



Residential Incentive Program Proposed Updates

Building the housing infrastructure to support our growing city and have economically diverse neighborhoods

COLUMBUS HOUSING STRATEGY:

BUILD the housing infrastructure to support our growing City.

- **PRESERVE** existing affordability
- **INVEST** in affordable housing for individuals and families
- **INCLUDE** all to address economic and racial disparities

ISSUE:

Central Ohio has a housing shortage because we are not building the housing infrastructure needed to support our growing community

Jobs created to housing built between 2009-2019:

 **2.5** to **1** 

ISSUE:

Individuals and families are being priced out of some neighborhoods because rents are rising which limits access to these communities.

ISSUE:

Increasingly expensive to build affordable housing and therefore a wide range of tools are needed for new affordable housing to be built including an abatement.

GOALS OF THE PROGRAM:

- Incentivize residential construction
- Incentivize the inclusion of below market-rate units in higher rent neighborhoods.
- Support the development of affordable housing throughout the City.

WHAT IS AFFORDABILITY IN CENTRAL OHIO?

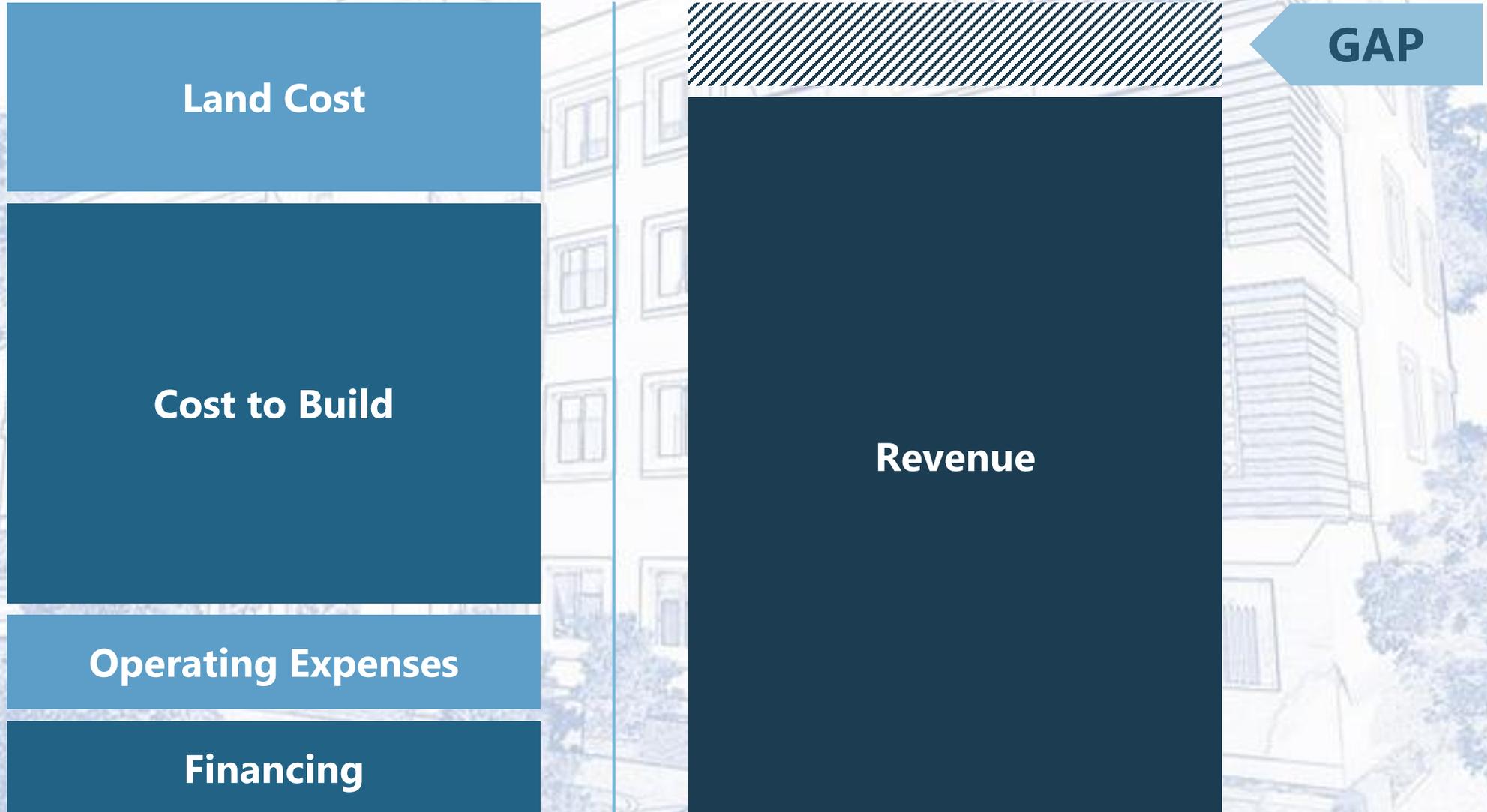


Household pays
< 30%
of their income
on Housing.

ANNUAL MEAN WAGE FOR A:

- **Registered Nurse** is \$73,270/year. Monthly housing expense should not exceed \$1,831.
- **Construction worker** is \$50,510/year. Monthly housing expense should not exceed \$1,262.75
- **Administrative assistant** is \$40,970/year. Monthly housing expense should not exceed \$1,024.25
- **Cook in a restaurant** is \$29,590/year. monthly housing expense should not exceed \$739.75

How does the tax abatement work?



How does the tax abatement work?

**Predevelopment
Taxable Value**

**Abated Value
After
Development**

**Predevelopment
Taxable Value**

Taxable Value

Years 0 - 15

Years + 15

2018 Policy Updates

■ Market-Ready

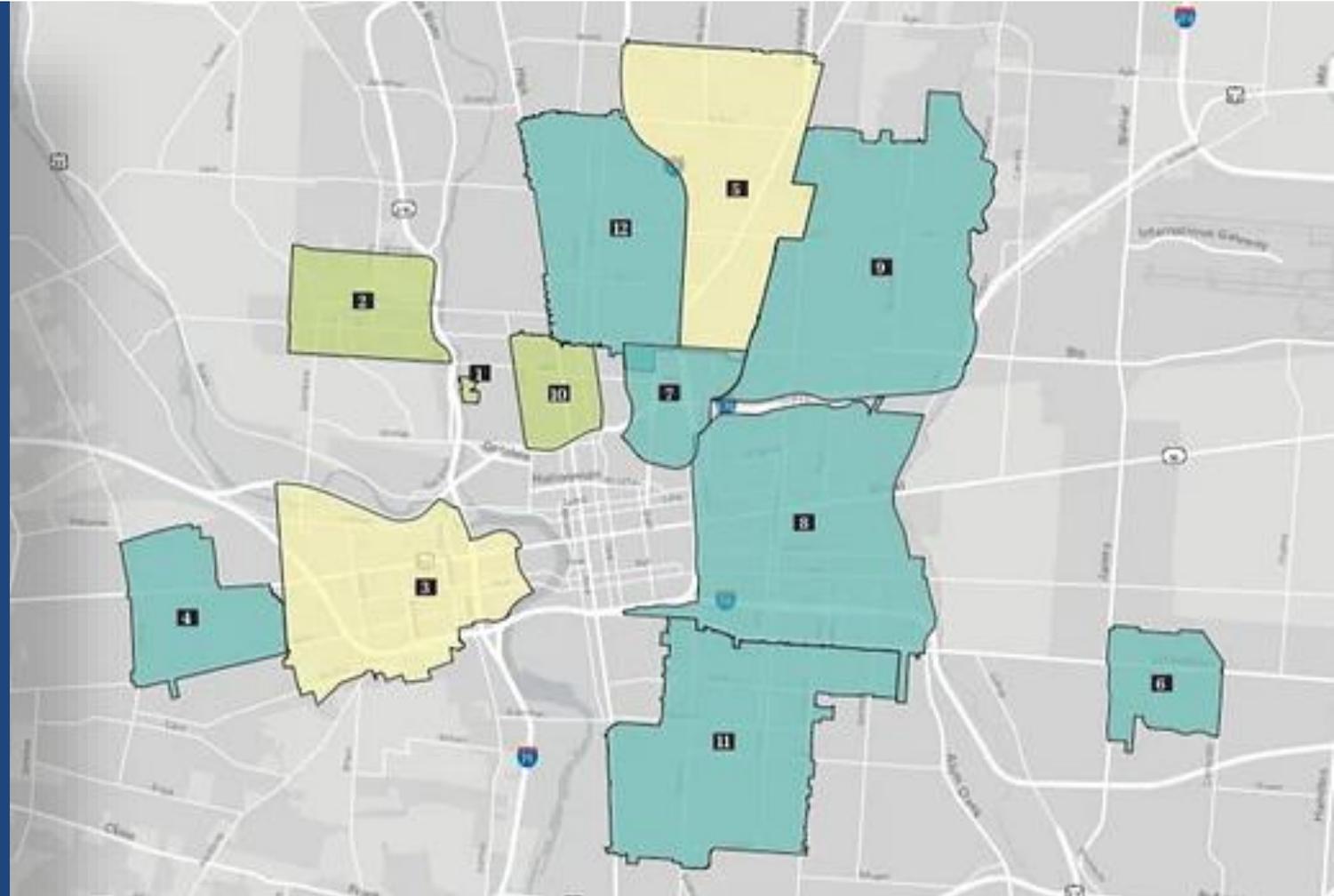
In these neighborhoods, the City can right-size incentives and/or reposition them to support high-quality product that delivers substantial public benefits. Some abatement proceeds could be directed to support citywide revitalization and inclusive growth.

■ Ready for Revitalization

In these neighborhoods, the City can continue abatement use and explore use of additional targeted subsidy to catalyze development.

■ Ready for Opportunity

In these neighborhoods, the City can use abatements to support quality affordable and mixed-income product in the near term



2022 Residential Tax Incentive Update

Have the residential markets in the CRA areas changed since 2018?

1. Update the gap analysis in four neighborhoods to determine value of the abatement in each category.

How has the 2018 policy performed?

1. Review criteria used to determine categories
2. Review other terms of the incentive policy



Have the residential markets in the CRA areas changed since 2018?

- Cash-on-Cash Return
- Financing Feasibility
 - Short North
 - Near East
 - Hilltop
 - Linden



How has the 2018 policy performed?

Incentivize
residential construction:

4,584

units in Abatement
areas

Incentivize the inclusion of
below market-rate units in
higher rent neighborhoods:

731

units were included in higher rent
neighborhoods, 10% at 80% AMI
and 10% at 100% AMI

Support the development
of affordable housing
throughout the City:

705

units were developed by
affordable housing partners
serving those below 80% AMI

2018 Policy Outcomes (2018-2022)

Market Ready Areas

	2018 Current Policy	2022 Proposed Policy	2022 Proposed Policy Updates
Affordability Criteria	<ul style="list-style-type: none"> 100%, 15-year abatement for inclusion of affordable housing units 10% of units set aside for 80% AMI 10% of units set aside for 100% AMI 	100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> 10% of units set aside for 60% AMI 10% of units set aside for 80% AMI OR 100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> 30% of units set aside for 80% AMI 	100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> 10% of units set aside for 60% AMI 10% of units set aside for 80% AMI OR 100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> 30% of units set aside for 80% AMI
Single Family New Construction Eligibility	100%, 15-year abatement for designated affordable housing new construction Not eligible for abatement if market rate	100%, 15-year abatement for designated affordable housing new construction (up to 120% AMI) Not eligible for abatement if market rate	100%, 15-year abatement for designated affordable housing new construction (up to 120% AMI) Not eligible for abatement if market rate
Single Family Rehabilitation Eligibility	100%, 15 year abatement	100%, 15 year abatement, if designated for affordable housing (up to 120% AMI) Not eligible for abatement if market rate	100%, 15 year abatement, if designated for affordable housing (up to 120% AMI) Not eligible for abatement if market rate
Height Requirement	Five-story height requirement for projects with four or more units	No five story height requirement	No five story height requirement
Fee-In-Lieu	Annual payments of 150% of the difference between the lowest market rent and the affordable rent per required affordable unit	No Fee-in-Lieu option	One-time payment of \$32,000 per required affordable unit
Unit Distribution	No distribution requirement	Requires affordable units set aside match the distribution of units in the building	Requires affordable units set aside match the distribution of units in the building

Ready for Revitalization Areas

	2018 Current Policy	2022 Proposed Policy	2022 Proposed Policy Updates
Affordability Criteria	100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> • 10% of units set aside for 80% AMI • 10% of units set aside for 100% AMI 	100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> • 10% of units set aside for 60% AMI • 10% of units set aside for 80% AMI OR 100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> • 30% of units set aside for 80% AMI 	100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> • 10% of units set aside for 60% AMI • 10% of units set aside for 80% AMI OR 100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> • 30% of units set aside for 80% AMI
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Fee-In-Lieu	One-time payment of \$5,000 per required affordable unit	No buy-out option	One-time payment of \$16,000 per required affordable unit
Unit Distribution	No distribution requirement	Requires affordable units set aside match the distribution of units in the building	Requires affordable units set aside match the distribution of units in the building

Fee-in-Lieu Calculation

	Median Market Rents*	Median Rents Discounted for Inclusion of Affordable Units	Difference in Rental Revenue Per Month per Unit	Difference in Rental Revenue Year One	TOTAL Annual Value escalated 4.5% for 15 years
Market Ready CRA Areas	\$1,800/ month	\$1,670/ month	\$130/ month	\$1,560	\$32,000
Ready for Revitalization CRA Areas	\$1,465/ month	\$1,402/ month	\$63/ month	\$756	\$16,000

**aggregated across unit types*

Ready for Opportunity Areas

	2018 Current Policy	2022 Proposed Policy	2022 Proposed Policy Updates
Affordability Criteria	100%, 15-year abatement	100%, 15-year abatement	100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> • 10% of units set aside for 80% AMI • 10% of units set aside for 100% AMI
Single Family New Construction Eligibility	100%, 15-year abatement	100%, 15-year abatement	100%, 15-year abatement
Single Family Rehabilitation Eligibility	100%, 15-year abatement	100%, 15-year abatement	100%, 15-year abatement
Fee-In-Lieu	N/A	N/A	One-time payment of \$5,000 per required affordable unit
Unit Distribution	N/A	N/A	Requires affordable units set aside match the distribution of units in the building

Next Steps

Department of Development Community Meeting 6/21 at 5:30pm

St. Stephen's Community House

1500 East 17th Avenue

Columbus, Ohio 43219

Questions?

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