

Date: February 23, 2021

To: Councilmember Greg Landsman
From: Andrew W. Garth, City Solicitor *AWG*
Subject: **Emergency Ordinance – Balanced Development Project Scorecard (B
VERSION)**

Transmitted herewith is an emergency ordinance captioned as follows:

ESTABLISHING a City Council policy for evaluating real property tax incentives authorized by the City of Cincinnati.

AWG/SSB/(lnk)
Attachment
320756

City of Cincinnati

SSB/B

AWB

An Ordinance No. _____

- 2021

ESTABLISHING a City Council policy for evaluating real property tax incentives authorized by the City of Cincinnati.

WHEREAS, City Council has the authority to declare up to 100% of the increase in the assessed value of improvements to be exempt from real property taxation by means of (i) project-based tax increment financing incentives pursuant to Ohio Revised Code (“ORC”) Sections 5709.40(B) and 5709.41; and (ii) “Community Reinvestment Area” incentives pursuant to ORC Sections 3735.65 through 3735.70; and

WHEREAS, Motion No. 201901811, as adopted by this Council on December 11, 2019, recommended updates to how the City Administration evaluates the public benefits created by projects receiving real property tax incentives pursuant to the aforementioned ORC provisions, with a focus on prioritizing projects that create good, local jobs; preserve and/or create affordable housing; minimize displacement of residents and businesses; and/or commit to project-specific inclusion goals; and

WHEREAS, to incentivize balanced development throughout the City of Cincinnati as recommended in the aforementioned Motion, City Council desires to adopt a *Priorities Rubric*, a copy of which is attached hereto as Attachment A, to (i) communicate City Council’s policy objectives to developers applying for City incentives; (ii) assist City Council in evaluating development projects when qualifying real property tax exemptions or abatements are recommended; and (iii) establish certain City Council policy objectives that can be memorialized and monitored as part of an eventual incentive agreement between the City and the developer; now therefore,

BE IT ORDAINED by the Council of the City of Cincinnati, State of Ohio:

Section 1. That City Council adopts the *Priorities Rubric* attached to this ordinance as Attachment A, which establishes a City Council policy relating to qualifying real property tax abatements and exemptions.

Section 2. That Council intends that the *Priorities Rubric* be prepared by the Administration as a policy tool to be utilized for evaluating the public benefits associated with economic and community development projects for which (a) the total estimated costs of the project exceed \$5,000,000, and (b) the proposed City assistance includes a real property tax

incentive authorized pursuant to Ohio Revised Code (“ORC”) Section 5709.40(B), ORC Section 5709.41, or ORC Sections 3735.65 through 3735.70 with a present value exceeding \$3,000,000. Council desires that the Administration (i) include the form *Priorities Rubric* as part of its applicable incentive applications and (ii) present project-based rubric information for Council consideration as part of the Administration’s recommendation to Council. Council intends that the Administration have latitude to create additional criteria and update the *Priorities Rubric* as appropriate to ensure the City’s tax incentives support the City’s residents and neighborhoods while attracting local investment. City Council further acknowledges that the *Priorities Rubric* process is a policy tool to guide City Council decision making and does not diminish the Administration’s executive authority under the Charter of the City of Cincinnati, which authority includes the power to (1) determine whether and on what terms to recommend development deals for Council consideration and (2) enforce any such related agreement.

Section 3. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.

Passed: _____, 2021

John Cranley, Mayor

Attest: _____
Clerk

ATTACHMENT A

PRIORITIES RUBRIC

Do total costs of the Project exceed \$5 million? Yes No

Does the present value of proposed City assistance exceed \$3 million? Yes No

CATEGORY	APPLICABLE?	EXCEEDS	MEETS
<p><u>BALANCED HOUSING PRODUCTION</u></p> <ul style="list-style-type: none"> Project creates or preserves, low-income (51%-80% AMI) housing units and/or very low-income housing units (31%-50% AMI) to the extent financially feasible given project conditions. Project creates or preserves extremely low-income housing units (0%-30% AMI) to the extent financially feasible given project conditions. Project creates a mixture of extremely low (0%-30% AMI), very low (31%-50% AMI), and/or low-income (51%-80% AMI) housing units with workforce/middle housing units (81%-120% AMI) and/or market-rate units to the extent financially feasible given project conditions. Project creates additional market-rate or workforce/middle income (81%-120% AMI) housing units that promote a balanced, mixed-income neighborhood without displacing existing lower income residents. 	Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>IMPROVEMENT OF VACANT, BLIGHTED AND/OR UNDERUTILIZED PROPERTIES</u></p> <ul style="list-style-type: none"> Project replaces a vacant and/or underutilized property and adds net-new housing units without displacing existing residents. Project activates a previously vacant building or property. Project eliminates a blighted parcel or parcels (as defined in Ohio Revised Code Section 1.08). Project enhances an underutilized site (i.e. vacant parcel or surface parking lot) and adds new amenities (like housing, office, commercial, community space, etc.) to the neighborhood. Project will involve remediation of a brownfield site or involves mitigation of previously existing site conditions that make redevelopment difficult. 	Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT</u></p> <ul style="list-style-type: none"> Project will obtain requisite level of U.S. Green Building Council Leadership in Energy and Environmental Design Silver, Gold or Platinum or Living Building Challenge Net Zero or Petal (which must comply with the requirements of LBC). 	Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>VOLUNTARY TAX INCENTIVE CONTRIBUTION</u></p> <ul style="list-style-type: none"> Applicant has represented that it (i) will contribute at least 15% of the exempted value of the improvements either in support streetcar operations or to further 	Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

neighborhood improvements in the neighborhood of the project and affordable housing city-wide and (ii) will execute an agreement with a third-party memorializing such contribution.			
<p><u>INCLUSION</u></p> <ul style="list-style-type: none"> Applicant has committed to using good-faith efforts to achieve 17% MBE and 10% WBE utilization goals for construction contracts related to the Project consistent with Chapter 324 of the Cincinnati Municipal Code. Applicant will (or will cause the end-user to) adopt hiring policies to ensure at least 25% of any new employees hired are residents of the City and such policies will give preference to residents of the City. Applicant has participated, is participating, or will participate in the City's program advancing minority development professionals. 	Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>COMMUNITY OUTREACH</u></p> <ul style="list-style-type: none"> Applicant has engaged all necessary stakeholders in the community in an open and public process, as early as feasible. DCED made information available to Applicant regarding best practices for community engagement. In the interest of mitigating displacement directly associated with the Project, Applicant has engaged any and all tenants, businesses, and persons that as a direct result of the Project may be entitled to relocation benefits pursuant to Chapter 740 of the Cincinnati Municipal Code. 	Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>LIVING WAGES</u></p> <ul style="list-style-type: none"> Applicant has committed that all jobs created by the Project (during construction and after) will comply with the City's Living Wage Policy. Applicant has represented that it will engage a partner in the Labor community on construction of the Project to ensure good wages and career training. 	Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>JOB CREATION AND RETENTION</u></p> <ul style="list-style-type: none"> Project will create and/or retain significant jobs and payroll. Project will create and/or retain small/neighborhood business jobs and payroll. Project will create and/or retain more than 10 jobs per acre. 	Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>PLACE-BASED INVESTMENT</u></p> <ul style="list-style-type: none"> Project is located in a Federally designated NRSA and/or Opportunity Zone. Project is located within 1/2 mile of a Neighborhood Business District. Project is located along a transit corridor. Project encourages traditional compact, walkable neighborhood development. Project is placed within a federally designated Hub Zone. 	Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p><u>HISTORIC PRESERVATION</u></p> <ul style="list-style-type: none"> • Project will directly lead to the preservation of a historic structure. • Project will create increased market activity and investment that will support and encourage preservation of proximate historic structures. 	Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><u>TRANSFORMATIVE PROJECT</u></p> <ul style="list-style-type: none"> • Project fills a neighborhood need and/or adds a new community asset (i.e. retail, commercial, grocery, housing). • Project saves or preserves existing community asset. • Project creates or enhances a public space to be utilized by the community. • Project creates/repairs City infrastructure. • Project is within a “Targeted Neighborhood” as defined in Ordinance No. 275-2017, as amended. • Project is a “Catalytic Project” as defined in Ordinance No. 275-2017, as amended. 	Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This Priorities Rubric is intended to be utilized as a starting point for discussions of certain public benefits created by applicable projects, and is not intended to prevent or discourage the City Administration from presenting projects for Council consideration that do not meet the criteria listed herein. Acknowledging that projects may have benefits that are not captured in the criteria set forth in this Priorities Rubric, Council encourages the City Administration to bring forth all worthy projects.