

Community Reinvestment Area (CRA) Commercial Abatement



Quick Facts

- A minimum of \$40,000 must be spent on renovation improvements.
- Projects must result in net, new job creation.
- The project cannot begin prior to the execution of the CRA agreement.

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The City of Cincinnati offers a Community Reinvestment Area (CRA) abatement program to companies and developers building or renovating a residential, commercial, industrial, or mixed-use facility in cases where the new or renovated facilities will result in job creation.

How Do They Work?

Commercial and Multifamily CRA Tax Exemptions are property tax exemptions authorized by Ohio Revised Code Sections 3735.65 et seq. and issued by municipalities that have established special CRA districts. The entire City of Cincinnati is one such district. The City of Cincinnati offers CRA Tax Exemptions to multifamily properties of five or more units, commercial properties, or industrial properties. In addition to these programs, the City also offers a separate Residential CRA program.

What Are the Benefits?

CRA Tax Exemptions reduce the operating expenses of a development project, thereby lowering the risk of the development and increasing the initial development investment beyond what would have been feasible without a tax exemption.

Commercial projects are eligible for a maximum net tax exemption of up to 67% for up to 15 years. Developers may choose to enter into a **Voluntary Tax Incentive Contribution Agreement (VTICA)** and in such instances, those developers would be eligible for a maximum net tax exemption of up to 67% for up to 15 years, but the effective abatement will also be net of any contribution made pursuant to a VTICA. City Council has directed the Department of Community and Economic Development to consider contributions of 15% or more to be a substantial positive factor in reviewing abatement applications.

The tax exemptions depend on if the project is new construction or renovation and if the project is LEED-certified or visitable by individuals with disabilities. Certain registered historic properties may be eligible for an additional ten-year extension. The unit threshold for Commercial CRAs is 5 or more.

How Is It Used?

To be considered for a CRA Tax Exemption, a developer must apply to the City before beginning any construction activities. The Department of Community & Economic Development will then review the application and provide a recommendation to City Council for a tax exemption at a level supported by internal underwriting, City policy, and City and state law. Notwithstanding this recommendation, City Council has the power to disapprove or approve the exemption at any amount or duration in accordance with City and State law. Not all developments will receive an exemption or the maximum possible exemption.

In all cases, the developer must enter into a separate agreement with the school board to pay the equivalent of 33% of taxes abated as a payment-in-lieu of taxes (PILOT). Developments in certain areas may also make a contribution of a portion of the taxes abated pursuant to a VTICA.

Program Requirements

- Construction cannot commence until a CRA agreement is executed with the City.
- Projects must result in net, new job creation.
- Companies relocating within Ohio are subject to a 30-day notice requirement.
- A minimum of \$40,000 must be spent on renovation improvements.