood strength. I can't see a scenario that is equitable if we do not provide abatement for 80% or less because a project happens to be located in a stronger market. Additional, if we do this, it will make Cleveland automatically less competitive for LIHTC applications because OHFA is incentivizing projects to locate in strong sub-markets in its scoring.
CMHA	Affordable housing may benefit from a larger tax abatement, but will suffer the most without a gradual decrease in abatement and increase in taxes, eliminating the affordability of the development.
ECP	Absolutely, this was a basic assumption as a part of the tax abatement study. Without ongoing tax abatement for affordable housing, we may cripple new production.
FF	The very reason developers are flocking to the trade. Because of the difficulty of managing Affordable housing throughout the compliance period the incentive makes it

plausible at the same at the end of the 15 years of the abatement the bill becomes onerous to the project. Why is tax abatement not extended to the 30 years of compliance but stops at 15 years especially the single LP projects?

NNCDC Absolutely! It would be great if the tax abatement could be even longer to ensure the financial health of multi-family affordable housing.

StLF Maybe

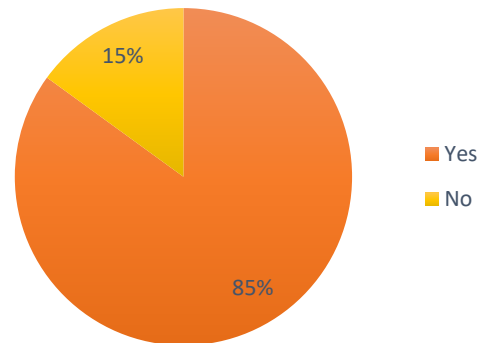
18. **Multi-Family Workforce Housing:** Should the tax abatement policy incentivize multi-family developments (ie. workforce housing) for middle-income renters (between 80% and 120% of Cleveland’s Area Median Income)?

Summary of Results

The Equitable Community Development Working Group recommends incentivizing multi-family housing for middle-income renters.

An 85% majority of survey participants voted in favor of providing incentives through tax abatement for developments that provide housing for middle-income renters, alternatively known as “workforce housing.”

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	If there are caps, we should incentivize this multifamily workforce housing up to 120% AMI. With our local rents being relatively low, we will not be able to build or preserve this naturally occurring affordable housing without it.
CMHA	Yes, but at the same level as any other development unless within a targeted redevelopment or TOD area for example
ECP	This presents an opportunity for developers to game the system. There are other tools that would better incentivize, and regulate, this type of new production.
FF	Definitely! The residents make a tad too little to be considered rich and a tad too much to be considered poor. Therefore, incentivizing multifamily developments will bring additional need units to the market.
NNCDC	Depending on the area.
TWDC	I did appreciate the but-for test to understand the long-term need of abatements to build multi-family.

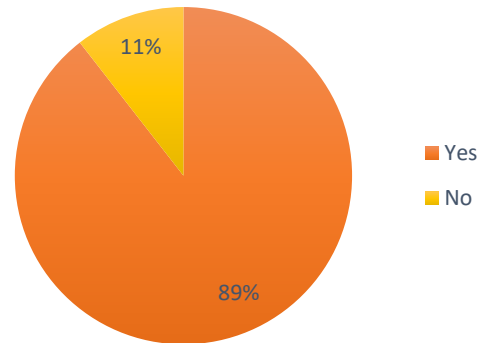
19. **Single-Family Workforce Housing:** Should the tax abatement policy incentivize homes for middle-income buyers (between 80% and 120% of Cleveland’s Area Median Income)?

Summary of Results

The Equitable Community Development Working Group recommends providing incentives for middle-income buyers through the tax abatement program.

An 89% majority of survey participants voted in favor of providing incentives through tax abatement for middle-income homebuyers.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



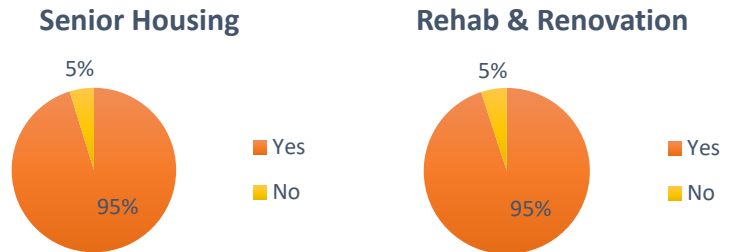
Comments

Organization	Comments
CHN	If there are caps, we should incentivize single family workforce housing. A two-borrower household at 120% AMI is making 75,456 and a one borrower household is making \$66,024. I would argue that we should incentivize up to 150% AMI, which makes \$94,320 (two borrower household) or \$82,530 (one borrower household)
CMHA	Yes, but at the same level as any other single-family home unless within a targeted redevelopment of a larger scale that catalyzes neighborhood development priorities.
ECP	Unlike the previous answer, this would be easy to implement and track and would present an opportunity for developers to contribute to creating more mixed-income communities
FF	See above. They make just enough to pay their bills but always one check away from being homeless.
NC	Unsure, I don't know the research on this; does this product even exist, would the tax abatement allow it to exist?
NNCDC	Depending on the area

20. Other Policy Priorities: What other policy priorities should be considered for incentivizing?

Summary of Results

The Equitable Community Development Working Group recommends using the tax abatement policy to provide incentives for senior housing and rehab and renovation of existing homes.



A 95% majority of survey participants voted in favor of using the tax abatement policy to incentivize senior housing and the rehabilitation and renovation of existing homes.

These percentages are above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.

Comments

Organization	Comments
CHN	If there are caps, yes, we should include asset class prioritizations. Another would be for permanent supportive housing and transitional housing. Without it, you will concentrate that housing in areas of higher poverty which is inequitable and discriminatory.
DCA	We support upward limitation for the above community priorities over the baseline of 100% for 15 years or through additional incentives beyond tax abatement.
ECP	Senior housing would be better supported through other tools but rehab and renovation must be better supported through the tax abatement policy
FF	Family housing is the most difficult to manage. Additional incentives should be provided in order to bring more units into the market
NNCDC	Senior <i>affordable</i> housing. <i>Luxury</i> senior housing should not be considered.
Resident	senior housing for many income levels needs to be incentivized
TWDC	I am perfectly comfortable with Ed and Emily making final suggestions as we have been at this a long-time and I trust that they can synthesize the information over the years and best practices elsewhere to make the right suggestions. Rehab/renovation should stay at 15 years 100% and be made easier to get.

Requiring Community Benefits Agreements for Tax Abatement: Questions 21 - 31

Recommendation #6: Multi-family, market rate tax abatements should require Community Benefits Agreements (CBAs). Those CBAs should include:

- Guidelines and standardized policies, developed by the Department of Community Development, to implement CBAs, including any consideration of affordability requirements.
- Minority hiring goals, workforce development goals, and other neighborhood-specific hiring goals, developed by the Department of Community Development.
- A claw-back provision that would rescind the tax abatement for non-compliance.

Our Working Group considered and showed interest in CBAs requiring affordable housing, particularly in the form of set aside requirements and in-lieu-of fees, but is open to other affordable housing mechanisms.

CBAs with a uniform affordability requirement remove inconsistencies from neighborhood to neighborhood.

It is important to ensure that CBAs are not manipulated as development gatekeeping opportunities.

Minority hiring goals, workforce development goals, and other neighborhood-specific goals may be best considered when other public subsidies are at play. The size of the projects should also be kept in mind.

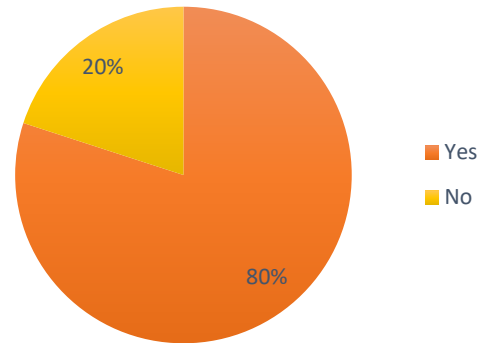
21. Generally, should the tax abatement policy require Community Benefit Agreements (CBAs) for any multi-family, market-rate projects in market-ready geography?

Summary of Results

The Equitable Community Development Working Group recommends generally that the city’s tax abatement program should require Community Benefit Agreements for any multi-family, market-rate projects in market-ready geographies.

An 80% majority voted in favor of requiring Community Benefit Agreements for multi-family, market-rate developments in market-rate geographies.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
BBC	With a plan for enforcement,
CHN	CBAs should not be required. There are two ways to handle this. One would be through tax abatement. Another would be an inclusionary zoning ordinance. The later feels like the better option. The effectiveness and reasonableness of CBAs depend upon how they are administered. CBAs can be fraught with abuse and have too many variables based upon political whims if not administered correctly.
CMHA	Developments over a certain size / market price point should require these. This will make an important statement about the value of equity in Cleveland. It should promote shared infrastructure public space improvements for neighborhoods that will benefit residents regardless of their economic status. However, it should be public space that is not directly tied to a development such as an internal courtyard, etc. that will only benefit higher-income residents by the nature of its design
DCA	CBAs should be incentivized through additional incentives beyond tax abatement as a baseline.
ECP	Yes, it is critical that this requirement be written into the law to ensure it is not only done by the city, but done consistently for every project across the city
FF	Especially if the developers are out of town developers coming to the neighborhood for the first time. And because tax abatement are available to new developments and

substantial rehabs legacy residents are not recognized for all the years they have been in the neighborhood-in good and bad times. The CBA is one way of assisting especially the seniors who are on fixed income and have lived in the neighborhood almost all their lives but have deferred maintenance on their homes.

NNCDC *If tax abatement continues for fully market-rate development. I do not believe it should.*

OBCDC Assume "market ready" to mean stabilized with sustainable private investment driving market conditions

OCI Developers will always find a way to meet the but for clause. I would rather any juice in the grape get squeezed for affordability or other CBA items.

22. Specifically, should all CBAs address affordable housing? How affordable housing is addressed could be determined on a case-by-case basis or through a standard process (see next question).

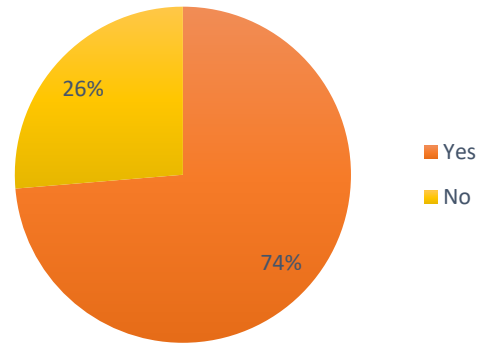
Summary of Results

A 74% majority of survey participants supported a requirement that all Community Benefit Agreements address affordable housing.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.

Comments

No comments were provided for this survey question.

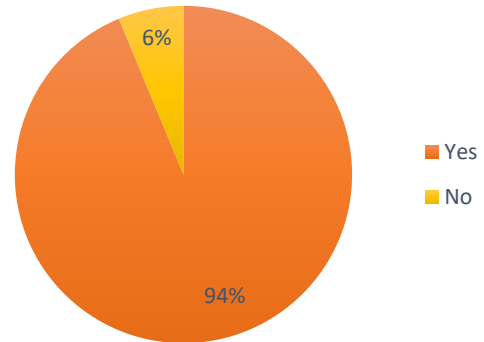


23. Even more specifically, any CBAs would be required to address affordable housing by agreeing to one of the following options: an in-lieu-of fee paid to a city housing fund or a certain number of affordable units included in the development?

Summary of Results

The Equitable Community Development Working Group recommends that any Community Benefit Agreement be required to address affordable housing by agreeing to one of the following options:

- A. An in-lieu-of fee paid to a City Housing Fund, or**
- B. A certain number of affordable units included in the development.**



A majority (94%) of survey participants voted in favor of this requirement.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.

Comments

<i>Organization</i>	<i>Comments</i>
<i>CHN</i>	Yes, creating a uniform standard is really important to create certainty and to avoid the potential for abuse.
<i>CMHA</i>	The inclusion of affordable housing with Project Based Vouchers on a percentage of units could count as a CBA, as would public space / infrastructure funding as mentioned in the answer to Question 22
<i>CNP</i>	With CBAs, flexibility is good to have, and we would recommend including other options that help address the community's needs in the area of development.
<i>ECP</i>	We would consider other mechanisms but these are best practices seen in other cities across the nation. Selecting the appropriate calculations will be a challenge but it is absolutely doable.
<i>FF</i>	But with clear understanding on distribution process to make sure it does not go to select neighborhoods.
<i>OCI</i>	If there is an in-lieu of fee, those dollars should be kept for affordable housing in the neighborhoods where said project is being developed.

PMO This should focus on affordable units; if there is to be a fee, it should be substantial so that it contributes meaningfully to affordable housing. Developers should not be able to cheaply buy their way out of affordable housing requirements.

TWDC The in-lieu-of fee needs to provide affordability in proximate areas of where the development that is paying the fee is located.

24. As it relates to CBAs, should the tax abatement policy require the Cleveland Department of Community Development to develop guidelines and standardize policies to implement CBAs?

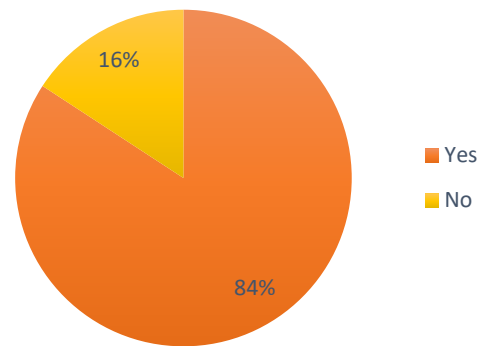
This would include setting in-lieu-of-fee calculation and affordable unit calculation.

Summary of Results

The Equitable Community Development Working Group recommends that the City require the Department of Community Development to develop guidelines and standardize policies to implement Community Benefit Agreements.

A majority (84%) of survey participants voted in favor of this requirement.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	If we move forward with CBAs, yes, CD should develop guidelines and standardize practices. It creates more objectivity and a city-wide view. It also eliminates much of the abuse with council people or other elected officials holding up a project with unreasonable requirements for a CBA.
CMHA	Clear expectations and a range of options are the only way to ensure this meets the intention set for it, and is applied equitably to all developments that CBAs will apply.
CNP	Perhaps there could be exceptions when the local councilmember or CDC (or both) object to the CBA and have an alternative recommendation that could serve in its place.
DCA	CBAs should be developed as a part of an overall incentive options with tax abatement as a baseline and additional programs with further incentives.
ECP	The legislation should include the mandate that it is done but leave space for the Administration to determine the details.

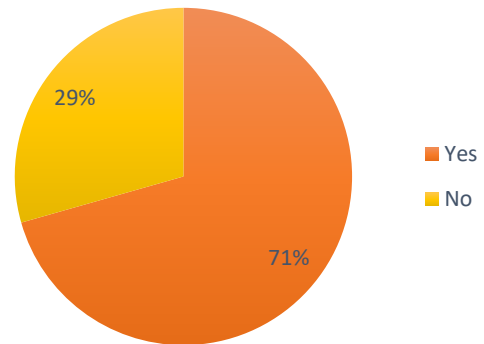
- FF* Such that anyone coming in will know what is expected and to remove elected representatives from making residential deals.
- TWDC* Yes, yes yes! The truth is that CDCs have tiny budgets. The city has a team of lawyers and a large budget. Or this could be handled by contract with the city by a locally established intermediary organization.

25. As it relates to in-lieu-of fees paid into a City Housing Fund, should a portion of those funds paid by a developer be required to be used within the SPA neighborhood where the development is located?

Summary of Results

A 71% majority of survey participants agreed that a portion of in-lieu-of fees paid into a City Housing Fund should be required to be used in the Statistical Planning Area neighborhood where the development that paid the funds is located.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	Although this may seem like a no-brainer, I think this is a nuanced answer. If our policy preference is to ensure that we have mixed income or affordable housing within neighborhoods or within the building that are being developed this makes sense. However, if we do not put that onus on the developer who is otherwise developing the project either in the form of creating units within the development or outside of it, then I'm concerned that dollars set aside in some neighborhoods will go unused because of a lack of capacity of CDCs or other non-profits in some neighborhoods. When I used to work in Seattle in the early/mid 2010's, developers had the ability to either develop the affordable housing within their current development or as a separate deal that needed to be built on a defined timeline.
CMHA	The CBAs should apply either: 1) in full to the neighborhood that the development lies in if in a lower income neighborhood, or 2) a smaller portion of the CBA applied to the home neighborhood if a higher income neighborhood and the remainder applied to a lower income neighborhood. It's important that at least a portion of the CBA be applied to the neighborhood in which the project is being built. However, if the CBA is for the inclusion of affordable housing units, that should be applied in the neighborhood the development is being built – particularly if a higher income neighborhood to ensure a mix of affordable units.
ECP	We would consider requiring this but think it would be difficult to administer and may undermine the idea of a fund. Instead of requiring a portion of every contribution, the overall fund could have some sort of overall geographic investment requirements, perhaps according to the market maps.

<i>FF</i>	Only fair that the neighborhood immediately adjacent to the development receive a major share of the pot. After all they are the ones to be mostly impacted by the development including but not limited to noise, traffic, dust, etc.
<i>OCI</i>	100% of those funds should be used in the SPA / neighborhood the development is located in.
<i>Resident</i>	not sure about this; perhaps market rate neighborhoods may not need the funds; then again it could be used for affordable housing in those neighborhoods
<i>TWDC</i>	Or in defined acceptable geographies

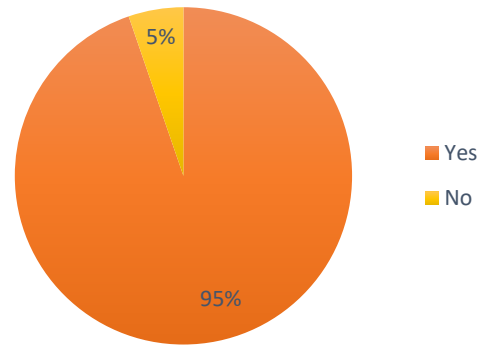
26. As it relates to CBAs and tax abatements, should legislation explicitly require a "claw back" provision that would rescind the tax abatement if the development fails to meet the requirements of the CBA?

Summary of Results

The Equitable Community Development Working Group recommends that tax abatement legislation explicitly include a “claw back” provision that would rescind the tax abatement if a development fails to meet the requirements of its Community Benefit Agreement.

A 95% majority of survey participants voted in favor of this claw back provision.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



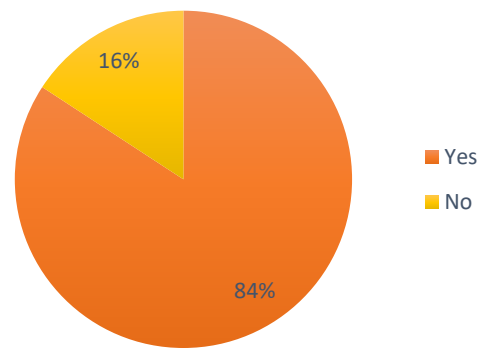
Comments

Organization	Comments
BBC	But, a lot of times those "claw back" or re-payment provisions hit non-profit developers hardest. We are the easiest to find because we still exist years after the deal. A for-profit developer can change its name or cease to exist and there would be no assets to "claw back".
CHN	Yes, this would give the CBA teeth, but should not be automatic. It should be one of the potential enforcement remedies.
CMHA	If put in place, this would help to enforce developers to follow through on the intent of the program.
CNP	"Claw back" may not be the right language here; rather, the city should have clear and immediate authority to unilaterally cancel the tax abatement for a project when it can demonstrate that the CBA has not been satisfied at any point during the length of the abatement.
DCA	Not sure how that would be enforced
FF	If we want the policies to be taken seriously, yes.

27. As it relates to CBAs and tax abatements, should the Cleveland Department of Community Development develop minority hiring goals, workforce development goals, and other neighborhood-specific hiring goals for inclusion in every CBA?

Summary of Results

The Equitable Community Development Working Group recommends that the Cleveland Department of Development develop minority hiring goals, workforce development goals, and other neighborhood-specific hiring goals for inclusion in all Community Benefit Agreements.



A majority (84%) of survey participants voted in favor of requiring these goals in Community Benefit Agreements.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.

Comments

Organization	Comments
BBC	There should be infrastructure in place to fill those positions with neighborhood residents. Just stating it in the CBA will not make it happen. They should pay the local CDC A fee to help them fill those jobs. That will also make sure that it's not an empty promise
CHN	Yes, there should be goals for minority hiring. Both workforce development goals and neighborhood specific hiring goals should not be specific requirements. Workforce development is undefined and seems tangential to the purpose of the developer's work. The neighborhood hiring requirement is too specific and the quality and availability of potential workforce wildly varies by neighborhood.
CMHA	For developments over a certain size that get City funding (in this case through long-term funding incentives) the projects should continue to meet hiring goals.
DCA	Only as a part of broader line up of incentives in addition to tax abatement.

ECP Yes, but we should consider if this make sense for when there are other public subsidies in the deal. This could be too high a bar for the value of the tax abatement, especially abatements for smaller projects. Perhaps it should be considered but not necessarily required in every CBA.

FF It goes without saying because most Affordable Housing projects are in the African American/Latino neighborhoods and they need a piece of the pie.

PMO Important that these be included.

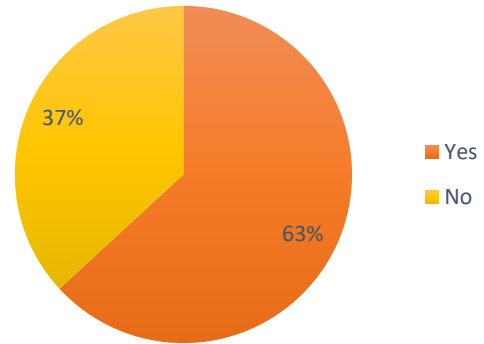
Resident Does the community development department have sufficient staff to do this?

28. Generally, should the tax abatement policy mandate a "but-for" test for multi-family development projects over a certain size to require a higher burden of proof that a tax abatement is necessary for financing?

Summary of Results

A 63% **majority** of survey participants supported mandating a "but-for" test for multi-family projects to prove that a tax abatement is necessary for financing.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



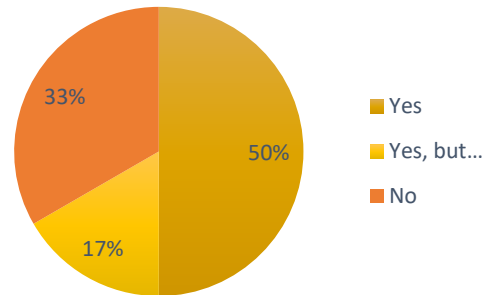
Comments

Organization	Comments
CHN	If the recommendation is yes, then it needs to exempt affordable housing because most LIHTC and multifamily affordable projects are over \$5MM and will need tax abatement, so it's unnecessary to put these already complex projects through another administrative hoop. To the extent that there is a but-for test, we should look to other incentives like the New Markets Tax Credit as an example on how CD would administer such a test.
CMHA	If an incentive is applied to a multi-family development, this should be applied equitably to all. The CBAs that would come from it will still provide a larger benefit to the community.
CNP	But-for tests are easily manipulated by the addition of "fees" and other expenses to the project's costs. We need a better test. The idea is sound, but not in practice.
DCA	Not sure how this could be managed
FF	As long as it does not apply to the east side of Cleveland where economic activity is anemic.
NC	My impression is that few projects are turned down because of this requirement.
OCI	Developers will always find a way to meet the but for clause. I would rather any juice in the grape get squeezed for affordability or other CBA items.
PMO	The principle is worthwhile, though as others say this is very hard to enforce. Financial statements should be provided on a regular basis to provide transparency.

29. Should a "but-for" test be required for any multi-family project with abatement values at or above \$5 million?

Summary of Results

A majority of 50% of survey participants supported requiring a "but-for" test for any multi-family project with abatement values at or above \$5 million, and another 17% of survey participants supported this requirement but at a different level other than \$5 million. Combined, those answering "yes" were 67% of participants.



However, neither alone nor together, these percentages **do not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.

Comments

Organization	Comments
CHN	If the recommendation is yes, then it needs to exempt affordable housing because most LIHTC and multifamily affordable projects are over \$5MM and will need tax abatement, so it's unnecessary to put these already complex projects through another administrative hoop. To the extent that there is a but-for test, we should look to other incentives like the New Markets Tax Credit as an example on how CD would administer such a test. If we were to define a but-for test, I would make it for a larger project such as \$20M. I'm not sure why we picked \$5MM as the target.
CMHA	Like the single-family homes discussed in Section 2, multi-family projects should have a similar cap to the value of the tax abatement.
CNP	But-for tests are easily manipulated by the addition of "fees" and other expenses to the project's costs. We need a better test. The idea is sound, but hard to put into practice.
ECP	We would consider other amounts but \$5 million was recommended in the tax abatement study.
NNCDC	All multi-family projects
OCI	Developers will always find a way to meet the but for clause. I would rather any juice in the grape get squeezed for affordability or other CBA items.
Resident	I lack knowledge to know what the dollar figure should be
TWDC	Any multi-family project should be required to submit their financials as if they were applying for a loan. Why does the city not get to see what they are investing in?

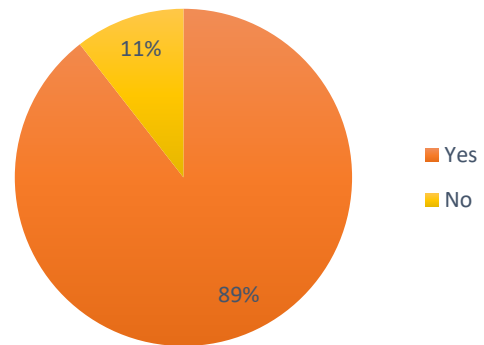
30. If a "but-for" requirement is included, should the tax abatement policy include an exception for all affordable housing developments?

Summary of Results

If a “but-for” test is included in the tax abatement reauthorization, then the Equitable Community Development Working Group recommends that the policy include an exception for all affordable housing developments.

An 89% majority of survey participants voted in favor of creating this exception for affordable housing developments to a “but-for” test.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

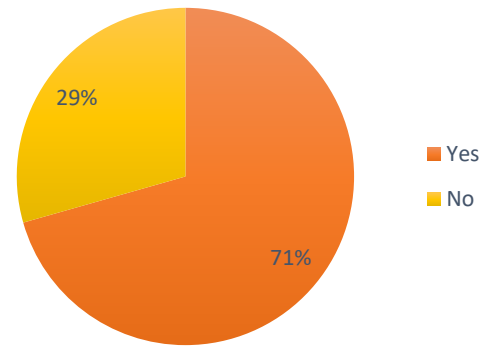
Organization	Comments
CHN	Yes. All affordable housing projects will need the tax abatement by their nature, we should be incentivizing the development and preservation of affordable housing without putting additional administrative barriers on the projects and without tax abatement, they likely will not be competitive under OHFA's 9% competitive round as further described above.
PMO	If they are actually affordable for most Clevelanders
Resident	It is crucial that affordable housing be incentivized
StLF	Maybe

31. If a "but-for" requirement is included, should we include an exception for market-rate, multi-family projects in which at least one-third of units are designated affordable housing for the duration of the tax abatement?

Summary of Results

A 71% majority of survey participants supported including an exception to the "but-for" test for market-rate, multi-family projects in which at least one-third of all units are designated affordable housing for the duration of the tax abatement.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	If included, yes, but the number should not be 1/3. It would be 20% of units like most inclusionary zoning ordinances and other incentive programs such as New Markets Tax Credits.
CMHA	A CBA that would require the provision of Project Based Voucher on a percentage of units would do more to preserve affordable housing in mixed-income neighborhoods.
CNP	By definition, this type of market-rate, multi-family housing is mixed income. That should qualify for abatement.
ECP	We would consider other fractions of affordability too - perhaps the standards should be higher or lower depending on the neighborhood.
NNCDC	Maybe?
Resident	Seems like a good idea; not sure about whether the number should be 1/3 or some other percentage.
TWDC	I still think that the city should be able to review the financials of the project to understand the need and what it is the city is investing in, regardless of the size
StLF	Maybe

Administration of Tax Abatement – Monitoring and Reporting, Renewal, and Application Process: Questions 31-38

Recommendation #8: The Department of Community Development should annually monitor and report on the tax abatement policy.

Recommendation #9: The Department of Community Development should implement a digital application process for tax abatements.

Recommendation #10: The Department of Community Development should submit a report to the Mayor and to City Council 18 months after reauthorization of the tax abatement policy, outlining all process improvements implemented to date and all of those that are still in progress.

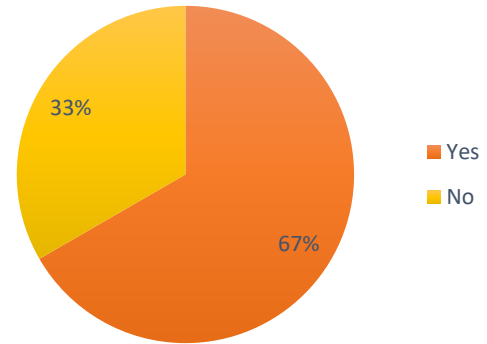
Monitoring and reporting could be done annually or in intervals at 2 or more years.

32. Should City Council be required to review and consider updates to the city's tax abatement ordinance if data (ie, neighborhood maps, displacement pressure, growing affordability challenges, etc.) indicates substantial neighborhood change?

Summary of Results

A 67% majority of survey participants supported the requirement that City Council review and consider updates to the tax abatement policy if data indicates substantial neighborhood change.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
BBC	As our legislative body, this review would ensure a check and balance for the executive branch of city gov't.
CHN	Although this may seem like a no-brainer, the answer depends upon the frequency and intent. Tax abatements should be a medium to long term view. Markets constantly evolve year to year and this would put unnecessary political pressure in the short term.
CMHA	For a city-wide policy such as this another entity as the reviewer could relieve unintended outside pressure placed on a geographically-based representative.
DCA	Very important to define substantial neighborhood change – by census tract? Neighborhood boundary? CDC service area?
ECP	We would consider an automatic trigger IF the other changes are not made to the tax abatement policy this year. It is clear change is already happening so if we simply cannot wait until 2027. We believe this concept of an automatic trigger was included in the tax abatement as compromise to making immediate change to the policy.
MTC	This should be done administratively, not by Council
OBCDC	Does this unduly politicize the issue?
TCF	They should also be trained to understand the data.

TWDC | I think the city should review regularly, receiving a report every year or every other year from community development on how the tax abatement policy is being utilized and trends

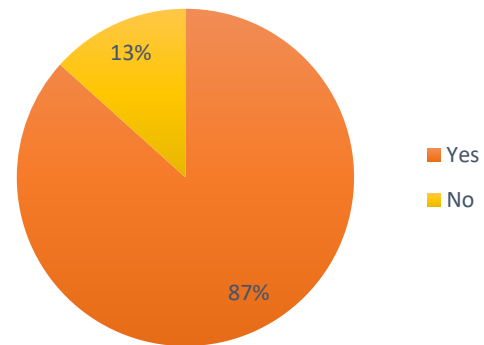
33. Should the Cleveland Department of Community Development be required to annually monitor and report on block group and/or census tracts that are experiencing neighborhood change (ie, displacement pressure, growing affordability challenges, etc.)?

Summary of Results

The Equitable Community Development Working Group recommends that the Cleveland Department of Community Development annually monitor and report on block groups and/or census tracts that are experiencing neighborhood change.

An 87% majority of survey participants voted in favor of this policy.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	At max, it should be every 2-3 years, but it should really be at renewal time. Again, this may seem like a no-brainer, but to what end is the annual reporting? Tax abatements should be a medium to long term view. Markets constantly evolve year to year and this would put unnecessary political pressure in the short term. Also, with the City publicly identifying hot and declining market trends, it can have the unintended consequence of magnifying and accelerating those trends. It could shift development preference to put more emphasis/pressure on hot or emerging markets and escalate the decline of others.
CMHA	Community Development is a good choice for a body that will evaluate this. However, annually is too often and will not demonstrate a lasting trend. Re-evaluating the percentage of change or demographic shifts in a community on a 5-year basis will more realistically demonstrate the effect of tax abatements on housing.
CNP	Concerns the Department of Community Development is not able to do this work now, but could be able to do it in the future. Perhaps another organization should be contracted to do this work until CD can do it on its own.
MTC	Bi Annual

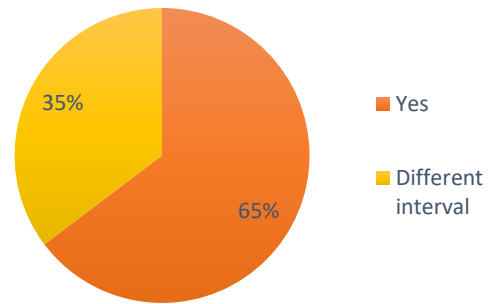
<i>NC</i>	However, cut off dates should be made clear for developers/ home owners who will be putting together financing packages, which may take more than a year.
<i>NNCDC</i>	2+ years. Markets don't change that quickly. Also, annually, something may occur that looks like displacement or another challenge but is just an anomaly. This could prompt a major change based on an outlier which would have long-term impacts to development.
<i>StLF</i>	Maybe a thorough review every 3 years. Community development doesn't move that fast and if it is yearly, it may become a formality rather than a valued effort.
<i>TWDC</i>	Should be a straight forward formula that does not really change and new info is just plugged in but if that's not the case I could be swayed. If this is extremely time consuming or not much is captured year to year, I think that a half-way point (2.5 years) and one before new recommendations could make sense.

34. If City Council adopts a policy that geographically targets tax abatements based on data, should the Cleveland Department of Community Development be required to *annually* update the data and maps used to target the tax abatements?

Summary of Results

A 65% majority of survey participants recommended that the Cleveland Department of Community Development annually update data and maps used for the city's tax abatement program, if City Council adopts a policy that geographically targets tax abatement.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	We should absolutely not update the data and preferences annually. This would over-engineer the process and create too much uncertainty for development efforts. Development is a medium to long term investment horizon by its nature. Developers need more predictability than annual policy changes. Additionally, this will turn tax abatement into a big political ping pong ball annually. If using maps, we should review at renewal of the legislation, which would match better with development time lines as well as other incentives like the New Markets Tax Credit, which is on a longer cycle.
CMHA	Having a non-geographically based entity such as Community Development work with Council may help to eliminate any outside pressure or conflicts of interest a member of Council may have when representing their Ward.
CNP	Concerns the Department of Community Development is not able to do this work now, but could be able to do it in the future. Perhaps another organization should be contracted to do this work until CD can do it on its own.
ECP	Every two years, aligned with a 4-year policy
FF	Every other year.
MTC	Bi Annual
NNCDC	See previous comment.

Resident | does the department of CD have sufficient staff to do this?

StLF | Again, the process moves slow, so every two to three years.

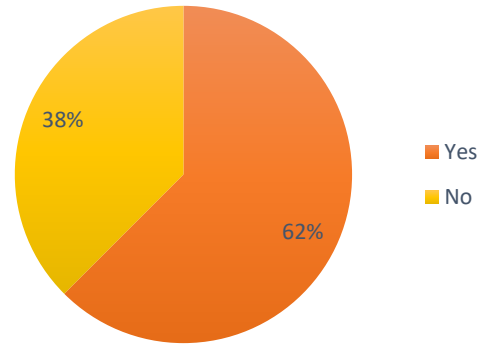
TWDC | But for context, see my answer above.

35. Should review and reauthorization or tax abatement legislation take place every four years, instead of five?

Summary of Results

A 62% majority of survey participants believe that the city should review and reauthorize the tax abatement ordinance every *four years*, instead of every five years.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

Organization	Comments
CHN	We should keep review and reauthorization at five years. At four years, it creates a political shadow over abatement. At four years, like stated in the note above, it would put it on the mayoral election cycle. Abatement should not be based on mayoral preference, but seen as a medium to long term investment strategy by the City.
CMHA	It may be in the best interest of the legislation to not align with political cycles to avoid conflicts of interest.
CNP	The Mayor and Council should update the city's tax abatement policy in the year following an election, but never in the year of an election.
Resident	If a lot of changes are in the 2022 ordinance, it may need to be adjusted in 4 years
StLF	Indifferent about this
TWDC	I have no opinion on the length though I don't necessarily think politicizing policy more than it already is should be a goal

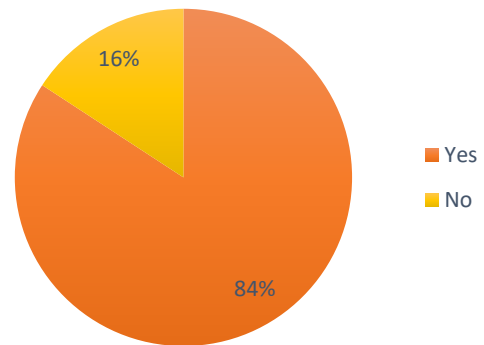
36. Should the tax abatement ordinance require that the Cleveland Department of Community Development implement a digital application process for tax abatements?

Summary of Results

The Equitable Community Development Working Group recommends that the Cleveland Department of Community Development implement a digital application process for tax abatement.

A majority (84%) of survey participants voted in favor of this change in administration.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

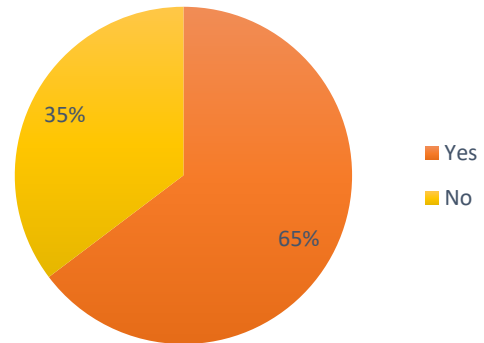
Organization	Comments
BBC	We shouldn't require digital but we should encourage it.
CHN	Normally, I would say that processes such as this should not be in legislation, but I think we should mandate it here to set a precedent that there is an expectation of city hall to update its systems to meet the workplace practices of the day with 21st century technology.
CMHA	It's 2022, there's no reason everything shouldn't be digital at the city.
NNCDC	It absolutely should be digital. Given the City's track record, it seems best that it is written into legislation to ensure that it is done.
Resident	Digital seems good; but not sure whether it needs to be in the ordinance

37. Should the tax abatement ordinance require the Cleveland Department of Community Development to notify the area's taxing districts of pending abatements and approved abatements?

Summary of Results

A 65% majority of survey participants support requiring the City to notify the region's taxing districts of pending abatements and approved abatements.

This percentage **did not reach the 75% threshold** that the Equitable Community Development Working Group agreed upon in order to make a recommendation.



Comments

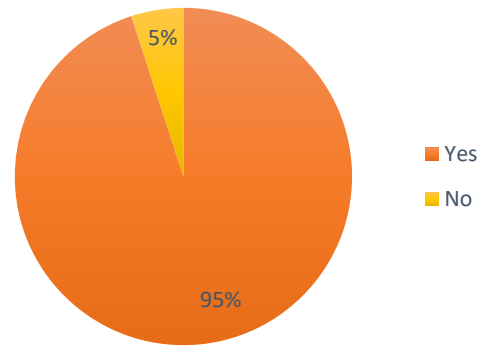
Organization	Comments
CHN	Again, normally, I would say that processes such as this should not be in legislation, but this otherwise no brainer (and required) practice by the City is commonly not happening, so it feels like the legislation should require CD to meet the notification requirements of the applicable ORC notice provisions.
ECP	It should happen with regularity and transparency
MTC	On an annual basis
PMO	This should be done and will become more important if state legislation is adopted diluting school districts' authority in this area.
Resident	yes, assuming state legislature doesn't remove the ability of schools to object (not sure of the status of current legislation on this subject)
StLF	Maybe

38. Should the tax abatement ordinance require the Cleveland Department of Community Development to submit a report to the Mayor and to City Council within the first 18 months after reauthorization of 2022 tax abatement.

That report shall outline all process improvements implemented to date and all of those that are still in progress.

Summary of Results

The Equitable Community Development Working Group recommends that the Cleveland Department of Community Development be required to submit a report to the Mayor and to City Council within the first 18 months after reauthorization of tax abatement and that the report should outline all process improvements implemented so far and those that are still in progress.



A 95% majority of survey participants voted in favor of requiring this report.

This percentage is above the 75% threshold that the Equitable Community Development Working Group agreed upon in order to make a recommendation.

Comments

Organization	Comments
CHN	The legislation should absolutely have this report out. Not as part of legislation, but maybe within DPS committee, the committee should also require a full workplan from CD and have regular check in on the progress of the workplan.
CMHA	Policy is only effective if it is applied uniformly. Therefore, all potential ambassadors of the policy and community development should be utilizing the same messaging and telling potential applicants the same rules. This does not necessarily invite input, but the sharing of information and the potential for input from others for Community Development to take into consideration for future decisions if desired.
NNCDC	Why 18 months? Can it change? If so, then maybe.
Resident	Progress reports will be important; the public should also be able to see the report

Addendum of Additional Comments and Opt-Out Messages contributed by members of the Equitable Community Development Working Group

Ashley King – CHN Housing Partners

Drafted report: For the most part CHN is in alignment with all recommendations except for Recommendation #2. We feel that the utilization of maps will have unintended consequences (Development projects, New Market Tax Credits, Affordable Housing etc..) and will over engineer the process. We know that we included these in our comments to the survey but wanted to re-iterate.

Length and Value Limitations: As of the models presented the Pittsburgh model with a standard abatement and enhanced abatement by project type seems the most favorable for Cleveland's Tax Abatement adjustments. It creates a baseline standard of assessment reductions (low hanging fruits of development) while also maintaining space for a affordable housing developments. However, I do feel that the abatement dollar amounts are arbitrary and would be better suited as percentages.

Mike McBride - Burten, Bell, Car Development Corporation

I strongly disagree with the sentiment that a "But-For" would be ripe for manipulation and difficult to enforce. I believe it would no easier to manipulate or harder to enforce than other proposed requirements like CBA's and affordable housing requirements. The key would be to use a qualified third-party underwriter applying the same level of due diligence (and charging similar fees) as a conventional lender.

At a bare minimum all this effort should include at least a few sample "but for analyses" on projects getting tax abatement now. I have never seen this done. I believe this is an important step in making a responsible informed recommendation about this program which allocates millions public dollars to private developers with the goal of promote a public good.

My comments are based on direct experience working in this space. When I was at the City, the award of City HOME funds had very clear Federal Regs requiring a "But For" test to document a gap. As well as Community Benefits (City OEO) and affordability requirements.

Zach Schiller – Policy Matters Ohio

There needs to very significant differentiation between neighborhoods in the availability of full tax abatement, or anything approaching it, especially for multi-family developments (see

Recommendation 2). Full tax abatement, both in percentage and length of the abatement but especially the former, should be reserved for distressed neighborhoods. Moreover, that should begin now, or within months of when legislation is effective, for new development. There is no reason to delay. (Thus, I disagree also with Recommendation 7).

It's appropriate as the report indicates that the 80% of Area Median Income is based on Cleveland City AMI, not that for some larger area. A real majority of families living in the city should be able to afford housing for it to be deemed affordable; a county or suburban standard should not be used.

City review of tax abatement policy should include a racial equity component and recipients of abatements should be required to report demographics of those living in abated properties (this includes the owners of multi-family projects). Financial impact on the school district should also be considered, as well as measures like that in Columbus, where a portion of school taxes is paid on an increasing basis during the abatement.

Appendix II – Preliminary Summary of Tax Abatement Recommendations

This document was used in February 2022 to share preliminary recommendations from the Tax Abatement survey with Mayor Bibb, members of his Administration, and members of Cleveland City Council.

EQUITABLE COMMUNITY DEVELOPMENT WORKING GROUP Preliminary Tax Abatement Recommendations

Our Working Group represents community development organizations, affordable housing organizations, researchers, philanthropy, and residents with a shared common goal: Instilling more equity into the City’s housing and community development policies. Over the years, we’ve tackled policies ranging from affordable housing mandates to land use to property taxes. Since 2018, we’ve focused on the City’s tax abatement policy. Our most up to date, though still preliminary, tax abatement recommendations are below.

	RECOMMENDATIONS	CONSIDERATIONS
Capping Tax Abatement	1) Broadly speaking, tax abatements for single-family housing should be capped.	<ul style="list-style-type: none"> Our Working Group recommends a cap but does not yet have consensus on cap level. Nearly half of our Working Group recommended to caps according to geography, some recommended a \$300,000 cap (also recommended by the tax abatement study), and few recommended a \$350,000 cap (increased to address rising construction costs) It is important to determine the single-family or multi-family disposition of condominiums and townhomes. If no cap in certain geographies or situations, the impact that may have on increasing property taxes, particularly in underinvested areas.
Geographically Targeting Tax Abatement	2) Broadly speaking, tax abatement policy should be geographically targeted based on the market map presented by the Department of Community Development.	<ul style="list-style-type: none"> In December, the Department of Community Development presented to our Working Group on a new proposal, built as a part of the Middle Neighborhoods Initiative, to geographically target tax abatement with a data-driven approach that classified each census tract as either market rate, middle market, or underinvested. Our Working Group supports updating market maps for geographically targeting could be annually to biannually or at another interval.
Limiting the Length or Percentage of Tax Abatement	3) There is an interest among our Working Group members to change the length and/or the percentage of tax abatements according to the market map, but no consensus.	<ul style="list-style-type: none"> Our Working Group continues to show great interest in these possible changes but does not yet have consensus, likely due to the lack of considerations of such limitations in the tax abatement study Changing the length and/or percentage is a tax abatement best practice (see tax abatement study, pages 32-33). For example, Cincinnati offers a range of tax abatement lengths while Columbus offers a range of tax abatement percentages according to neighborhood. Our Working Group is open to a both/and approach, a combination of limitations in length and percentage, but flagged concerns about administrative burden.
Advancing Policy Priorities with Tax Abatement	<p>4) Tax abatement policy should include exceptions to the cap for identified policy priorities.</p> <p>5) Tax abatement policy should maintain the current green building standards required as a baseline.</p> <p>6) Tax abatement policy should upwardly adjust limitations on length and/or percentage based on the following policy priorities:</p> <ul style="list-style-type: none"> Affordable housing (generally defined at or below 80% AMI) Rehab and renovation 	<ul style="list-style-type: none"> It is important to carefully craft and monitor policy priority exceptions to ensure they are not loopholes. Other tools may better accomplish certain policy priorities, such as incentivizing first-time homebuyers. Please note, our Working Group discussed other policy priorities that did not reach consensus It is worth elevating that affordable housing had nearly unanimous support as critical policy priority.

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	<ul style="list-style-type: none"> • Transit-oriented development • First-time homebuyers • Multi-family workforce housing (generally defined between 80% and 120% AMI) • Single-family workforce housing (generally defined between 80% and 120% AMI) 	
Requiring Community Benefits Agreements for Tax Abatement	<p>7) Multi-family, market rate tax abatements should require Collective Benefits Agreements (CBAs). Those CBAs should include:</p> <ul style="list-style-type: none"> • An affordable housing requirement: either an in-lieu-of fee paid to a city housing fund or an on-site affordable housing set aside. • A portion of the collected in-lieu-of fees should be distributed back to the neighborhood from where the tax abated development is located. • The Department of Community Development should develop guidelines and standardize policies to implement CBAs, including setting the in-lieu-of fee and affordable housing set aside calculation. • The Department of Community Development should develop minority hiring goals, workforce development goals, and other neighborhood-specific hiring goals for inclusion in every CBA. • A claw back provision that would rescind the tax abatement for non-compliance. 	<ul style="list-style-type: none"> • Our Working Group recommends in-lieu-of fees and affordable housing set asides but is open to other affordable housing mechanisms. • It is important to ensure that CBAs are not manipulated as development gatekeeping opportunities. • Minority hiring goals, workforce development goals, and other neighborhood-specific goals may be best considered when other public subsidies are at play. The size of the projects should also be kept in mind.
Requiring a “But-for” Test for Tax Abatement	<p>8) Our Working Group discussed but does not recommend a “but-for” test requirement. <i>If</i> a “but-for” test requirement is being considered than it should include exceptions for affordable housing, including projects that are fully affordable housing or partially affordable housing (at least 1/3 affordable).</p>	<ul style="list-style-type: none"> • Our Working Group generally views “but-for” tests as ripe for manipulation and difficult to enforce.
Phasing In Tax Abatement Changes	<p>9) Changes made to the tax abatement policy this year should be phased in, rather than immediately implemented.</p>	<ul style="list-style-type: none"> • Allowing a year or two for the Administration to prepare for implementation is smart and fair, though waiting until longer than that or until the next tax abatement policy renewal is too late. • Phase-in allows ample time to appropriately “grandfather in” current tax abatement projects in pipeline.
Administration: Monitoring and Reporting, Renewal, and Application Process	<p>10) The Department of Community Development should annually monitor and report on the tax abatement policy.</p> <p>11) The Department of Community Development should implement a digital application process for tax abatements.</p> <p>12) The Department of Community Development should submit a report to the Mayor and to City Council 18 months after reauthorization of the tax abatement policy, outlining all process improvements implemented to date and all of those that are still in progress.</p>	<ul style="list-style-type: none"> • Monitoring and reporting could be done annually or in intervals at 2 or more years.

Appendix III – Final Summary of Tax Abatement Recommendations

In subsequent meetings with the Bibb Administration and City Council after the Equitable Community Development Working Group finalized its survey, the document below was used to summarize the group’s recommendations.

EQUITABLE COMMUNITY DEVELOPMENT WORKING GROUP Tax Abatement Recommendations

Our Working Group represents community development organizations, affordable housing organizations, researchers, philanthropy, and residents with a shared common goal: Instilling more equity into the City’s housing and community development policies. Over the years, we’ve tackled policies ranging from affordable housing mandates to land use to property taxes. Since 2018, we’ve focused on the City’s tax abatement policy. Our most up-to-date tax abatement recommendations, reflecting consensus from *20 different organizations*, are below.

RECOMMENDATIONS	CONSIDERATIONS	
Capping Tax Abatement	1) Broadly speaking, tax abatements for single-family housing should be capped.	<ul style="list-style-type: none"> • Our Working Group recommends a cap but does not yet have consensus on cap level. Nearly half of our Working Group recommended to caps according to geography, some recommended a \$300,000 cap (also recommended by the tax abatement study), and few recommended a \$350,000 cap (increased to address rising construction costs) • It is important to determine the single-family or multi-family disposition of condominiums and townhomes. • If no cap in certain geographies or situations, the impact that may have on increasing property taxes, particularly in underinvested areas.
Geographically Targeting Tax Abatement	2) Broadly speaking, tax abatement policy should be geographically targeted based on the market map presented by the Department of Community Development.	<ul style="list-style-type: none"> • In December, the Department of Community Development presented to our Working Group on a new proposal, built as a part of the Middle Neighborhoods Initiative, to geographically target tax abatement with a data-driven approach that classified each census tract as either market rate, middle market, or underinvested. • Our Working Group supports updating market maps for geographically targeting could be annually to biannually or at another interval.
Limiting the Length or Percentage of Tax Abatement	3) There is an interest among our Working Group members to limit the length and/or the percentage of tax abatements according to the market map, but no consensus on the exact limitations.	<ul style="list-style-type: none"> • Our Working Group continues to show great interest in these possible changes but does not yet have consensus, in part due to the lack of considerations of such limitations in the tax abatement study • Limiting the length and/or percentage is a tax abatement best practice (see tax abatement study, pages 32-33). For example, Cincinnati and Lakewood offer a range of tax abatement lengths. Columbus offers a range of tax abatement percentages according to neighborhood. St. Louis, Cleveland Heights, and Pittsburgh offers a range of tax abatement lengths <i>and</i> percentages according to neighborhood. • Our Working Group is open to a both/and approach, a combination of limitations in length and percentage, but flagged concerns about administrative burden.
Advancing Policy Priorities with Tax Abatement	4) Tax abatement policy should include exceptions to the cap for identified policy priorities. 5) Tax abatement policy should maintain the current green building standards required as a baseline. 6) Tax abatement policy should upwardly adjust limitations on length and/or percentage based on the following policy priorities: <ul style="list-style-type: none"> • Affordable housing (generally defined at or below 80% AMI) • Rehab and renovation • Transit-oriented development 	<ul style="list-style-type: none"> • It is important to carefully craft and monitor policy priority exceptions to ensure they are not loopholes. • Other tools may better accomplish certain policy priorities, such as incentivizing first-time homebuyers. • Please note, our Working Group discussed other policy priorities that did not reach consensus • It is worth elevating that affordable housing had nearly unanimous support as critical policy priority.

	<ul style="list-style-type: none"> • First-time homebuyers • Multi-family workforce housing (generally defined between 80% and 120% AMI) • Single-family workforce housing (generally defined between 80% and 120% AMI) 	
Requiring Community Benefits Agreements for Tax Abatement	<p>7) Multi-family, market rate tax abatements should require Collective Benefits Agreements (CBAs). Those CBAs should include:</p> <ul style="list-style-type: none"> • The Department of Community Development should develop guidelines and standardize policies to implement CBAs, including any consideration of affordability requirements. • The Department of Community Development should develop minority hiring goals, workforce development goals, and other neighborhood-specific hiring goals for inclusion in every CBA. • A claw back provision that would rescind the tax abatement for non-compliance. 	<ul style="list-style-type: none"> • Our Working Group considered and showed interest in CBAs requiring affordable housing, particularly in the form of set aside requirements and in-lieu-of fees, but is open to other affordable housing mechanisms. • CBAs with a uniform affordability requirement remove inconsistencies from neighborhood to neighborhood. • It is important to ensure that CBAs are not manipulated as development gatekeeping opportunities. • Minority hiring goals, workforce development goals, and other neighborhood-specific goals may be best considered when other public subsidies are at play. The size of the projects should also be kept in mind.
Phasing In Tax Abatement Changes	<p>8) Changes made to the tax abatement policy this year should be phased in, rather than immediately implemented.</p>	<ul style="list-style-type: none"> • Allowing a year or two for the Administration to prepare for implementation is smart and fair, though waiting until longer than that or until the next tax abatement policy renewal is too late. • Phase-in allows ample time to appropriately "grandfather in" current tax abatement projects in pipeline.
Administration: Monitoring and Reporting, Renewal, and Application Process	<p>9) The Department of Community Development should annually monitor and report on the tax abatement policy.</p> <p>10) The Department of Community Development should implement a digital application process for tax abatements.</p> <p>11) The Department of Community Development should submit a report to the Mayor and to City Council 18 months after reauthorization of the tax abatement policy, outlining all process improvements implemented to date and all of those that are still in progress.</p>	<ul style="list-style-type: none"> • Monitoring and reporting could be done annually or in intervals at 2 or more years.

Appendix IV – Responses to Equitable Community Development Working Group Survey on Tax Abatement

Questions	Yes	No	Did not Vote
<i>Question 1</i>	17	3	0
<i>Question 2</i>	6	13	1
<i>Question 3</i>	1	16	3
<i>Question 4</i>	10	9	1
<i>Question 5</i>	17	3	0
<i>Question 6</i>	9	9	2
<i>Question 7</i>	9	9	2
<i>Question 8</i>	4	15	1
<i>Question 9</i>	11	9	0
<i>Question 10</i>	11	8	1
<i>Question 11</i>	16	3	1
<i>Question 12</i>	6	11	3
<i>Question 13</i>	16	2	2
<i>Question 14</i>	11	8	1
<i>Question 15</i>	15	4	1
<i>Question 16</i>	15	4	1
<i>Question 17</i>	17	2	1
<i>Question 18</i>	17	3	0
<i>Question 19</i>	17	2	1
<i>Question 20 - Senior Housing</i>	12	8	0
<i>Question 20 - Rehab/Renovation</i>	15	4	1
<i>Question 21</i>	16	4	1

<i>Question 22</i>	14	5	0
<i>Question 23</i>	13	2	1
<i>Question 24</i>	16	3	5
<i>Question 25</i>	12	5	1
<i>Question 26</i>	18	1	3
<i>Question 27</i>	16	3	1
<i>Question 28</i>	12	7	1
<i>Question 29</i>	12	6	2
<i>Question 30</i>	17	2	1
<i>Question 31</i>	12	5	3
<i>Question 32</i>	12	6	2
<i>Question 33</i>	13	2	5
<i>Question 34</i>	11	6	3
<i>Question 35</i>	10	6	4
<i>Question 36</i>	16	3	1
<i>Question 37</i>	11	6	3
<i>Question 38</i>	19	1	0

Appendix V – Tax Abatement Models: Limiting Length, Percentage, and other Factors

At-A-Glance:

- St. Louis: 5-25 years, ranging from 50% to 100% abatement, some in decreasing combination over year, some offer an alternative, only projects under \$1m
- Lakewood: 5-year term
- Cincinnati: 10–15-year term, capped between \$200,000-\$800,000, extended for green building standards
- Cleveland Heights: 5–15-year terms, 25%-100% tax abatement, extended for green building standards
- Columbus: 15-year term, 100% tax abatement except in Market Ready, with affordability and building requirements in Market Ready and Ready for Revitalization Pittsburgh: 3-10 years, capped assessment at \$250,000 except in certain neighborhoods, with affordability requirements

City	Limit Length?	Limit Percentage?	Other Limits (Cap, Geography, Building Standards, Affordability)?
St. Louis	✓	✓	✓ (projects under \$1m)
Lakewood	✓		
Cincinnati	✓ (based on green building standards)		✓ (capped)
Cleveland Heights	✓	✓	✓ (green building standards)
Columbus		✓ (required to make payments back to schools)	✓ (geography, affordability)
Pittsburgh	✓	✓ (capped assessment at dollar amount)	✓ (affordability requirement)

City of St. Louis

[Real Estate Tax Abatement](#)

Map Color Code by Block Group	Abatement Term	Abatement Value
Green	N/A	N/A
Neon Green	5 years	50%
Light Green	10 years at... OR 5 years at...	50% OR 95%
Yellow	10 years at... OR 10 years at...	75% OR 95%
Light Orange	10 years	95%
Orange	10 years at... THEN 5 years	95% THEN 50%

Purple	10 years at... THEN 15 years at...	100% THEN 50%
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- Company or individual seeking tax abatement must obtain the support of the Alderman of the Ward
- [GIS map of "recommended abatement public layer"](#)
- Only abatement projects below \$1m

City of Lakewood

[Homeowner's Tax Abatement Program](#)

All projects in one and two-family dwelling units are eligible:

- Additions
- Accessory Buildings (Garages)
- Indoor Fireplaces
- In-ground pools
- Major Rehab Projects
- New Whole House Air Conditioning
- New Decks and Porches (Not Replacements)

City of Cincinnati

[Residential CRA Program](#)

Construction	Max. Abated Improvement Value for Remodeling	Abatement Term Length for Remodeling	Max. Abated Improvement Value for New Construction or Additions	Abatement Term Length for New Construction or Additions
Non-LEED, Non-LBC Qualified, and Non-HERS Qualified	\$200,000	12 years	\$200,000	10 years
HERS Qualified	\$300,000	15 years	N/A	N/A
LEED Silver	\$500,000	15 years	\$400,000	15 years
LEED Gold or LBC Net Zero	\$650,000	15 years	\$500,000	15 years
LEED Platinum OR LBC Full/LBC Petal (must include "Energy Petal")	\$800,000	15 years	\$650,000	15 years

- *If the Residential Improvement is certified to the Cincinnati Visitability and Universal Design Standards or is a Historic Restoration, then the maximum market improvement value is increased by \$100,000 per criteria met.
- All condominiums and one-, two-, or three-unit structures are eligible

City of Columbus

[Residential Tax Incentives](#)

CRA Category	Unit Type	Abated Value	Term	Affordability
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Market Ready	Single Family and Low-Rise Rehabilitation	N/A	N/A	N/A
	All New Construction: Single Family, Low-Rise, Multi-Family (4 or more units) Required: -CBA for projects with 4 or more units -60% of mid-rise and high-rise projects must be 5 or more stories	100%* *Step down payment to school must start in Year 11 of abatement as follows: 15% of normal school payment in year 11, 30% in year 12, etc.	15 years	For the lifetime of abatement: -10% of units affordable and rented to households making up to 80% AMI -10% of units affordable and rented to households making up to 100% AMI Property Owners can earn credits to reduce affordability requirements: -1 unit of affordable housing credit for every 25,000 sq. ft. of Class A office space -1 unit of affordable housing credit for every \$1m of environmental remediation -No affordability required for rehabilitation of properties on the Columbus Register of Historic Properties OR The property owner can buy out of the affordability requirement with an annual payment of 150% of the difference between the rent realized by the 20% least expensive units and the affordable units that would have been required. The annual payment will be made to the Affordable Housing Trust.
Ready for Revitalization	All Single Family New Construction and Rehabilitation	100%	15 years	N/A
	4 or more units Required -CBA for projects with 4 or more units	100%	15 years	For the lifetime of the abatement: -10% of units affordable and rented to households up to 80% AMI -10% of units affordable and rented to households up to 100% AMI Property Owners can earn credits to reduce affordability requirements: -1 unit of affordable housing credit for every 25,000 sq. ft. of Class A office space located in the project -1 unit of affordable housing credit for every \$1m of environmental remediation -No affordability required for rehabilitation of properties on the Columbus Register of Historic Properties -1 unit of affordable housing credit for every one-time \$5,000 payment to a local CDC -Affordability requirement may be waived if the developer is partnering with a local CDC, Columbus Next Generation Corporation, or another non-profit developer
Ready for Opportunity	All projects	100%	15 years	

- All categories will be reevaluated every three years
- Annual monitoring fee of \$25 per affordable unit

- Application fees increase accordingly for size of projects or CRA categorized neighborhood (in addition to \$5,000 processing and administrative fee)

City of Pittsburgh

[Real Estate Tax Abatement Programs](#)

Project Type	Abatement Type	Standard Abatement	Enhanced Abatement
Owner-occupied residential/for-sale development	Assessment reduction	-3-year assessment reduction -Up to \$175,000 per year	-10-year assessment reduction Up to \$250,000 per year if: A residential for-sale or owner-occupied property is in a CDBG eligible location OR -A multi-unit for-sale or owner-occupied development includes at least 10% of units affordable to and occupied by households at or below 80% AMI OR -A for-sale or owner-occupied property is located in the Lower Hill District
Commercial residential (rental or otherwise not occupied by the owner)	Tax Credit	-3-year assessment reduction -Up to \$125,000 per year	-10-year tax credit Up to \$250,000 per year if: -A residential property not to be occupied by the property owner includes at least 10% of its units affordable to and occupied by households at 50% AMI OR -A residential property not to be occupied by the property owner includes at least 60% of its units affordable to and occupied by households at 80% AMI OR -A residential property not to be occupied by the property owner is located in the Lower Hill District
Industrial, commercial, or other business structures	Tax credit	-3-year assessment reduction -Up to \$125,000 per year	-10-year tax credit -Up to \$250,000 per year if the project creates at least 50 full-time jobs

- Tax abatement programs have been updated and consolidated (July 2020) since Tax Abatement Study (formerly Act 42 reviewed by City, Commercial LERTA by County, and Residential LERTA programs)

City of Cleveland Heights

[Grow. The Cleveland Heights Tax Savings Plan](#)

Single-Family New Construction	25% tax abatement	5 years
Sustainable Single-Family New Construction	50% tax abatement	10 years
Sustainable, CRA Score 5, Single Family New Construction	75% tax abatement	12 years

Sustainable, CRA Source 6-10	100% tax abatement	15 years
Single Family Remodeling	50% tax abatement	7 years
Single Family, CRA Score 5, Remodeling	75% tax abatement	10 years
Single Family, CRA Score 6-10, Remodeling	100% tax abatement	12 years
New Commercial Construction Required: CBA agreement, sustainability, school district participation, minimum project investment of \$3m	100% tax abatement	15 years
Commercial Renovation Required: CBA agreement, school district participation, minimum project investment of \$250k	100% tax abatement	12 years

- Sustainability Requirement Certification: LEED Silver, Enterprise Green Communities, NAHB Green Home
- [CRA Score Map](#)
- Both commercial and residential properties are eligible
- For residential projects, it creates a **base level incentive** throughout the City and tiered structure to offer higher, targeted incentives in parts of the City. Commercial abatement granted and terms negotiated on a case-by-case basis.
- Remodeling minimum investment of \$10,000 on the following qualifying improvements:
 - Adding additional living area
 - Building a new or enlarged garage
 - Installing an additional bathroom
 - Adding a new porch
 - Installing a stall shower
 - Installing an indoor fireplace
 - Remodeling a basement/attic into living space
 - Gutting and renovating a home or apartment building