

WHEREAS, in 2016 and 2017, the City commissioned and received a study of the effectiveness of its economic development incentives including real property tax abatements in community reinvestment areas; and

WHEREAS, the City developed an incentive policy to encourage development of affordable housing through targeted economic development incentives including real property tax abatements throughout the City in Post-1994 Community Reinvestment Areas ; and

WHEREAS, City Council passed Ordinance 2184-2018 on July 30, 2018 that amended Chapter 45 of the Housing Code to adopt the new incentive policy; and

WHEREAS, City Council passed ordinances 2185-2018 through 2196-2018 to individually amend each Post-94 CRA to adopt the new policy ; and

WHEREAS, as a result of going through the implementation process and with additional review, it has been determined that there is a need to amend these ordinances to make administrative corrections; and

WHEREAS, this Ordinance will amend Ordinance Numbers 2184-2018 (incentive policy change in Chapter 4565 of the Housing Code), 2185-2018 (policy adoption amendment of the AC Humko CRA), 2192-2018 (policy adoption amendment of the North of Broad CRA), and 2196-2018 (policy adoption amendment of the Weinland Park CRA); and

WHEREAS, an emergency exists in the usual daily operations of the Development Department in that it is immediately necessary to amend said Ordinances to continue the implementation process of the in new incentive policy for the City's Post-94 Community Reinvestment Areas, **NOW, THEREFORE**,

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

Section 1. That Section 4565.02 of the Columbus City Codes, enacted by Ordinance 2184-2018, is hereby amended as follows:

4565.02 - Definitions.

- (A) *Affordable Housing Unit*: includes the following:
1. *Rentals*: housing rented to tenants whose annual household income is up to eighty percent (80%) of area median income (AMI) or one hundred percent (100% of AMI), and for which the annual rent charged does not exceed thirty percent (30%) of their gross annual income as defined by the U.S. Department of Housing and Urban Development (HUD).
 2. *Owner-occupied*: housing occupied by the legal owner or owners of the housing unit, whose annual household income is up to eighty percent (80%) of AMI as defined by below or one hundred percent (100%) of AMI as defined below, and for which the annual cost of ownership does not exceed thirty-five percent (35%) of their gross annual income.
- (B) *Area Median Income (AMI)*: the annual median income, as calculated annually for various family sizes within the Columbus, Ohio Metropolitan Statistical Area by the U.S. Department of Housing and Urban Development.
- (C) *Area, or Post-1994 CRA*: a community reinvestment area (CRA) designated by City Council subsequent to July 21, 1994.

- (D) *Bedroom*: a room complying with the sleeping area requirements in Section 4541.01 and the location requirements of Section 4541.05 of the Columbus Housing Code, and for which no fewer than eighteen (18) cubic feet of clothes closet space has been provided in accordance with Section 4541.06 of the Columbus Housing Code.
- (E) *Community Development Corporation (CDC)*: a non-profit organization that is either a Community Housing Development Organization (CHDO), a Community Based Development Organization (CBDO), is supported by the Community Development Collaborative, or has a similar mission and structure. To qualify as a CDC for purposes of this chapter, the organization must:
 - 1. have at least one year of experience providing affordable housing in the Columbus Metropolitan Statistical Area;
 - 2. have at least one full-time paid staff member;
 - 3. demonstrate capacity to carry out planned projects, based upon criteria to be adopted by the Development Director; and
 - 4. demonstrate compliance with financial accountability and control standards, based upon criteria to be adopted by the Development Director.
- (F) *Cost of Ownership*: the annual cost of owning a housing unit, as determined by rules adopted by the Director taking into consideration the following:
 - 1. principal, interest, private mortgage insurance, and amortization of a loan to finance purchase of the property;
 - 2. property taxes and assessments;
 - 3. fire and casualty insurance covering replacement value of the property improvements;
 - 4. non-optional homeowner or condominium association fees;
 - 5. space rent, if the housing unit is situated upon rented land.
- (G) *Development Project*: new construction of housing units, whether single-family, two-family, or multifamily structures. A single development project may consist of multiple housing units within a single structure, or housing units contained in different structures. A single development project may consist of multiple single-family structures as determined by the Director.
- (H) *Development Director*, or *Director*: the Director of the Department of Development, or the designee thereof.
- (I) *Distress Criteria*: the factors by which an area is categorized as a Market Ready Area, a Ready for Revitalization Area, or a Ready for Opportunity Area. Each of the following is a criterion included within “Distress Criteria.”
 - 1. *Population Growth*: the percentage change of population for an area over a five-year time period, as measured by the United States Census Bureau in the decennial census or in annual estimates by the United States Census Bureau. An area meets this distress criterion if the population growth rate is below the population growth rate for the city of Columbus.
 - 2. *Median Household Income Growth*: the percentage change in median household income for an area over five (5) years, as measured by the United States Census Bureau in the decennial census or in annual estimates by the United States Census Bureau. An area meets this distress criterion if the median household income

growth rate is below the median household income growth rate for the city of Columbus.

3. *Poverty Rate*: the percentage of the population in an area living at or below the federally established poverty level, adjusted for family size. An area meets this distress criterion if the poverty rate is above the poverty rate for the city of Columbus.
 4. *Growth in Median Rent*: the percentage change in median monthly price per square foot of residential rental property for an area, as measured using an index or indices selected by the Development Director from real estate or housing industry sources. An area meets this distress criterion if the growth in median rent rate is above the growth in median rent rate for the city of Columbus.
 5. *Housing Vacancy Rate*: the percentage of unoccupied housing units in an area, as measured using an index or indices selected by the Development Director from real estate or housing industry sources. An area meets this distress criterion if the housing vacancy rate is above the housing vacancy rate for the city of Columbus.
 6. *Mortgage Foreclosure Rate*: the percentage of homes foreclosed upon in an area, as measured by an index or indices selected by the Development Director from real estate or housing industry sources. An area meets this distress criterion if the mortgage foreclosure rate is above the mortgage foreclosure rate for the city of Columbus.
- (J) *Environmental Remediation Expense*: Pertains to the removal or reduction of pollution or contaminants from environmental media such as soil, groundwater, sediment, or surface water to protect people and the environment against the potential harmful effects from exposure, based on assessments of human health and ecological risks, to various radiation sources.
- (K) *Gross Annual Income*: annual income as defined by 24 C.F.R. §5.609 and documented as required by rules established by the Director.
- (L) *High-Rise Development*: for purposes of this chapter, a residential development that is eleven stories or higher.
- (M) *Household*: all individuals residing in a housing unit.
- (N) *Household Income*: the gross annual income of all individuals residing in a housing unit who have reached the age of eighteen (18) years old and are not enrolled as full-time students.
- (O) *Housing Unit*: one or more rooms arranged, intended, and designed and used solely for independent residential occupancy by an individual, group of individuals, or family for living and sleeping purposes. The unit must include cooking, bathing, and toilet facilities within the unit for the use of the unit's occupants. For purposes of this chapter, housing unit does not include emergency shelters or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, or dormitories.
- (P) *Market Ready Area*: an area that meets no more than one distress criteria.
- (Q) *Mid-Rise Development*: for purposes of this chapter, a residential development that is in a structure five to ten stories high and constructed from concrete and/or steel frame construction. A maximum of ~~three~~ four stories of wood-frame construction

may be incorporated provided that it is built over a ~~two~~ one-or-more story concrete podium that includes parking and has a fire suppression (sprinkler) system and meets standards required by the Ohio building code. In determining whether a structure meets these definitional requirements, the Director of Development may grant a waiver on building composition, but not on the minimum stories requirement.

- (R) *Owner-occupied*: a housing unit inhabited as the principal place of residence by the person with fee simple absolute title, or a substantially equivalent title as determined by the Director, to the housing unit.
- (S) *Project Sponsor*: an applicant seeking approval for construction of a development project subject to this chapter.
- (T) *Ready for Opportunity Area*: an area that meets more than four (4) distress criteria.
- (U) *Ready for Revitalization Area*: an area that meets at least two (2), but no more than four (4), distress criteria.
- (V) *Rent*: the cost of tenancy in a housing unit, including the rental rate stated in the lease, any non-refundable, non-optional fee or surcharge, and an allowance for reasonable utility expenses. The Director shall define reasonable utility expenses. Pet fees or surcharges shall not be considered “rent” for purposes of this chapter.

Section 2. That Section 4565.06 of the Columbus City Codes, enacted by Ordinance 2184-2018, is hereby amended as follows:

4565.06 - Availability of incentives.

(A) Unless specifically stated herein, incentives under this chapter for development projects containing four (4) or more housing units within Market Ready Areas or Ready for Revitalization Areas shall be available only pursuant to agreement between the City and the project sponsor, entered prior to commencement of construction. A property owner may request a waiver for submission of agreement post commencement of construction with approval from the Director. Such agreement must include the terms specified in Section 4565.07 for Market Ready Areas or Section 4565.08 for Ready for Revitalization Areas.

(B) Development projects shall not be artificially divided to avoid the agreement requirements within this chapter.

(C) For remodeling of a dwelling containing not more than three (3) housing units, and that otherwise qualifies for real property tax abatement, no agreement under division (A) of this section shall be required to receive such abatement.

(D) For construction of a new dwelling containing not more than three (3) housing units, and that otherwise qualifies for real property tax abatement, no agreement under division (A) of this section shall be required to receive such abatement; provided, however, that if the new dwelling is to be located in a Market Ready Area, it must provide affordable housing as defined in this chapter and any rules adopted hereunder to be eligible for the tax abatement.

(E) Development projects within Ready for Opportunity Areas shall not be subject to the agreement requirement within division (A) of this section and shall receive an abatement of property taxes on one hundred percent (100%) of the assessed valuation of the structure for a period of fifteen (15) years.

(F) The statement of required terms in Sections 4565.07, 4565.08, and 4565.05 shall not be construed to limit the ability of the Director to prescribe additional agreement terms by rule, subject to approval as to legal form by the City Attorney.

Section 3. That Section 4565.07 of the Columbus City Codes, enacted by Ordinance 2184-2018, is hereby amended as follows:

4565.07 - Required terms for incentive agreements in market ready areas.

The provisions of this section state terms required for the agreements required for Market Ready Areas by division (A) of Section 4565.06 of this Chapter. They are not self-executing terms for abatement.

(A) A mid-rise or high-rise development project containing four (4) or more housing units in a Market Ready Area shall be eligible for the incentive specified in division (B) of this Section if, for the duration of the incentive, ten percent (10%) of the housing units in the development project are affordable housing units rented or sold to occupants with household income up to eighty percent (80%) AMI, and an additional ten percent (10%) of the housing units in the development are affordable housing units rented or sold to occupants with household income up to one hundred percent (100%) AMI.

1. The project sponsor may receive credits equal to one (1) affordable housing unit for each of the following:
 - a. For every one million dollars (\$1,000,000.00) of environmental remediation expenses associated with the development project;
 - b. For every twenty-five thousand (25,000) square feet of Class A office space constructed as part of a commercial development or rehabilitation within the same structure as where the affordable housing unit would otherwise be required. The Director may establish rules defining what is an affiliated commercial development or rehabilitation.
2. If the project is a rehabilitation of a property listed on the Columbus Register of Historic Properties, then the affordable housing unit requirements shall not apply and no agreement under Section 4565.06 shall be required.
3. The project sponsor may make an annual payment for the duration of the abatement in lieu of providing affordable housing units; the annual payment shall equal one hundred fifty percent (150%) of the difference between the annual market-rate rent charged for the least-expensive units comprising one-fifth of the total market-rate units within the development, and the annual rents that would have been collected on those units if they were affordable housing units.

For example: A development has 100 housing units. Twenty of the units rent for \$500 per month, and the other 80 units rent for

\$600 per month. If the units were affordable housing units for households up to 80% of AMI, they would have to be rented for \$300 per month. If the units were affordable housing units for households up to 100% of AMI, they would have to be rented for \$400 per month. The annual payment in lieu would equal \$45,000.

(\$500 per month x 12 months = \$6,000 annual rent per unit for least-expensive units x 20 units = \$120,000 annual rent for the least-expensive one fifth of units in the development.

\$400 per month x 12 months = \$4,800 annual rent per unit if affordable to household up to 100% AMI x 10 units = \$48,000 annual rent if 10% of units were affordable for households up to 100% of AMI

\$300 per month x 12 months = \$3,600 annual rent per unit if affordable to household up to 80% AMI x 10 units = \$36,000 annual rent if 10% of units were affordable for households up to 80% of AMI

Total annual rent if one-fifth of housing units were required affordable housing units: \$48,000 + \$36,000 = \$84,000

Difference between annual market-rate rent charged for least-expensive one-fifth of units and annual rents that would have been collected for affordable housing units: \$120,000 - \$84,000 = \$36,000 x ~~42.5~~ 150 % = ~~\$45,000~~ \$54,000 annual payment in lieu).

The payment in lieu shall be made to the Affordable Housing Trust, to be used to support affordable housing within the City of Columbus.

(B) Development projects providing the affordable housing units required in division (A) of this Section, or receiving credits or paying a fee in lieu of providing such units as provided in division (A) of this Section, shall be eligible for abatement of property tax on one hundred percent (100%) of the increase in assessed value of the structure for a period of fifteen (15) years from the date of the project's receipt of its certificate of occupancy (or an earlier date, if elected by the project sponsor with the City's consent), provided that the owner complies with the following condition of payment to the school district in which the project is located:

1. For years eleven (11) through fifteen (15) of the abatement period, the owner shall, on or before March 1 of each year, remit payment to the treasurer of the board of education for the school district in which the property is located, in the following amounts:

a. Year 11: 15% of school district tax that would be due for that tax year on the assessed value of the structure but for the abatement;

b. Year 12: 30% of school district tax that would be due for that tax year on the assessed value of the structure but for the abatement;

c. Year 13: 45% of school district tax that would be due for that tax year on the assessed value of the structure but for the abatement;

- d. Year 14: 60% of school district tax that would be due for that tax year on the assessed value of the structure but for the abatement;
- e. Year 15: 75% of school district tax that would be due for that tax year on the assessed value of the structure but for the abatement.
2. The project sponsor shall provide the Director with proof of remitting the payments required by this section within ten (10) days of tendering the payment.
3. If the project sponsor fails to remit the payment required by this section by March 1 of the applicable year, the owner shall be in default under the agreement and the Director shall have cause to take such action as necessary to cause the abatement to cease and return the property to fully taxable status. If the Director permits late payment to be made, the Director may impose a penalty of one thousand dollars (\$1,000.00) for each month or portion of a month that the payment is late. The penalty shall be paid to the Affordable Housing Trust.

(C) *Default on Affordable Housing Unit Requirement*

1. If the number of affordable housing units rented or owned by persons whose household income is up to eighty percent (80%) AMI or one hundred percent (100%) AMI falls below the proportions prescribed by division (A) for a period of ninety (90) days, the owner must provide written notice of the shortfall to the Director within ten (10) business days.
2. If the number of affordable housing units rented or owned by persons whose household income is up to eighty percent (80%) AMI or one hundred percent (100%) AMI remains below that prescribed in division (A) of this Section for a period of one hundred eighty (180) days, the project sponsor shall be responsible for making payment to the Affordable Housing Trust, in an amount determined by reference to the following table:

Affordable Housing Shortfall (by % below required number of units)	Required Payment to Affordable Housing Trust (by % of annual real property tax abated)
Up to 25%	20%
>25% up to 50%	40%
>50% up to 75%	65%
>75%	90%

If the payment required by this subsection is less than the what the annual fee-in-lieu would be under division (A)(3) of this section for the affordable housing unit shortfall, the project sponsor shall pay the fee in-lieu amount rather than the amount provided by this subsection.

3. If the number of affordable housing units rented or owned by persons whose household income is up to eighty percent (80%) AMI or one hundred percent (100%) AMI remains below fifty percent (50%) of that prescribed in division (A) of this Section for a period of two consecutive years, the Director shall have cause to take such action as necessary to cause the abatement to cease and return the property to fully taxable status. In the alternative, the project sponsor and the City may execute an addendum to the agreement by which the project sponsor agrees to pay the annual fee in-lieu for the affordable housing shortfall for the remaining duration of the abatement; provided, however, that the annual fee in-lieu shall equal not less than one hundred seventy-five percent (175%) of the difference between the annual market-rate rent charged for the least-expensive units

comprising one-fifth of the total market-rate units within the development, and the annual rents that would have been collected on those units if they were affordable housing units.

4. The remedies provided for default herein are not intended, and shall not be so construed, to limit the City's other remedies at law or in equity for breach of the agreement.

Section 4. That Section 6 of Ordinance 2185-2018 is hereby amended as follows:

Section 6. The provisions of Section 1 of this ordinance are applicable to projects that have an executed agreement or memorandum approved by City Council prior to September 30, 2018. That transition to the amendments provided in Section 2 of this Ordinance shall occur on the following schedule:

The Provisions of Section 3.a. of Ordinance 1841-2005, as amended by Ordinance 1913-2008 and Ordinance 3098-2015, as they existed prior to the effective date of this Ordinance, shall apply to all projects that have an executed agreement or memorandum approved by City Council prior to the effective date of this ordinance, or that adhere to the following timeline:

- A. All applicable approvals from the following list have been obtained on or before September 30, 2018:
 - historic, architectural, or design-review body approvals for all project elements; and
 - any required approvals from City Council or the Board of Zoning Adjustment.
- B. Have final site compliance submitted and City of Columbus Legislation Report File Number: 2185-2018 reviewed, and foundation permit approval on or before December 31, 2018. No extension will be given for an expiring foundation permit.
- C. Obtains a final Certificate of Occupancy on or before December 31, 2020, or within a reasonable period of time thereafter as determined by the Development Director.

The provisions of Section 3. b. of Ordinance 1841-2005, as amended by Ordinance 1913-2008, are hereby repealed.

Section 5. That Ordinance 2185-2018 is hereby amended to add a new Section 7 and to renumber the original Sections 7, 8 and 9 as follows:

Section 7. That Sections 8 and 9 of Ordinance 1841-2005, as amended by Ordinance 1913-2008 and Ordinance 3098-2015, are hereby repealed.

Section 7~~8~~. The Mayor of the City of Columbus is hereby authorized to submit such documentation to the Director of the Ohio Development Services Agency as is necessary to confirm the findings herein.

Section 8~~9~~. The City Director of Development is hereby authorized and directed to submit such documentation to the Franklin County Auditor, the Franklin County Treasurer, and any other officer necessary to implement the findings and provisions of this Ordinance.

Section 910. That this ordinance shall take effect and be in force from and after the earliest date allowed by law.

Section 6. That Section 1 of Ordinance 2196-2018 is hereby amended as follows:

Section 1. That the boundaries of the Weinland Park-University/Area F Community Reinvestment Area as described in Section 2 of Ordinance 1939-2006, and amended by Ordinance 2156-2011, Ordinance 1716-2012, and Ordinance ~~0463-2015~~ 0643-2015, are hereby amended in their entirety as follows:

Pursuant to ORC Section 3735.66, the Weinland Park-University/Area F Community Reinvestment Area is hereby established in the following described area:

North: Bounded by Hudson Street (including the rear property lines on the north side of Hudson Street).

South: Bounded by East Fifth Avenue (including rear property lines on the south side of East Fifth Avenue).

West: Bounded by High Street (including rear property lines on the west side of High Street between West Fifth Avenue and East Eleventh Avenue; and between West Lane Avenue and West Hudson Street); Pearl Alley between Chittenden Avenue and East Woodruff Avenue; and between East Frambes Avenue and East Lane Avenue. Tuller Street between East Woodruff Avenue and East Frambes Avenue.

East: Interstate 71 and Cleveland Avenue between East Fifth Avenue and East Third Avenue.

The parcels within the Community Reinvestment Area are listed in Exhibit A. The area of the Community Reinvestment Area is approximately depicted on the map attached to this Ordinance, marked Exhibit B. Each of these Exhibits by this reference is incorporated herein.

Section 7. That the following existing provisions are hereby repealed and replaced as provided herein: Sections 4565.02, 4565.06 and 4565.07 of the Columbus City Codes; Section 6 of Ordinance 2185-2018; and Section 1 of Ordinance 2196-2018.

Section 8. That the North of Broad/Area B Community Reinvestment Area, created by Ordinance 1142-02, and as amended by Ordinance 1951-2006, Ordinance 2157-2011, Ordinance 1375-2015, and Ordinance 2192-2018, is hereby renamed the Near East Community Reinvestment Area.

Section 9. That this Council further hereby authorizes and directs the Mayor, the Clerk of Council, the Director of Development, or other appropriate officers of the City to prepare and sign all agreements and instruments and to take any other actions as may be appropriate to implement this Ordinance.

Section 10. That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this Ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.