

## **..Explanation**

### **BACKGROUND:**

In 2016 and 2017, the City 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. The study concluded that the City's economic development incentive programs could be improved to better target economic development incentives to areas where the market was not yet encouraging investment. The City has developed an incentive policy to encourage development of affordable housing through targeted economic development incentives, including real property tax abatements, throughout the City. This ordinance will amend Title 45, Housing Code, of the Columbus City Codes.

## **..Title**

To amend Title 45, Housing Code, of the Columbus City Codes, by enacting new Chapter 4565, entitled "Affordable Housing and Community Reinvestment Area Incentive Policy".

## **..Body**

**WHEREAS**, the City of Columbus has established a goal of fostering private sector investment to build mixed income neighborhoods dispersed throughout the City; and

**WHEREAS**, Resolution No. 1698-78, approved August 3, 1978, authorized the Department of Development to carry out a Community Reinvestment Program, pursuant to Sections 3735.65 to 3735.70 of the Ohio Revised Code, and approved certain administrative procedures for the program; and

**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 study concluded that the City's economic development incentive programs could be improved to better target economic development incentives to areas where the market was not yet encouraging investment; and

**WHEREAS**, the City has developed an incentive policy to encourage development of affordable housing through targeted economic development incentives, including real property tax abatements, throughout the City; and

**WHEREAS**, the incentive policy is intended to rely upon objective data to identify Market Ready Areas, Ready for Revitalization Areas, and Ready for Opportunity Areas; and

**WHEREAS**, Council has amended the ordinances for its Community Reinvestment Areas to incorporate the incentive policy by reference;

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:**

**Section 1.** That Title 45, Housing Code, of the Columbus City Codes, is hereby amended by enacting new Chapter 4565, entitled "Affordable Housing and Community Reinvestment Area Incentive Policy," which shall read as follows:

### **CHAPTER 4565- AFFORDABLE HOUSING AND COMMUNITY REINVESTMENT AREA INCENTIVE POLICY**

**4565.01 - Purpose.**

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

**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 stories of wood-frame construction may be incorporated provided that it is built over a two-or-more story concrete podium and has a fire suppression (sprinkler) system.
- (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.

- (A) The Director shall designate post-1994 CRAs as Market Ready Areas; Ready for Revitalization Areas; or Ready for Opportunity Areas.
  - 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 expiration of an area's designation, the Director shall assess the area and determine whether it shall retain its designation or receive a new designation. If the Director determines that the area should receive a new designation, the Director shall assign such new designation to be effective upon expiration of the area's existing designation.
- (C) The Director shall provide a report to Council upon designating an area. The report shall include the distress criteria for each area designated by the Director.
- (D) If any Community Reinvestment Area is created by Council, the Director shall designate the area and provide the report as required by this Section within thirty (30) days from Council's vote to establish the Community Reinvestment Area.
- (E) The Director shall provide to Council an annual report, **no later than September 30<sup>th</sup> of each calendar year**, on the provision of real property tax abatements and affordable housing with each area for the prior year.

**4565.04 - General requirements for affordable housing units.**

- (A) Affordable housing units shall be dispersed throughout the development project and shall be comparable to the design of market-rate units within the development project in terms of appearance, materials, and finished quality.
- (B) Throughout the term of an abatement, the affordable housing units provided in a development may be located in different physical units over time (affordable housing units may "float" through the development over time).
- (C) Affordable housing units shall be constructed within a similar timeline as market-rate units within the development project.
- (D) Affordable housing units shall be provided access to amenities and recreational facilities within the development projects on equal terms to market-rate housing units.
- (E) Affordable housing units shall be rented or sold only to qualified persons whose annual household income is up to eighty percent (80%) AMI or up to one hundred percent (100%) AMI for the family size for which the housing unit was designed.
- (F) To qualify as an affordable housing unit, the housing unit must be occupied as the principal residence of the occupant or occupants.
- (G) Any fee charged by the project sponsor to the prospective tenant or purchaser of an affordable housing unit 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.

- (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.

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

- (A) To be eligible for incentives under this chapter, project sponsors developing projects to include owner-occupied housing units shall, in addition to the applicable agreement requirements set forth in Section 4565.07 or Section 4565.08 of this chapter, be required to enter into an agreement with the City and/or execute such restrictive covenants, including but not limited to condominium terms, as are determined necessary by the Director and the City Attorney to provide that all owner-occupied units 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 development project includes a condominium association or homeowners' association, the condominium association or homeowners' association shall be a party to the agreement.
- (B) *Initial Pricing.* The initial sale price of an affordable housing unit 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.
- (C) *Resale:* For development 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 affordable housing throughout the city while enabling owner-occupant sellers of affordable housing units 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 development projects consisting of new construction of three (3) or fewer housing units in Market Ready Areas, the real property tax abatement provided under this chapter shall cease upon transfer of the property that is not in conformance with deed restrictions for affordability.
- (D) The project sponsor or (if the project sponsor has divested its ownership or control of the development project) the condominium association or homeowners' association, shall be responsible for reporting to the Director the number of affordable housing units in the development project for the duration of the abatement period.

**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. 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.

**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 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 twenty five percent (125%)~~ **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.

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

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

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

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:  $\$120,000 - \$84,000 = \$36,000 \times 125\% = \$45,000 \text{ annual payment in lieu.}$

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:

<b>Affordable Housing Shortfall (by % below required number of units)</b>	<b>Required Payment to Affordable Housing Trust (by % of annual real property tax abated)</b>
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.

**4565.08 - Required terms for incentive agreements in ready for revitalization areas.**

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

- (A) A development projects containing four (4) or more housing units in a Ready for Revitalization 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 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. 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 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 rehabilitation within the area. The Director may establish rules defining what is an affiliated commercial development or rehabilitation
    - c. For a one-time payment of ~~two thousand, five hundred dollars (\$2,500.00)~~ **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. 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. If the project is being completed in partnership with a local CDC or the Columbus Next Generation Corporation, 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 is a qualifying partnership under this division.
- (B) Development projects providing the affordable housing units required under 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 an 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).
- (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:

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

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 an annual fee in-lieu for the affordable housing shortfall for the remaining duration of the abatement, calculated as provided in Section 4565.07(A)(3), except 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.

**4565.09 - Ready for opportunity areas.**

No agreement under Section 4565.06 shall be required for development projects within Ready for Opportunity Areas.

**4565.10 - Income and asset verification.**

- (A) The Director shall establish rules by which the annual household income of prospective tenants and purchasers of affordable housing units subject to this chapter shall be verified. The Director shall also establish rules by which the asset holdings of prospective tenants and purchasers of affordable housing units subject to this chapter shall be verified, as well as a means of imputing income to these assets where appropriate.
- (B) Project sponsors or (if the project sponsor has divested its ownership or control of the development project) the condominium association or homeowners' association, or other successor in interest of the project sponsor, shall provide an annual report, in a form to be established by the Director, attesting that it has verified that households occupying affordable housing units in the development project are qualifying households. Project sponsors shall be subject to audit of any verification documentation required to be collected by the rules established by the Director under division (A) of this section. For owner-occupied affordable housing units, a statement attesting to occupation by a qualifying household shall only be required upon transfer of title.

**Section 2.** That the Development Director is hereby authorized to enter into the agreements required by Section 4565.06, as enacted by this Ordinance, on behalf of the City, without further approval of City Council, provided that such agreements contain the required terms, are in a form substantially similar to Exhibit A attached to this Ordinance, and are approved as to form by the City Attorney.

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