

Residential Incentive Program Proposed Updates

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



THE CITY OF
COLUMBUS
ANDREW J. GINTHER, MAYOR

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

I S S U E :

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?

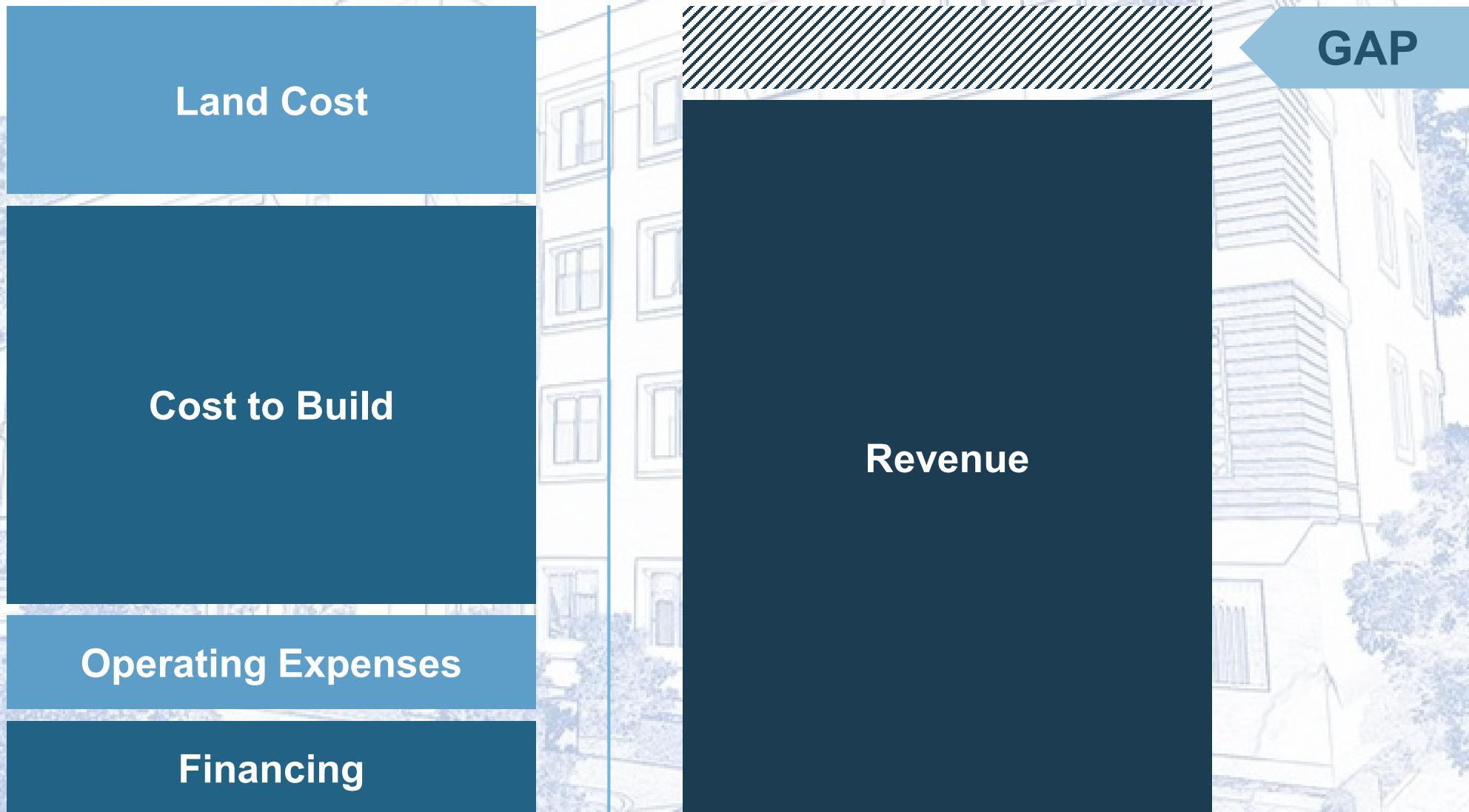


Household pays
< 30%
of their income
on Housing.

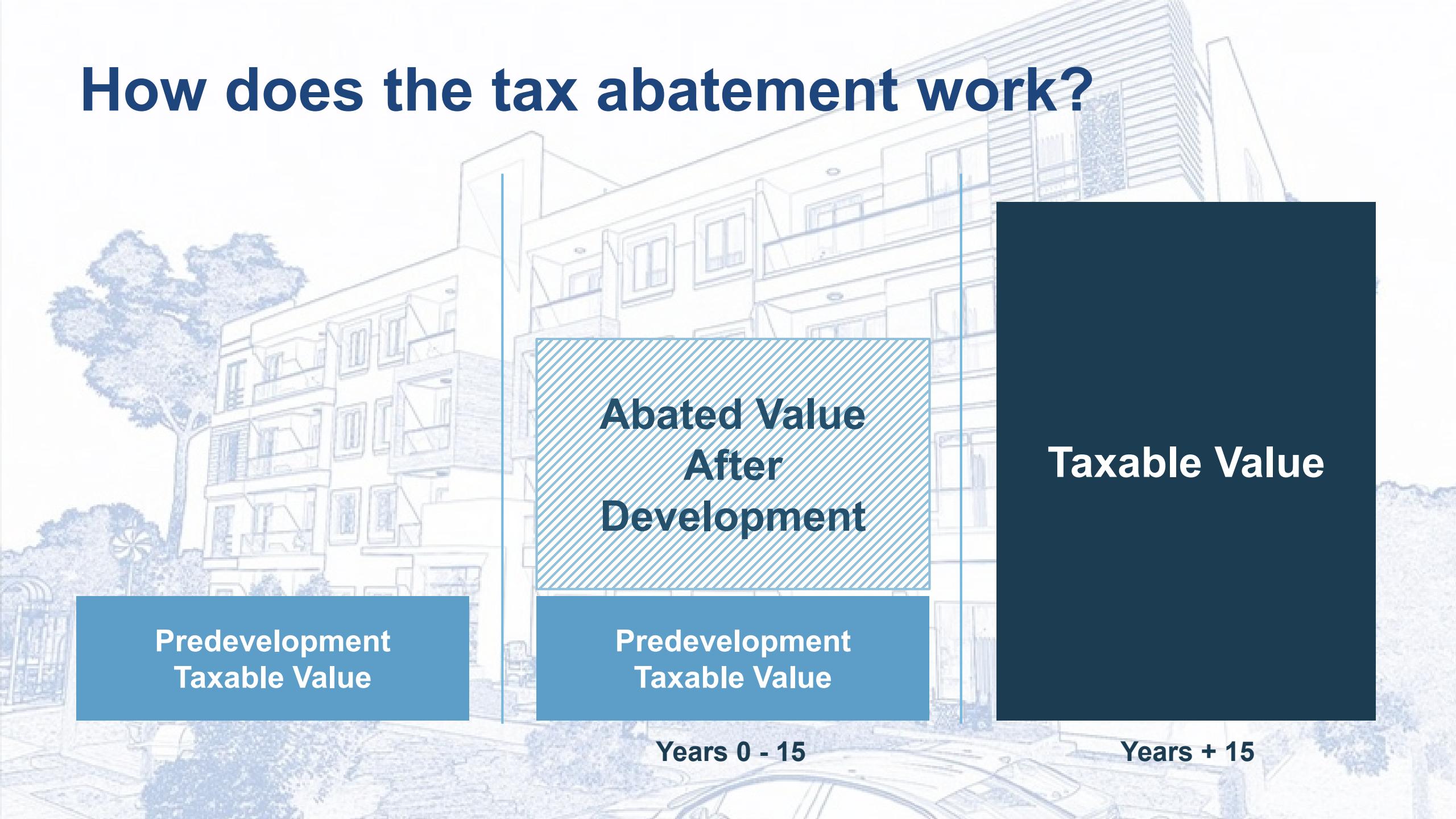
ANNUAL MEAN WAGE FOR A:

- **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

Years 0 - 15

Taxable Value

Years + 15

2018 Policy Updates

■ Market-Ready

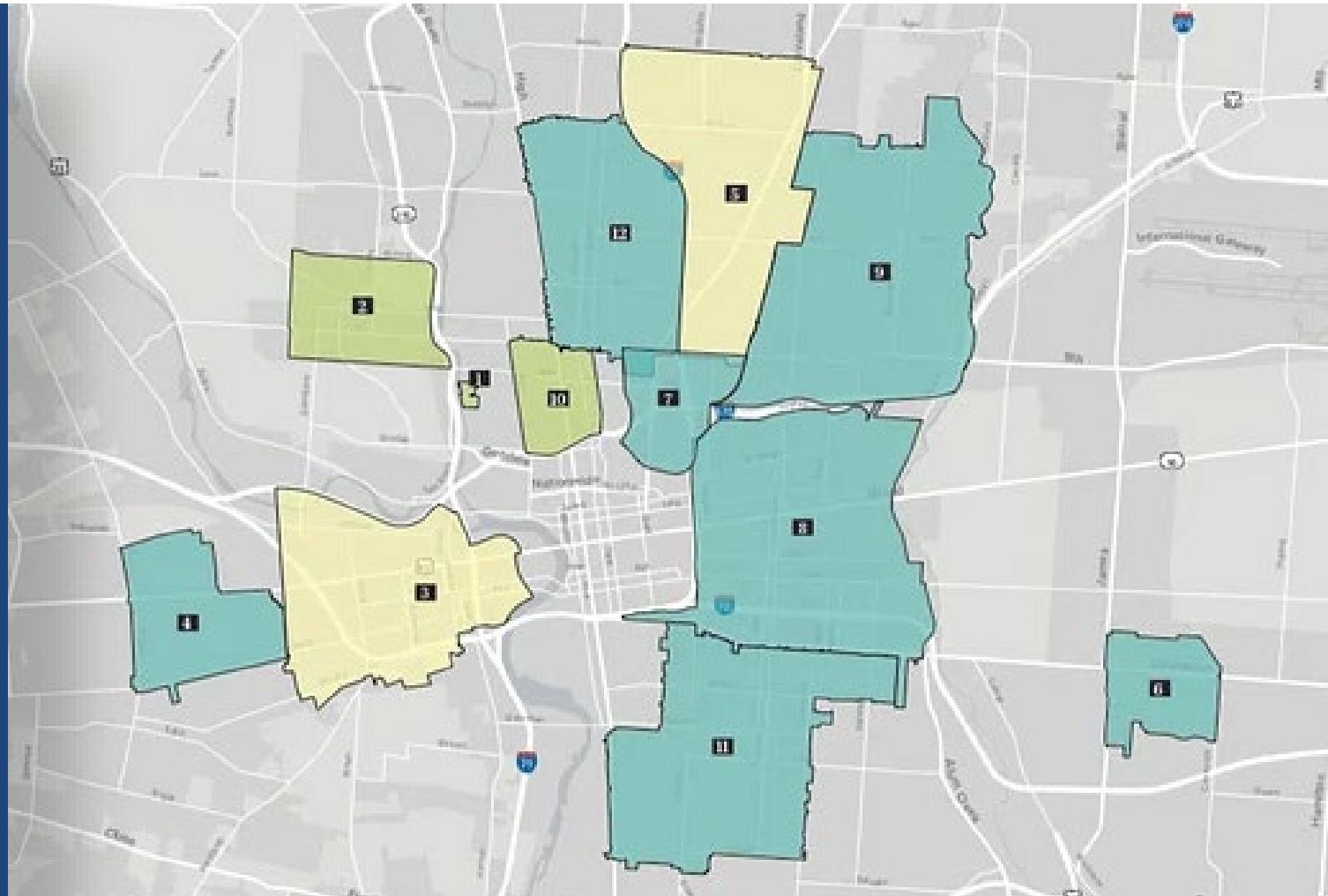
In these neighborhoods, the City can right-size incentives and/or reposition them to support high-quality product that delivers substantial public benefits. Some abatement proceeds could be directed to support citywide revitalization and inclusive growth.

■ Ready for Revitalization

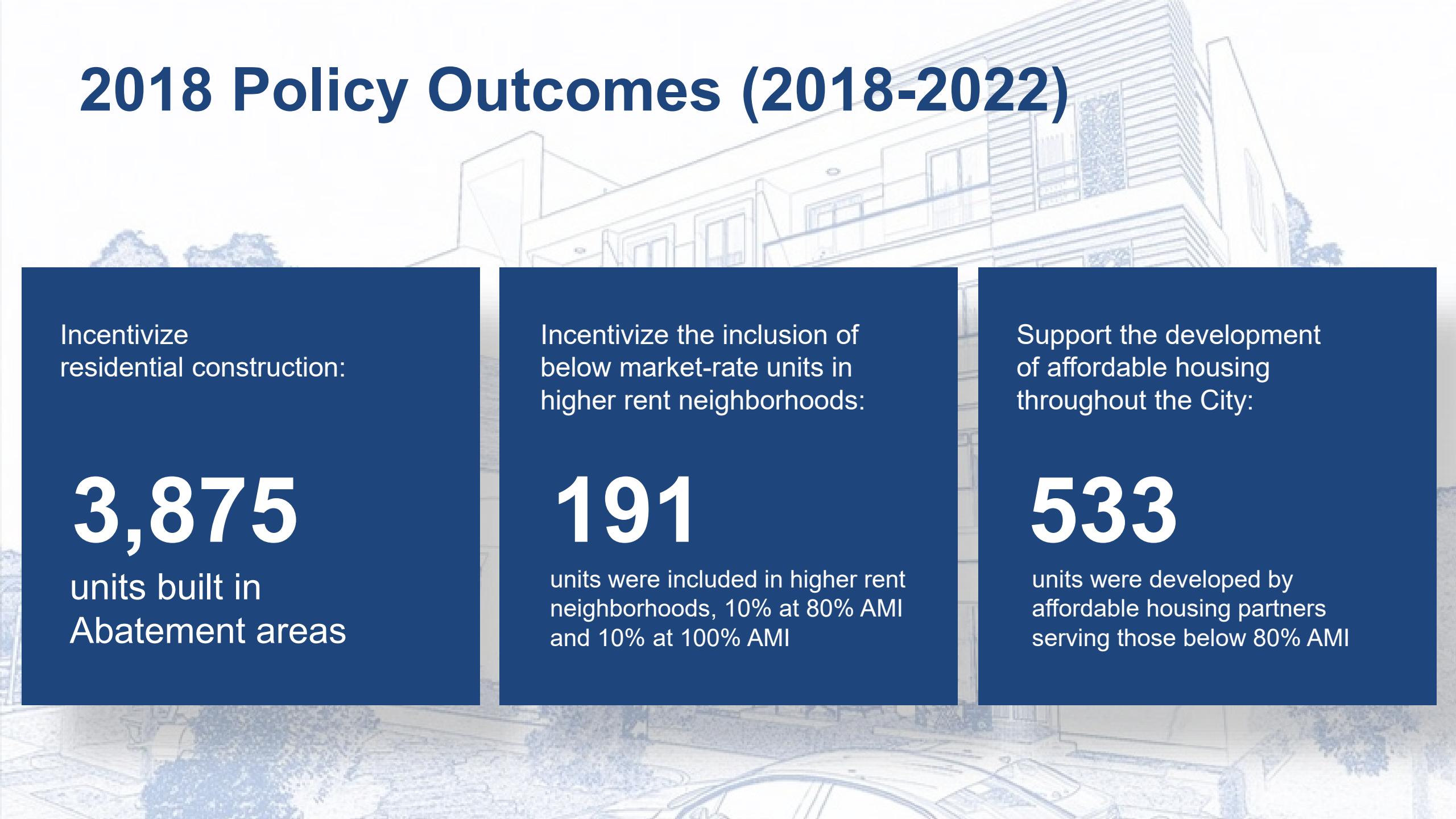
In these neighborhoods, the City can continue abatement use and explore use of additional targeted subsidy to catalyze development.

■ Ready for Opportunity

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



2018 Policy Outcomes (2018-2022)



Incentivize
residential construction:

3,875

units built in
Abatement areas

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

191

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:

533

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

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



Update the gap analysis in four neighborhoods to determine value of the abatement in each category in 2022.

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



Spring 2021: Engage VSI Strategic Insights to evaluate the gap between cost of constructing new residential development and the market rents in CRAs areas in 2021.

Summer 2021: VSI completed a Cash-on-Cash Return evaluation on projects in selected CRA areas.

Fall 2021: Information was presented to City of Columbus internal working group. Recommendations to update the policy and capture additional value based on the gap analysis results proposed.

November 3rd: Community Meeting #1

November 10th: Community Meeting #2

November 17th: Community Meeting #3

December 7th: City Council Hearing #1

January 27th: Community Meeting #4

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 	<p>100%, 15-year abatement for inclusion of affordable housing units</p> <ul style="list-style-type: none"> • 10% of units set aside for 60% AMI • 10% of units set aside for 80% AMI <p>OR</p> <p>100%, 15-year abatement for inclusion of affordable housing units</p> <ul style="list-style-type: none"> • 30% of units set aside for 80% AMI 	<p>100%, 15-year abatement for inclusion of affordable housing units</p> <ul style="list-style-type: none"> • 10% of units set aside for 60% AMI • 10% of units set aside for 80% AMI <p>OR</p> <ul style="list-style-type: none"> • 100%, 15-year abatement for inclusion of affordable housing units • 30% of units set aside for 80% AMI
Single Family New Construction Eligibility	<p>100%, 15-year abatement for designated affordable housing new construction</p> <p>Not eligible for abatement if market rate</p>	<p>100%, 15-year abatement for designated affordable housing new construction (up to 120% AMI)</p> <p>Not eligible for abatement if market rate</p>	<p>100%, 15-year abatement for designated affordable housing new construction (up to 120% AMI)</p> <p>Not eligible for abatement if market rate</p>
Single Family Rehabilitation Eligibility	100%, 15 year abatement	<p>100%, 15 year abatement, if designated for affordable housing (up to 120% AMI)</p> <p>Not eligible for abatement if market rate</p>	<p>100%, 15 year abatement, if designated for affordable housing (up to 120% AMI)</p> <p>Not eligible for abatement if market rate</p>
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

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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
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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

Questions?

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