

Program Overview

When you build a new home or invest in renovations, your property taxes can go up. The City of Cincinnati's Residential Property Tax Abatement makes it possible for property owners to minimize the taxes they pay. The Abatement only requires owners to pay taxes on the *pre-improvement value* of their property for 10-15 years. A property tax abatement is available for any increased valuation, as determined by the Hamilton County Auditor, that results from improvements to the property for new construction and renovation.

The program aims to:

- Stimulate community revitalization
- Retain city residents
- Attract homeowners
- Reduce development costs for homeownership and rental projects

Program Qualifications

To qualify for the program, all of the following conditions must apply:

- An application (downloadable above) must be submitted to the Department of Community and Economic Development (DCED) with a non-refundable application fee in the amount of \$250. See note below.
- The program is limited to rehabilitation or new construction of condominiums, one, two, or three-unit, residential-only structures. For the purposes of the Residential CRA Tax Abatement program, a condominium is a single unit structure. For 4-unit and larger apartment buildings and mixed-use buildings, see the Commercial CRA Tax Abatement program.
- Must document at least \$2,500 (one and two-unit structures) or \$5,000 (three-unit) in costs.
- All work must be properly permitted.
- The structure must pass an exterior inspection.

Application Processing and Timing

Please allow **at least eight weeks** for the City of Cincinnati to respond to your application. If an application is found to be incomplete or doesn't qualify, you will be contacted using the information provided on your application. Once a complete application has been reviewed and approved, a letter is sent to the Hamilton County Auditor and the applicant.

Once the Auditor has received the City's approval letter, the abatement will be put into effect based on the following:

1. If a residential CRA tax abatement application is approved, the term of the abatement shall commence as soon as any value attributable to the abated improvements is assigned to the subject parcel and is first placed on the tax record by the Hamilton County Auditor, regardless of whether the improvements are partially or fully assessed. For the avoidance of doubt, with respect to condominiums and landominiums, the abatement shall commence when any value attributable to the abated improvements is first placed on the tax record by the Hamilton County Auditor for the parcel of the individual unit as opposed to the parcel of the entire building.

2. If a residential CRA tax abatement application is approved, and if the improvements have been partially or fully assessed, then the abatement will be put into effect for the year in which an

application was received by DCED. For example, if an applicant is eligible for a ten-year term, and if improvements are partially assessed as of 1/1/17, and an application is received in calendar year 2017, the applicant will realize the entire term in which they are eligible for, which is from tax years 2017 through 2026. If the same improvements are partially assessed as of 1/1/17, but an application is not received until calendar year 2018, the applicant will not realize the first year of their abatement term in which they are eligible for and instead realize the remaining nine years from tax years 2018 through 2026.

PLEASE NOTE:

- 1. Applicants may forfeit years of their abatement if an application is not submitted in a timely manner. Applications should be submitted as soon as all permits are closed and/or a certificate of occupancy is issued.**
- 2. Please be aware that the valuation determination could take from several months up to two years as taxes are one year in arrears and the Auditor will hold the application until the affected tax period. The Auditor's office will send a letter to the applicant once this has been completed.**

The Hamilton County Auditor's Office determines the abatement amount based on the type of improvements as well as what affected tax bill it is applied. An increase or decrease in taxes during the abatement period may result when voted changes in tax rates, state-mandated reappraisals or updates reflecting neighborhood trends are adopted.

It should be noted that some types of remodeling do not increase taxable value. Improvements to the house itself, garage, in-ground pool, decks and patios qualify for abatement. Any improvements for making a building more structurally sound, more habitable, or for improving the structure is eligible. Roofing, vinyl siding, windows, gutters and painting may improve the condition of the house but may not increase the taxable value of the property. Landscaping, retaining walls, driveways and the like do not qualify for the abatement.

LEED & LBC

Longer abatement terms and/or higher maximum abatements may be available for properties that meet Leadership in Energy and Environmental Design (LEED) standards or Living Building Challenge (LBC) standards. See table below for LEED and LBC levels and their corresponding terms. The LEED or LBC Certificate must accompany the application in order to be eligible for the additional benefits, **however, as there may be a lag time between a property receiving the LEED or LBC certificate and finishing construction or renovation, an application may be submitted without the LEED or LBC certification once the CO is obtained or permits are closed and submitted once the LEED or LBC certification is obtained.** Additional information regarding obtaining LEED or LBC certification may be found at www.usgbc.org or <http://living-future.org/lbc>, respectively.

Home Energy Ratings System (HERS) Index

Longer abatement terms may be available for properties that submit before and after HERS Index scores. The HERS Index is an industry standard by which a home's energy efficiency is measured. In order for a remodeled housing unit to be HERS Qualified, an applicant must have a RESNET certified Home Energy Rater conduct an initial home energy rating before construction. If the initial HERS score is equal to or above 85, the applicant must reduce the structure's index score to at most 70. If the initial HERS score is below 85, the applicant must reduce the structure's index score by at least 20%. A subsequent home energy rating must show either of these improvements. Documentation for both the initial and subsequent scores must be submitted to qualify. **However, as**

there may be a lag time between a property receiving a final HERS score and finishing construction or renovation, an application may be submitted once the CO is obtained or permits are closed without a final HERS score. Additional information can be found at the following website: www.hersindex.com

Visitability

Longer abatement terms may be available for new residential construction projects that meet City of Cincinnati Visitability Standards (which are downloadable above). Visitability is a concept that encourages the construction and renovation of residences to enable mobility-impaired persons to visit persons in their homes without undue obstacles. To receive the Visitability Certification bonus, property owner must initiate the Visitability Certification process at the beginning of the permit application process with the Department of Buildings and Inspections.

For more information, contact the Department of Community and Economic Development at 513-352-6146 or communitydevelopment@cincinnati-oh.gov. For additional information on how the tax abatement is applied to newly constructed and renovated homes, please consult the table below.

Construction Type	Conditions	Maximum Market Improvement Value	Term (years)
Remodeling	Non-LEED/Non-LBC Qualified	\$275,000	10
	HERS Qualified	\$275,000	12
	Visitable	\$275,000	12
	HERS + Visitable	\$275,000	14
	LEED Certified	\$275,000	15
	LEED Silver	\$400,000	15
	LEED Gold or LBC Net Zero	\$562,000	15
	LEED Platinum, LBC Full, or LBC Petal (must include "Energy Petal")	No maximum	15
New Construction	Non-LEED/LBC Qualified	\$275,000	10
	Visitable	\$275,000	12
	LEED Certified	\$275,000	12
	LEED Certified and Visitable	\$275,000	14
	LEED Silver	\$400,000	15
	LEED Gold or LBC Net Zero	\$562,000	15
	LEED Platinum, LBC Full, or LBC Petal (must include "Energy Petal")	No maximum	15

Example	For example, if the owner of a \$75,000 home makes \$25,000 in taxable improvements, the owner is only responsible for taxes based on the home's value
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	<p>prior to improvements, plus or minus changes due to reappraisals, triennials, and/or tax levies for a period of 10 years. If these improvements result in the home becoming Visitable or HERS Qualified, the period extends to 12 years (if both, 14 years).</p>
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