



## Legislation Text

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In 2016 and 2017, the City of Columbus commissioned a study from HR&A on the effectiveness of the City's economic development incentives, including real property tax abatements in Community Reinvestment Areas ("CRAs"). Based on the results of the study, the City revised its policies concerning CRA abatements, and decided to encourage the development of affordable housing by conditioning the provision of CRA abatements, in certain circumstances, on the inclusion of affordable housing.

In July 2018, City Council passed ordinance 2184-2018, adopting Chapter 4565 of the Columbus City Codes to require certain persons seeking CRA abatements in Post-1994 CRAs to meet certain affordable housing requirements as set forth therein.

Pursuant to Chapter 4565, the affordable housing requirements applicable to any particular development project depends on whether the CRA in which the project will be constructed is designated as Market Ready, Ready for Revitalization, or Ready for Opportunity (the "area designations"). Generally speaking, the area designations reflect the extent to which housing within the CRA is blighted. Development projects located in areas with less blight must satisfy higher affordable housing requirements in order to receive the abatement.

Pursuant to Chapter 4565, the area designation assigned to each CRA must be reassessed every three years. This code change will alter the reassessment dates going forward to ensure that uniform review dates are applied to all CRAs.

In addition to amending the tri-annual reassessment dates, this code change will modify the affordable housing requirements to receive a CRA abatement in Market Ready, Ready for Revitalization, and Ready for Opportunity areas. The Ordinance adopting the code change will set forth transition timelines for projects to qualify for a CRA abatement under terms established prior to the passage of this Ordinance.

To amend Chapter 4565 of the Columbus City Codes to alter the affordable housing requirements applicable in Market Ready, Ready for Revitalization, and Ready for Opportunity Community Reinvestment Areas, and to incorporate certain administrative modifications.

**WHEREAS**, in 2016 and 2017 the City of Columbus commissioned and received a study from HR&A on the effectiveness of its economic development incentives, including real property tax abatements in Community

Reinvestment Areas; and

**WHEREAS**, in response to the study, the City developed a revised incentive policy to encourage the development of affordable housing in CRAs in stronger market areas within the City by requiring developers to construct affordable housing in consideration of the City granting the developer a tax abatement; and

**WHEREAS**, in July 2018, City Council passed Ordinance 2184-2018, amending Title 45 of the Columbus City Codes to add Chapter 4565 embodying the City's new residential CRA incentive policy for Post-1994 CRAs; and

**WHEREAS**, Chapter 4565 empowers the Director of the Department of Development to assign each residential CRA within the City one of three housing area designations: Market Ready, Ready for Revitalization, or Ready for Opportunity; and

**WHEREAS**, in accordance with the foregoing, Chapter 4565 requires certain property owners in Market Ready and Ready for Revitalization areas to satisfy certain affordable housing requirements to receive a CRA abatement; and

WHEREAS, Chapter 4565 requires the Director to reassess the area designations assigned to each post-1994 CRA every three years to evaluate current market conditions based on the criteria outlined in Chapter 4565; and

WHEREAS, it is now necessary to amend the code in order to alter the affordable housing requirements applicable in Market Ready, Ready for Revitalization, and Ready for Opportunity Areas, to alter the tri-annual reassessment dates to ensure all post-1994 City CRAs are reassessed on a uniform schedule; and to make certain administrative modifications. **NOW, THEREFORE,**

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

**Section 1.** That Sections 4565.01, 4565.02, 4565.03, 4565.04, 4565.05, 4565.06, 4565.07, and 4565.08 of the Columbus City Codes are hereby amended and Section 4565.091 is enacted as follows:

**4565.01 Purpose.**

The purpose of this chapter is to establish policies, procedures, and conditions for the provision of certain community reinvestment area tax incentives to foster investment in, and the development of, affordable housing in mixed-use, mixed-income neighborhoods throughout the eCity; and to encourage investment in market-rate and affordable housing in areas and neighborhoods throughout the eCity that show varying levels of distress.

**4565.02 Definitions.**

- (A) *Affordable Housing Unit*: includes the following:
1. *Rentals*: housing consisting of an appropriate number of bedrooms based on the household size, as determined by city code, rented to tenants whose annual household income is ~~up to~~ at or below sixty percent (60%) of area median income (AMI) as defined below; at or below eighty percent (80%) of area median income (AMI); at or below one hundred percent (100%) of AMI; or at or below one hundred and twenty percent (100/120%) of AMI, and for which the annual rent charged ~~does not exceed thirty percent (30%) of the household's gross annual income~~ **complies with affordable rents at 60%, 80%, 100% and 120% AMI 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~~ at or below sixty percent (60%) of area median income (AMI) as defined below; at or below eighty percent (80%) of AMI; as defined by below or at or below one hundred percent (100%) of AMI; or at or below one hundred and twenty percent (100/120%) of AMI as defined below; and for which the annual cost of ownership does not exceed thirty-five percent (35%) of ~~their~~ the household's gross annual income.
- (B) *Area Median Income (AMI)*: the ~~annual~~ area median income, as calculated annually by HUD for various ~~family household~~ sizes within the Columbus, Ohio Metropolitan Statistical Area ~~by the U.S. Department of Housing and Urban Development~~.
- (C) *Area designation*: one of three designations that the Director may assign to a post-1994 CRA pursuant to the terms and requirements of this Chapter, identified as a Market Ready Area, Ready for Revitalization Area, and Ready for Opportunity Area.
- (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 has a mission to support affordable housing and community development to include ~~is either~~ a Community Housing Development Organization (CHDO), a Community Based Development Organization (CBDO), is supported by the Community Development Collaborative, is the Central Ohio Community Land Trust, or has a similar mission and structure as determined by the Director. 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 performance 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*: the new construction or remodel of housing units, whether single-family (one to three housing units), ~~two-family~~, or multifamily (four or more housing units) structures. A single ~~e~~Development ~~p~~~~p~~
- (H) *Development Director, or Director*: the Director of the Department of Development, or the designee thereof.
- (I) *Distress Criteria*: the factors by which post-1994 CRAs are categorized as a Market Ready Area, a Ready for R
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 most recent 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 eCity 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 most recent 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 eCity 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 eCity 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 eCity 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 e 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.~~
  6. *Tax Delinquency Rate* : the percentage of tax delinquent homes in an area. An area meets this distress criterion if the percentage of tax delinquent properties in an area is above the percentage of tax delinquent homes 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 **at the time of initial occupancy of a unit** 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.~~ (ML) *Household*: all individuals residing in a housing unit.
- ~~(NM)~~ *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. An individual who has reached the age of eighteen (18) years old and is enrolled as a full time student has the first \$480.00 of the student's income counted in household income.
- ~~(ON)~~ *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.
- ~~(PO)~~ *Market Ready Area*: an a post-1994 CRA area that is comprised of a census tract, portion of a census tract or portions of census tracts that have a median income in the fourth quartile based on the Median Household Income Criteria, or a post-1994 CRA made up of a census tract or census tracts that have a Median Household Income in the second or third quartiles and that also meets no more than one distress criteria in subsection (I) above.
- ~~(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 four stories of wood-~~
- ~~frame construction may be incorporated provided that it is built over a one or more story concrete podium that includes parking and and meets standards required by the Ohio building code. In determining whether a structure m~~
- (P) *Median Household Income Criteria*- The first criterion applied to determine the area designation assigned to a post-1994 CRA, which shall be applied as follows: Using the most recently available data from the American Community Survey, the median income of each census tract in Franklin County, including Columbus, shall be

ranked from lowest to highest, and those census tracts in the first (lowest) quartile shall be designated Ready for Opportunity and those census tracts in the fourth (highest) quartile shall be Market Ready. For any post-1994 CRA made up of more than one census track, the weighted average median income of the census tracks shall be used.

- (RQ) *Owner-occupied*: a housing unit inhabited as the principal place of residence by the person with who holds fee simple absolute title, or a substantially equivalent title property interest, as determined by the Director, to the housing unit in a manner that ensures the unit is not rented or used as a primary residence by a person not a member of the household.
- (R) *Post-1994 Community Reinvestment Area* : a community reinvestment area (CRA) designated by City Council subsequent to July 21, 1994 and that was issued a CRA designation number by the Ohio Development Services Agency.
- (S) *Project Sponsor*: an applicant seeking approval ~~for to construction of a dDevelopment pProject subject to~~ that contains residential housing within the boundaries of a CRA as provided in this chapter.
- (T) *Ready for Opportunity Area*: ~~an a post 1994 CRA area~~ comprised of a census tract, portion of a census tract or portions of census tracts that have a median household income in the first quartile pursuant to the Median Household Income Criteria per subsection (P) above, or a post 1994 CRA made up of a census tract, portion of a census tract or portions of census tracts that have a Median Household Income in the second or third quartiles and that meets more than four (4) distress criteria in subsection (I) above.
- (U) *Ready for Revitalization Area*: ~~an a post 1994 CRA area~~ that is comprised of a census tract, portion of a census tract or portions of census tracts that have a Median Household Income in the second or third quartile pursuant to the Median Household Income Criteria in subsection (P) above, and that meets at least two (2), but no more than four (4), distress criteria in subsection (I) above.
- (V) *Redesignation date*: July 31, 2022, then July of 2025 and every third year thereafter.
- (VW) *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 as defined in 26 CFR 1.42-10, as may be amended from time to time. The Director shall define reasonable utility expenses consistent with that code provision  
. Pet fees or surcharges shall not be considered "rent" for purposes of this chapter.

### 4565.03 Area designation for Post-1994 CRAs.

- (A) The Director shall designate post-1994 CRAs as ~~Market Ready Areas; Ready for Revitalization Areas; or Ready for Opportunity Areas.~~ The Director shall have the authority to designate a post-1994 CRA as a Market Ready Area, Ready for Revitalization Area, or Ready for Opportunity Area pursuant to this Chapter. On the Redesignation date, the Director shall have the authority to change the designation of any post-1994 CRA consistent with the requirements of this Chapter.
- ~~1. *Market Ready Areas*: The market-ready area designation for an area shall be reassessed every three (3) years.~~
  - ~~2. *Ready for Revitalization Areas*: The ready for revitalization area designation for an area shall be reassessed every three (3) years.~~
  - ~~3. *Ready for Opportunity Areas*: The ready for opportunity area designation for an area shall be reassessed every three (3) years.~~
- (B) One year prior to the rRedesignation date ~~expiration of an area's designation~~, the Director shall begin to assess the area designations in post-1994 CRAs for purposes of classifying the property as Market Ready, Ready for Opportunity, or Ready for Revitalization. Consistent therewith, the Director shall and determine whether it each

~~designated post-1994 CRA will shall~~ retain its ~~then-current~~ designation or receive a new designation. If the Director determines that ~~any post-1994 CRA the area should receive~~ meets the requirement for a new designation, the Director shall assign such new designation to be effective upon the Redesignation date expiration of the area's existing designation.

- (C) The Director shall provide a report to Council upon designating, or redesignating, ~~an area post-1994 CRAs as either Market Ready, Ready for Revitalization, or Ready for Opportunity.~~ The report shall include the distress criteria for each area designated by the Director.
- (D) ~~If any~~ Upon the creation of new Community Reinvestment Areas ~~is created by City Council,~~ the Director shall designate the area as either Market Ready, Ready for Revitalization, or Ready for Opportunity and shall provide the report as required by this Section prior to ~~within thirty (30) days from~~ Council's vote to establish the Community Reinvestment Area.
- (E) Annually, ~~the~~ Director shall provide to City Council ~~an annual~~ with a report, no later than September 30<sup>th</sup> of each calendar year, ~~on the provision of identifying the real property tax abatements, area designations and the type of~~ and affordable housing within each Post-1994 CRA area for the prior year.

#### **4565.04 General requirements for aAffordable hHousing uUnits.**

- (A) Wherever Affordable hHousing uUnits are required pursuant to this Chapter, they shall be dispersed throughout the dDevelopment pProject and shall be comparable to the design and quality of market-rate units within the dD ~~development pProject~~ in terms of appearance, materials, and finished ~~quality.~~
- (B) The distribution of unit sizes across the Affordable Housing Units shall mirror the distribution of unit sizes across the entire Development Project (i.e., if twenty percent of the units within the Development Project are two-bedroom units, then twenty percent of the affordable units must be two-bedroom units). For Development Projects with unique mix configurations, and do not easily lend themselves to the prescribed affordable set-aside percentages, the Director of Development is authorized to negotiate affordable unit set asides on a case by case basis, with the understanding that the overall goal of mixed income housing within the development is achieved.
- (~~B~~C) Throughout the term of an CRA abatement, the aAffordable hHousing uUnits provided in a development may be located in different physical units over time (aAffordable hHousing uUnits may "float" through the development over time), while at the same time complying with subsections (A) and (B) above.
- (~~C~~D) Affordable hHousing uUnits shall be constructed within a similar timeline as ~~market-rate non-Affordable Housing uUnits~~ within the ~~dDevelopment pProject.~~
- (~~D~~E) Affordable hHousing uUnits shall be provided access to amenities and recreational facilities within the ~~dD~~ development pProjects on equal terms to market-rate housing units. However, nothing in this section prohibits or dissuades the provision of amenities and recreational facilities to Affordable Housing Unit residents at a lesser rate than that charged to non-Affordable Housing Units.
- (~~E~~F) Affordable hHousing uUnits shall be rented or sold only to qualified persons whose annual household income is ~~up to~~ does not exceed sixty percent (60%) AMI, eighty percent (80%) AMI, one hundred percent (100%) AMI, or up to one hundred twenty percent (100120%) AMI for the family household size for which the housing unit was designed, as applicable.
- (~~F~~G) To qualify as an aAffordable hHousing uUnit, the housing unit must be occupied as the principal residence of the occupant or occupants.
- (~~G~~H) Any fee charged by the ~~pProject s~~ Sponsor to the prospective tenant or purchaser of an aAffordable hHousing uU nit must be a usual, customary transaction fee normally incurred in a residential transaction. The Director may establish a range of fees that are presumptively usual and customary in such transactions based on industry data in

use at the time that the tax abatement is granted.

- (H) The Director is authorized to adopt and implement such rules, standards, and processes as are necessary, ~~in the Director's discretion,~~ to administer this chapter and that are consistent with the City's goal of providing Affordable Housing Units within Development Projects that receive a CRA tax exemption.

#### **4565.05 Additional requirements for owner-occupied affordable housing units.**

- (A) To be eligible for Community Reinvestment Area tax abatement incentives under this chapter, ~~p~~Project sSponsors developing projects to include owner-occupied housing units shall, in addition to the applicable agreement requirements set forth in Sections ~~4565.07, or Section 4565.08,~~ and 4565.09 of this chapter, be required to enter into an agreement with the City, which may include and/or executing such restrictive covenants, ~~including but not limited to condominium terms,~~ as are determined necessary by the Director ~~and the,~~ in consultation with the City Attorney, to ensure to provide that all owner-occupied Affordable Housing uUnits that will be credited as affordable housing units shall remain affordable for the duration of any abatement provided for the unit under this chapter. If the ~~d~~Development ~~p~~Project includes a requirement to form a condominium association or homeowners' association, the condominium association or homeowners' association (or similar type of organization), the Project Sponsor shall require the condominium association or homeowners' association be a party to the agreement and other documents necessary to effectuate this requirement.
- (B) *Initial Pricing.* The initial sale price of an affordable owner-occupied housing unit shall not exceed that is to be owner-occupied shall be determined such that the annual costs of ownership, assuming a thirty-year fixed rate mortgage and down payment of three percent (3%), will result in the unit being an affordable housing unit as defined in this chapter or the owner has obtained down payment and/or affordability assistance from a governmental entity or comparable organization including a lender.
- (C) *Resale:* For ~~d~~Development ~~p~~Projects of four (4) or more housing units, the Director shall adopt rules to establish the resale price of owner-occupied affordable housing units subject to this chapter. Such rules shall consider the purposes of this chapter to encourage ~~provision of the construction of~~ affordable housing throughout the ~~e~~City while enabling owner-occupant sellers of a Affordable hHousing uUnits to realize a reasonable return on the sale of the housing unit, including consideration of improvements made to the housing unit by the owner-occupant. For ~~d~~Development ~~p~~Projects consisting of new construction of three (3) or fewer housing units in Market Ready and Ready for Revitalization Areas, the real property tax abatement provided under this chapter shall cease upon transfer of the property or any unit thereon that does is not in conformance with deed restrictions that ensure its continued for affordability for the duration of the abatement.
- (D) The project sponsor or (if the project sponsor has divested its ownership or control of the ~~d~~Development ~~p~~Project) the condominium association or homeowners' association, shall be responsible for reporting to the Director the number of a Affordable hHousing uUnits in the ~~d~~Development ~~p~~Project for the duration of the abatement period.

#### **4565.06 Availability of incentives.**

- (A) ~~Unless specifically stated herein,~~ Community reinvestment area tax incentives under this chapter for ~~d~~Development ~~p~~Projects containing four (4) or more housing units within post-1994 CRAs designated Market Ready Areas, or Ready for Revitalization Areas, or Ready for Opportunity Areas shall be available only pursuant to agreement between the City and require the pProject sSponsor, to entered into an agreement with the City no later than six months after receipt of a building permit for the Development Project prior to commencement of construction. A property owner Project Sponsor may request a waiver for submission of agreement ~~post commencement of construction with that this time-frame be extended for good cause, subject to approval from by the Director. Such~~ The agreement required herein must include the terms specified in Section 4565.07 for Market Ready Areas or Section 4565.08 for Ready for Revitalization Areas and 4565.09 for Ready for Opportunity Areas.

- (B) Development Projects shall not be artificially divided to avoid the agreement requirements within this chapter.
- (C) For a Development Project involving the remodeling of a structure containing not more than three (3) housing units in a Market Ready area, a tax abatement is not available.
- (CD) For a Development Project involving the remodeling of a dwelling of a structure 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~~ the Project Sponsor shall be required to enter into an agreement with the City no later than six months after receipt of a building permit for the Development Project receive such abatement; provided, however, that if the remodeled structure for homeownership is located in a Ready for Revitalization Area, all remodeled units within the Development Project must be Affordable Housing Units affordable to occupants with household incomes that are at or below one hundred twenty percent (120%) AMI to be eligible for the tax abatement. If the remodeled structure for rental is located in a Market Ready or Ready for Revitalization Area, all remodeled units within the Development Project must be Affordable Housing Units affordable to occupants with household incomes that are at or below sixty percent (60%) AMI to be eligible for the tax abatement. A Project Sponsor may request that this time-frame be extended for good cause, subject to approval by the Director.
- (DE) For a Development Project involving the construction of a new structure(s) dwelling resulting in 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~~ the Project Sponsor shall be required to enter into an agreement with the City no later than six months after receipt of a building permit for the Development Project to receive such abatement; provided, however, that if the new structure(s) dwelling is will to be located in a Market Ready Area or Ready for Revitalization Area, all owner-occupied housing units within the Development Project, it must provide be affordable housing Affordable Housing Units as defined in this chapter, and any rules adopted hereunder, to occupants whose annual household income is at or below one hundred twenty percent (120%) AMI to be eligible for the tax abatement. If the new structure for rental is located in a Market Ready or Ready for Revitalization Area, all new structures within the Development Project must be Affordable Housing Units affordable to occupants with household incomes that are at or below sixty percent (60%) AMI to be eligible for the tax abatement. A Project Sponsor may request that this time-frame be extended for good cause, subject to approval by the Director.
- (EF) For a Development Projects within post-1994 CRAs designated as Ready for Opportunity Areas for up to three housing units in shall do not be require subject to the execution of an agreement requirement, housing units in the Development Project within division (A) of this section and shall receive an abatement of property taxes on one hundred percent (100%) of the increase in the assessed valuation of the structure for a period of fifteen (15) years.
- (EG) The statement of required terms in Sections 4565.07, 4565.08, 4565.09 and 4565.05 shall not be construed to limit the ability authority of the Director to prescribe additional agreement terms by rule, subject to approval as to legal form by the City Attorney, provided such rules are consistent with the intent of this Chapter to incentivize the construction of Affordable Housing Units in Community Reinvestment Areas in consideration of receiving a tax abatement.

#### **4565.07 Required terms for incentive agreements in ~~m~~Market ~~r~~Ready ~~a~~Areas.**

The provisions of ~~t~~This section state includes terms required for the in agreements required for Market Ready Areas by division (A) of Section 4565.06 of this Chapter. They are not self-executing terms for purposes of receiving an abatement.

- (A) A ~~mid-rise or high-rise d~~ A Project Sponsor of a Development Project containing four (4) or more housing units in a Market Ready Area shall be eligible for ~~must~~ elect one of the incentive requirements specified below in order to be eligible for a one hundred (100%) percent abatement of



~~the increase in assessed value of the structure for a period of fifteen (15) years from the date of the issuance project's receipt of its of a certificate of occupancy (or an earlier date, if elected by the pP roject sSponsor with the City's consent):~~

- a. For the duration of the incentive, a minimum of ten percent (10%) of the housing units in the Development Project are affordable housing units rented or sold to occupants with household income at or below sixty percent (60%) AMI, and an additional ten percent (10%) or more of the housing units in the development are affordable housing units rented or sold to occupants with household income at or below eighty percent (80%) AMI.
- b. For the duration of the incentive, a minimum of thirty percent (30%) of the housing units in the Development Project are affordable housing units rented or sold to occupants with household income at or below eighty percent (80%) AMI.

~~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-(B) The pProject sSponsor may receive credits equal to one (1) aAffordable hHousing uUnit for each of the following:~~

- a. For every one million dollars (\$1,000,000.00) of environmental remediation expenses associated with the ~~dDevelopment pProject~~;
- b. For every twenty-five thousand (25,000) square feet of Class A office space constructed as part of an affiliated commercial development, or rehabilitation remodel within the same structure, as where the ~~aAffordable hHousing uUnit(s)~~ would otherwise be required. The Director may establish rules defining what is an affiliated commercial development or ~~rehabilitation remodel, taking into consideration their usual and customary business definitions.~~
- c. If the project is to a rehabilitation remodel of a property listed on the Columbus Register of Historic Properties, then the ~~aAffordable hHousing uUnit~~ requirements shall not apply and no agreement under Section 4565.06 shall be required.
- d. The Project Sponsor may make a one-time payment to the City of Columbus, Department of Development in lieu of providing affordable housing units; the one-time fee-in-lieu payment shall be computed starting with a base amount of \$32,000 per required Affordable Housing Unit increased by the product of the base amount multiplied by the percentage increase in the Consumer Price Index (CPI), as calculated every August 1 with the first multiplier being the change in the CPI from August 1, 2022 to August 1, 2023, increased further by five percentage points. This calculation will constitute the new base amount for the succeeding year and will be adjusted annually based on the change in the CPI plus five percentage points thereafter. Project Sponsors may opt to include some amount of Affordable Housing Units in a Development Project and buy-out the remaining number of required units. If a Project Sponsor opts to buy out all of the required Affordable Housing Units in a Development Project, the Project Sponsor is required to make a fee-in-lieu payment equal to ~~\$32,000 times~~ 20% of the total number of units in the Development Project. 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 150% = \$54,000 annual payment in lieu).~~

(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.~~

~~(CB)~~ Default on Affordable Housing Unit Requirement.

1. If the required number of ~~a~~Affordable ~~h~~Housing ~~u~~Units rented or owned by persons whose household income is ~~up to~~ at or below sixty percent (60%) AMI or eighty percent (80%) AMI, as applicable, ~~or one hundred percent (100%) AMI~~
2. If the required number of ~~a~~Affordable ~~h~~Housing ~~u~~Units rented or owned by persons whose household income is ~~is~~

Affordable Housing Shortfall (by % below required number of units)	Required Payment to <del>Affordable Housing Trust</del> (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 what the ~~annual~~ fee-in-lieu would be under division 4565.07 (B)(d)(~~)~~ of this section for the ~~a~~Affordable ~~h~~Housing ~~u~~Unit shortfall, the ~~p~~Project ~~s~~Sponsor shall pay the fee-in-lieu amount to the City rather than the amount provided by this subsection.

3. If the number of ~~a~~Affordable ~~h~~Housing ~~u~~Units rented or owned by persons whose household income is ~~up to~~ at or below sixty percent (60%) AMI, or at or below eighty percent (80%) AMI, as applicable, ~~or one hundred percent (100%) AMI~~ and remains below fifty percent (50%) of the number of Affordable Housing Units 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 ~~p~~Project ~~s~~Sponsor and the City may execute an addendum to the agreement by which the ~~p~~Project ~~s~~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 for the Affordable Housing Unit shortfall for the remaining duration of the abatement, in-lieu which amount shall equal be not less than one hundred seventy five percent (175%) of the difference between the annual market rate rent charged for the least expensive units by required unit type comprising one fifth of the total market rate rent non-Affordable Housing Units of the unit size(s) for which there is a deficiency within the development, and the annual rents that would have been collected on those units if they were a Affordable hHousing uUnits. \$32,000 the fee amount as described in Section 4565.07(B)(d) for each unit that is required to be an Affordable Unit, divided by 15, multiplied by the number of years remaining in the abatement period.

4. The remedies provided for default herein are not intended, and shall not be so construed, to limit the City's ability ~~t~~

**4565.08 Required terms for incentive agreements in rReady for rRevitalization aAreas.**

The ~~provisions of this section~~ stated terms and conditions applicable to agreements required for the agreements required for Ready for Revitalization Areas by division (A) of Section 4565.06. They are not self-executing terms for receipt of an abatement.

(A) A Project Sponsor of a ~~d~~Development ~~p~~Projects containing four (4) or more housing units in a Ready for Revitalization Area ~~shall be eligible~~ must elect ~~for~~ one of the ~~incentive~~ requirements specified below in order to be eligible for a one hundred (100%) percent abatement of the increase in assessed value of the structure for a period of fifteen (15) years from the date of the issuance of a certificate of occupancy (or an earlier date, if elected by the Project Sponsor with the City's consent):

- a) For the duration of the incentive, a minimum ten percent (10%) of the housing units in the Development Project are Affordable Housing Units rented or sold to occupants with household income at or below sixty percent (60%) AMI, and an additional ten percent (10%) or more of the housing units in the development are affordable housing units rented to occupants with household income at or below eighty percent (80%) AMI.
- b) For the duration of the incentive, a minimum thirty percent (30%) of the housing units in the Development Project are Affordable Housing Units rented to occupants with household income at or below eighty percent (80%) AMI.

~~specified in division (B) of this Section if, for the duration of the incentive, ten percent (10%) of the housing units in the development are affordable housing units rented or sold to occupants with 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 up to one hundred percent (100%) AMI.~~

~~1.(B) The pProject sSponsor may receive credits equal to one (1) aAffordable hHousing uUnit for each of the following:~~

- a. For every one million dollars (\$1,000,000.00) of environmental remediation expenses ~~associated with~~ required to construct the Development pProject;
- b. For every twenty-five thousand (25,000) square feet of Class A office space constructed as part of an affiliated commercial development or ~~rehabilitation~~ remodel within the area. The Director may establish rules defining what is an affiliated commercial development or ~~rehabilitation~~ remodel, taking into consideration their usual and customary business definitions.
- e. For a one-time payment of five thousand dollars (\$5,000.00) to a local CDC to support affordable housing in the city of Columbus.
  - i. ~~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.~~
  - ii. ~~If the project sponsor fails to remit the payment required by this section by the date set forth in the project sponsor's agreement with the City, the project sponsor shall be in default under the agreement. 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 five hundred dollars (\$500.00) for each month or portion of a month that the payment is late. The penalty shall be paid to the Affordable Housing Trust.~~

~~2.c. If the Development pProject is a rehabilitation renovation of a property listed on the Columbus Register of Historic Properties, then the aAffordable hHousing uUnit requirements shall not apply and no agreement under Section 4565.06 shall be required.~~

~~3. If the project is being completed in partnership with a local CDC or the Columbus Next Generation Corporation, or the Central Ohio Community Land Trust, then the affordable housing units requirement shall not apply. The Director shall formulate criteria to evaluate whether an arrangement between the project sponsor and the CDC or Columbus Next Generation Corporation, or the Central Ohio Community Land trust is a qualifying partnership under this division.~~

d. The Project Sponsor may make ~~an annual~~ one-time payment to the City of Columbus, Department of Development in lieu of providing Aaffordable Hhousing Uunits; the one-time fee-in-lieu payment shall be computed starting with a base amount of \$16,000 per required Affordable Housing Unit increased by the product of the base amount multiplied by the percentage increase in the Consumer Price Index (CPI), as calculated every August 1 with the first multiplier being the change in the CPI from August 1, 2022 to August 1, 2023, increased further by five percentage

**points. This calculation will constitute the new base amount for the succeeding year and will be adjusted annually based on the change in the CPI plus five percentage points thereafter. Project Sponsors may opt to include some amount of Affordable Housing Units in a Development Project and buy-out the remaining number of required units. If a Project Sponsor opts to buy out all of the required Affordable Housing Units in a Development Project, the Project Sponsor is required to make a fee-in-lieu payment equal to \$16,000 times 20% of the total number of units in the Development Project.**

~~(B)~~(C) Development Projects providing the Affordable Housing Units required under division (A) of this section, or those receiving credits or paying a fee-in-lieu of providing such Affordable Housing Units as provided in required under division (A) of this section, shall be eligible for a real an abatement of property tax abatement not to exceed on one hundred percent (100%), of the assessed value of the structure(s) constructed, for a period of fifteen (15) years from the date of the issuance project's receipt of its of a certificate of occupancy (or an earlier date, if elected by the Project Sponsor with the City's consent).

(D) Default on Affordable Housing Unit Requirement.

1. If the number of Affordable Housing Units rented or owned by persons whose household income up to at or below sixty percent (60%) AMI or at or below eighty percent (80%) AMI, as applicable, or ~~or~~
2. If the number of Affordable Housing Units rented or owned by persons whose household income is up to at or below sixty percent (60%) AMI or at or below eighty percent (80%) AMI, as applicable, or one hundred percent (100%) AMI which remains below that prescribed in division (A) of this Section for

a period of one hundred eighty (180) to seven-hundred and twenty-nine (729) days, the Project Sponsor shall be responsible for making payment to the Affordable Housing Trust City of Columbus, Department of Development 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 ~~Section 4565.08(B)(d)(B)(d)~~ of this section for the Affordable Housing Unit shortfall, the Project Sponsor shall pay the fee-in-lieu amount to the City 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 at or below sixty percent (60%) AMI or at or below eighty percent (80%) AMI, as applicable, or one hundred percent (100%) AMI which remains below fifty percent (50%) of that prescribed in division (A) of this Section for a period of seven hundred and thirty (730) or more days (e.g., two consecutive years or more), the Director shall have cause to take such action as necessary to cause the abatement to cease terminate 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 an annual fee-in-lieu for the Affordable Housing Unit shortfall for the remaining duration of the abatement, calculated as provided in Section 4565.07(B)(3e), except that the annual fee-in-lieu amount 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 for the unit

size(s) for which there is a deficiency within the development, and the annual rents that would have been collected on those units if they were Affordable Housing Units, **be as described in Section 4565.07(B)(d) \$16,000** for each unit that is required to be an Affordable Unit, divided by 15, multiplied by the number of years remaining in the abatement period.

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

#### **4565.09 Required terms for incentive agreements in Ready for Opportunity Areas**

The stated terms and conditions applicable to agreements required for Ready for Opportunity Areas by division (A) of Section 4565.06 are not self-executing terms for receipt of an abatement.

(A) A Project Sponsor of a Development Projects containing four (4) or more housing units in a Ready for Opportunity Area shall be eligible for one of the incentives below:

a) One hundred percent (100%) of the increase in assessed value of the structure for a period of fifteen (15) years if, for the duration of the incentive, a minimum ten percent (10%) of the housing units in the Development Project are Affordable Housing Units rented or sold to occupants with household income at or below eighty percent (80%) AMI, and an additional ten percent (10%) or more of the housing units in the development are Affordable Housing Units rented or sold to occupants with household income at or below one hundred percent (100%) AMI.

(B) 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 required to construct the Development Project;
- b. For every twenty-five thousand (25,000) square feet of Class A office space constructed as part of an affiliated commercial development or remodel within the area. The Director may establish rules defining what is an affiliated commercial development or remodel, taking into consideration their usual and customary business definitions.
- c. If the Development Project is a renovation 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.
- d. The Project Sponsor may make a one-time payment to the City of Columbus, Department of Development, in lieu of providing Affordable Housing Units; the one-time fee-in-lieu payment shall be **computed starting with a base amount of \$5,000 per required Affordable Housing Unit multiplied by the percentage increase in the Consumer Price Index (CPI), as calculated every August 1 with the first multiplier being the change in the CPI from August 1, 2022 to August 1, 2023, increased further by five percentage points. This calculation will constitute the new base amount for the succeeding year and will be adjusted annually based in the CPI plus five percentage points thereafter.** Project Sponsors may opt to include some amount of Affordable Housing Units in a Development Project and buy-out the remaining number of required units. If a Project Sponsor opts to buy out all of the required Affordable Housing Units in a Development Project, the Project Sponsor is required to make a fee-in-lieu payment equal to \$5,000 times 20% of the total number of units in the Development Project.

(C) Development Projects providing the Affordable Housing Units required under division (A) of this section, or those receiving credits or paying a fee-in-lieu of providing such Affordable Housing Units required under division (A) of this section, shall be eligible for a real property tax abatement not to exceed one hundred percent (100%), of the assessed value of the structure(s) constructed, for a period of

fifteen (15) years from the date of the issuance of a certificate of occupancy (or an earlier date, if elected by the Project Sponsor with the City's consent).

(D) Default on Affordable Housing Unit Requirement.

1. If the number of Affordable Housing Units rented or owned by persons whose household income ~~up~~ ~~to~~ at or below eighty percent (80%) AMI or at or below one hundred percent (100%) AMI, as applicable, which falls below the proportions prescribed by division (A) for a period of ninety (90) to one hundred and seventy-nine (179) 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 at or below eighty percent (80%) AMI or at or below one hundred percent (100%) AMI, as applicable, which remains below that prescribed in division (A) of this Section for a period of one hundred eighty (180) to seven-hundred and twenty-nine (729) days, the Project Sponsor shall be responsible for making payment to the City of Columbus, in an amount determined by the following table:

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

If the payment required by this subsection is less than the what the fee-in-lieu would be under division 4565.09(B)(d) ~~(AB)~~(3d) of this section for the Affordable Housing Unit shortfall, the Project Sponsor shall pay the fee-in-lieu amount to the City 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 at or below eighty percent (80%) AMI or at or below one hundred percent (100%) AMI, as applicable, which remains below fifty percent (50%) of that prescribed in division (A) of this Section for a period of seven hundred and thirty (730) or more days (e.g., two years or more), the Director shall have cause to take such action as necessary to cause the abatement to ~~cease~~ terminate and return the property to full 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 a fee-in-lieu for the Affordable Housing Unit shortfall for the remaining duration of the abatement. The fee-in-lieu amount shall be **as described in Section 4565.09(B)(d) \$5,000** for each unit

that is required to be an Affordable Unit, divided by 15, multiplied by the number of years remaining in the abatement period.

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

**Section 2.** That the existing Sections 4565.01, 4565.02, 4565.03, 4565.04, 4565.05, 4565.06, 4565.07, and 4565.08 of the Columbus City Codes are hereby repealed.

**Section 3.** That this Ordinance shall take effect and be in force from and after the earliest date allowed by law.