

RESOLUTION NO. 2019-08

BY:

A RESOLUTION to take effect immediately provided it receives the affirmative vote of at least two thirds of the members of Council, or otherwise to take effect and be in force after the earliest period allowed by law, amending Ordinance No. 58-04, adopted July 6, 2004, for the purpose of fostering the investment and development of affordable housing in new multi-family and mixed-use construction projects in Community Reinvestment Area (CRA) #1, which is the citywide CRA.

WHEREAS, Lakewood's Community Vision aims to support a variety of housing options that meet the needs of our diverse community, and seek new funding sources to support workforce housing in Lakewood and moderate-income households which are ineligible for federally funded housing programs; and

WHEREAS, Lakewood's Community Vision aims to provide a variety of housing types that meet the needs of the whole community while encouraging new and infill development which is complementary to the scale and character of surrounding residential uses; and

WHEREAS, it is a desire to ensure new multi-family housing and mixed use projects offer true mixed income opportunities for people interested in living in Lakewood; and

WHEREAS, Ohio Revised Code Sections 3735.65 through 3735.70 (collectively, the "Act") have authorized counties or municipalities to designate areas as Community Reinvestment Areas for the purpose of encouraging economic and community development in areas that have not enjoyed reinvestment by remodeling or new construction; and

WHEREAS, Community Reinvestment Area #1 was originally created in 1978 via Resolution 53-04, amended and updated in 1985 via Resolution 5955-85, amended and updated in 2002 via Resolution 7710-02, and amended and updated in 2004 via Ordinance 58-04; and

WHEREAS, this Council desires to pursue all reasonable and legitimate incentive measures to assist and encourage development of new residential housing and mixed-use projects, specifically for projects that provide true mixed-income housing options in Lakewood; and

WHEREAS, the City has determined, that there has been and is a shortage of new multi-family residential housing within the City and the City therefore wishes to encourage the construction of new multi-family residential housing and mixed-use projects within the Area; and

WHEREAS, Council hereby finds and determines that the construction of structures in the Community Reinvestment Area, consistent with the City's land use requirements, would serve to encourage residential growth and stability, maintain real property values, and generate new employment opportunities within the City; and

WHEREAS, the construction of new affordable residential housing facilities and mixed-use projects in the Community Reinvestment Area constitutes a public purpose for which real property tax exemptions may be granted; and

WHEREAS, as set forth in Section 2.12 of the Third Amended Charter of the City of Lakewood, this Council by a vote of at least two thirds of its members determines that this resolution is an emergency measure and that it shall take effect immediately, and that it is necessary for the immediate preservation of the public property, health, and safety and to provide for the usual daily operation of municipal departments in that this this legislation is necessary for the timely encouragement of construction of new housing within the City; now, therefore,

BE IT RESOLVED BY THE CITY OF LAKEWOOD, OHIO:

Section 1. Sections 1, 2, 3 and 4 of Ordinance No 58-04, adopted July 6, 2004, currently reading as follows:

Section 1. That for purposes of fulfilling the requirements set forth under Section 3735.65 to 3735.70 inclusive, of the Ohio Revised Code, the Council of the City of Lakewood establishes "Community Reinvestment Area #1" and "Community Reinvestment Area #2." Within Community Reinvestment Area #1 and Community Reinvestment Area #2, construction of new housing and repair of existing facilities or structures are discouraged without the City providing for assistance as herein provided.

Section 2. That "Community Reinvestment Area #1" includes the entire City of Lakewood. Within "Community Reinvestment Area #1," tax abatement for improvements to real property as described in Section 3736.67 of the Ohio Revised Code will be granted as follows:

A. For the remodeling of every dwelling containing not more than two family units, including individual condominium units:

1. Five (5) years, upon which the cost of remodeling is at least Two Thousand Five Hundred Dollars (\$2,500) but less than Ten Thousand Dollars (\$10,000).
2. Ten (10) years, upon which the cost of remodeling is Ten Thousand Dollars (\$10,000) or more.

B. For the remodeling of every common area of a condominium building containing more than two units:

1. Five (5) years, upon which the cost of remodeling is at least Five Thousand Dollars (\$5,000) but less than One Million Dollars (\$1,000,000).
2. Ten (10) years, upon which the cost of remodeling is Ten Thousand Dollars (\$10,000) or more.

Section 3. That "Community Reinvestment Area #2" includes census tracts 1606.02 and 1617. Within "Community Reinvestment Area #2," tax abatement for new residential construction as described in Section 3736.67 of the Ohio Revised Code will be granted to an individual purchaser as follows:

- a. The first two (2) years at One Hundred Percent (100%).

b. The following three (3) years at Fifty Percent (50%).

Section 4. Applications for abatement must be filed by the individual property owner where the improvement is made to a dwelling containing less than two family units or an individual condominium. On It one application per project for abatement shall be submitted for common areas of condominium buildings by the president of the association on behalf of the association, if the property is titled to the association, or on behalf of the individual owners, if the property is titled to the individual owners.

shall be and are hereby replaced, amended and restated in their entirety to read as follows:

Section 1. That for purposes of fulfilling the requirements set forth under Section 3735.65 to 3735.70 inclusive of the Ohio Revised Code, the Council of the City of Lakewood establishes “Community Reinvestment Area #1” and “Community Reinvestment Area #2”. Within Community Reinvestment Area #1 and Community Reinvestment Area #2, constitutes an area in which housing facilities or structures of historical significance are located, and in which new construction or repair of existing facilities has been discouraged.

Section 2. That within Community Reinvestment Area 1, new construction of residential facilities, including Qualified Residential Facilities and Development Projects, is hereby declared to be public purposes and exempt from real property taxation as provided herein and, in accordance with the procedures and requirements of Section 3735.67 of the Ohio Revised Code, the exemption periods shall be for not more than the periods described in Section 3.

Section 3. That “Community Reinvestment Area #1” includes the entire City of Lakewood. Within “Community Reinvestment Area #1” tax abatement for improvements to real property as described in Section 3736.67 of the Ohio Revised Code will be granted as follows:

A. For the remodeling of every dwelling containing not more than two family units, including individual condominium units:

1. Five (5) years, upon which the cost of remodeling is at least Two Thousand Five Hundred Dollars (\$2,500) but less than Ten Thousand Dollars (\$10,000).
2. Ten (10) years upon which the cost of remodeling is ten Thousand (\$10,000) or more.

B. For the remodeling of every common area of a condominium building containing more than two units:

1. Five (5) years, upon which the cost of remodeling is at least Five Thousand Dollars (\$5,000) but less than One Million Dollars (\$1,000,000).
2. Ten (10) years upon which the cost of remodeling is One Million Dollars (\$1,000,000) or more.

C. For the new construction of multi-family residential Development Projects, of 100 or more units, that include a minimum of i) 10% of the units set aside for rental to Households making up to 80% Area Median Income (AMI) at the time of the initial lease of each of such units (and upon the annual renewal of such lease term, as applicable) and ii) 10% of the units set aside for rental to Households

making up to 120% AMI at the time of the initial lease of each of such units (and upon the annual renewal of such lease term, as applicable):

1. 15-year duration at 100% exemption on the improved value of the new structures only.
2. Baseline tax value shall be maintained for the entire term of abatement. Baseline Tax Value shall mean the Fiscal Officers determination of value as of January 1 of the year in which building permits are issued for the redevelopment project.
3. Taxes generated from land value are at the market rate and are not abated.
4. Exhibit B provides definitions and regulations of meeting the affordability requirements, and is incorporated herein and made a part hereof in its entirety.

Section 4. That Community Reinvestment Area #2 includes census tracts 1606.02 and 1617. Within "Community Reinvestment Area #2," tax abatement for new residential construction as described in Section 3736.67 of the Ohio Revised Code will be granted to an individual purchaser as follows:

- A. The first two (2) years at One Hundred Percent (100%).
- B. The following three (3) years at Fifty Percent (50%).

Section 5. Applications for abatement must be filed by the individual property owner where the improvement is made to a dwelling containing less than two family units or an individual condominium or by the individual property owner of the multi-family project where the improvement is made. Only one application per project for abatement shall be submitted for common areas of a condominium buildings by the president of the association on behalf of the association, if the property is titled to the association, or on behalf of the individual owners, if the property is titled to the individual owners.

Section 2. To administer and implement the provisions of this resolution, the Assistant Housing Commissioner of the City of Lakewood is designated as the Housing Officer as described in Sections 3735.65-66 of the Ohio Revised Code.

Section 3. The Housing Officer shall verify that all work has been completed under proper building permits and completed in compliance with all building codes, zoning codes and any other applicable laws.

Section 4. The Community Reinvestment Area Housing Council shall hear all appeals under section 3735.70 of the Revised Code and meet no less than once annually to fulfill the duties imposed by Ohio Revised Code Section 3735.69.

Section 5. Notwithstanding anything to the contrary in Section 5709.911 of the Ohio Revised Code, the abatement provided by Section 3 of Ordinance 58-04 shall be applied prior to the exemption from taxation provided by Ordinance No. 47-04 adopted by Council on June 7, 2004 (the "TIF Ordinance"), and this Council hereby authorizes the Mayor to consent in writing on behalf of the City to the prior application of the abatement provided by this resolution to property included within the incentive district created by the TIF Ordinance.



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Section 6. A copy of this ordinance will be forwarded to the Cuyahoga County Auditor by the Clerk of Council for information and reference.

Section 7. All projects in Community Reinvestment Area 1 seeking tax abatement pursuant to this resolution are required to comply with the State of Ohio application fee requirements of Section 3735.672(C) of the Ohio Revised Code.

Section 8. The Community Reinvestment Area Housing Council shall make an annual inspection of the properties within the Area for which an exemption has been granted under Section 3735.67 of the Ohio Revised Code. The Housing Council shall also hear appeals under Section 3735.70 of the Ohio Revised Code and meet no less than once annually to fulfill the duties imposed by Ohio Revised Code Section 3735.69.

Section 9. A copy of this resolution shall be forwarded to the Cuyahoga County Fiscal Officer; and a copy of this resolution shall be published in a newspaper of general circulation in the City once a week for two consecutive weeks immediately following its passage.

Section 10. It is found and determined that all formal actions of this Council concerning and relating the passage of this ordinance were adopted in an open meeting of this Council and that all such deliberations of the Council and any of its committees that resulted in such formal action were in meetings open to the public in compliance with all legal requirements.

Adopted: _____

PRESIDENT

CLERK

Approved: _____

MAYOR

Exhibit B – Affordability Requirements and Definitions

Area Median Income (AMI): AMI is as defined by the US Department of Housing and Urban Development (HUD). The annual median income is calculated and adjusted annually for various Household sizes within the Elyria-Cleveland Metropolitan Statistical Area (MSA) by the HUD, and must be calculated as detailed in 24 CFR 5.609.

Affordable Rental Housing Unit: Housing set aside for exclusive rental to tenants whose annual household income is up to 80% of area median income (AMI) or 120% of AMI; and for which the annual Rent charged does not exceed 30% of 80% AMI or 120% AMI (as applicable), inclusive of a reasonable allowance for tenant paid utilities including gas, electric, water and sewer (as more particularly described below in the requirements for Rent). The owner or successor owner of a Development Project shall provide an annual certification attesting that it has verified that Households occupying Affordable Rental Housing Units are qualifying Households (i.e. that their combined annual income did not exceed 80% or 120% of AMI at the time of the initial lease and upon any annual renewal of such lease term, as applicable, and that Rent for the unit, inclusive of the utility allowance, did not exceed 30% of the 80% AMI or 120% AMI requirement, as applicable).

Affordable Rental Housing Unit Requirement: a minimum of 10% of the units set aside exclusively for rental to Households making up to 80% Area Median Income (AMI) at the time of the initial lease of each of such units and 10% of the units set aside exclusively for rental to Households making up to 120% AMI at the time of the initial lease of each of such units, and upon any annual renewal of the lease term, as applicable.

Household: All individuals, regardless of familial status, residing in a single housing unit.

Development Project: new construction of housing units in multi-family and/or mixed-use structures. A single Development Project may consist of multiple housing units within a single structure or housing units contained in multiple structures, including mixed-use projects.

Rent: the cost of tenancy in a housing unit, including only the rental rate stated in the lease, and an allowance to cover reasonable utility expenses. The Director can determine the initial utility allowance at the approval of building permits for a Development Project. Annual increases in utility expense allowance shall not exceed 3% over the prior year.

If the Owner fails to provide the number of Affordable Rental Housing Units required by the Affordable Rental Housing Unit Requirement for a period of 180 days (an “Affordable Housing Requirement Failure”), and does not cure such Affordable Housing Requirement Failure within ninety (90) days following written notice from the City of such Affordable Housing Requirement Failure (the “Initial Cure Period”), then the City shall have cause to take such action as necessary to cause the abatement to cease and return the property to fully taxable status. The Cure Period shall be extended for ninety (90) additional days following the expiration of the Initial Cure Period (the “Extended Cure Period”), so long as the Owner is using commercially reasonable efforts throughout the Initial Cure Period and the Extended Cure Period to cure the Affordable Housing Requirement Failure.

Commercial and industrial uses are not eligible to apply for tax abatement or exemptions under this resolution. For mixed-use projects, defined as those containing both residential and commercial components, only the residential component is eligible for tax abatement as used in this resolution.

Affordable Rental 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 that include finishes and features are durable, of good quality and are consistent with the then-current standards for housing.

No more than 50% of the units set aside as Affordable Rental Housing Units in a Development Project may be efficiency units.

Throughout the term of an abatement, the Affordable Rental Housing Units provided in a Development Project may be located in different physical units over time (affordable housing units may “float” through the development over time). Units designed by the Owner as affordable may be changed over time from time to time, so long as such designation remains in accordance with the requirements set forth herein.

The Director of Planning is authorized to adopt and implement reporting rules, standards and processes as are necessary, to administer the affordability components of this legislation.