

**COMMUNITY REINVESTMENT AREA (CRA) PROGRAM
RESIDENTIAL TAX ABATEMENT
MULTI-FAMILY STRUCTURES (3+ units) APPLICATION**

The City of Cleveland Residential Tax Abatement Policy is designed to stimulate private investment through job creation, neighborhood stabilization, and residential development.



CITY OF CLEVELAND
Justin M. Bibb, Mayor

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Department of Community Development
601 Lakeside Avenue – Room 320
Cleveland, Ohio 44114

PROGRAM DESCRIPTION

The State of Ohio's Department of Development authorized the City of Cleveland through the Department of Community Development to create Community Reinvestment Areas (CRA) in which property owners can apply for tax exemption on residential real property. Tax abatement is offered as an incentive to developers and homeowners to build or rehabilitate in the City of Cleveland. The City of Cleveland's tax abatement policy is designed to stimulate private investment through job creation, neighborhood stabilization, and residential development. The City of Cleveland, through Cleveland City Council, passed Ordinance No. 482-2022 on May 25, 2022. Ordinance No. 482-2022 became effective May 25, 2022.

NEW CONSTRUCTION

Until December 31, 2023, residential tax abatement is offered at a rate of **100%** of new residential building value for **15 years** on new construction residential property in the City of Cleveland if the eligibility requirements below have been met. Taxes on a newly constructed residential building (or residential portion of a mixed-use building) are reduced. The owner is responsible for all taxes associated with the after-improvement value of the land only. During the term of the abatement, the taxes will be due on the assessed value of the land, which may fluctuate due to changes in the tax rate and/or changes in assessed value.

REHABILITATION

Until December 31, 2023, residential property owners rehabilitating buildings with 3 or more residential units can receive tax abatement at a rate of **100%** for **15 years** on the value of improvements to the residential property if the eligibility requirements below have been met. Example: The initial market value of a vacant building and associated land is \$60,000.00, and the improvements reflect a \$300,000 increase in the market value. After these improvements, the total residential land and building value is now \$360,000.00.

The tax abatement will be placed on \$300,000.00 of the improved value of the property. During the abatement term, taxes will be due on the initial unimproved building value and after-improvement land value, which may fluctuate due to changes in the tax rate and/or assessed value.

ELIGIBILITY REQUIREMENTS

Projects must meet the following conditions, per ordinance authority from Cleveland City Council, to be eligible for tax abatement:

- Costs must be greater than \$15,000.00 per unit or greater than \$500,000.00 for the total residential portion of the project.
- The Applicant must obtain a Building Permit from the Department of Building and Housing, 5th Floor of Cleveland City Hall. The permit must have the actual value of the cost of the new construction or rehabilitation work. The permit must require the project to obtain a Certificate of Occupancy upon completion. The Final Certificate of Occupancy must be obtained prior to the final processing of the tax abatement application.
- Real property must be within the City of Cleveland, and property taxes must be paid prior to applying for the program.

New construction and rehabilitation projects must meet the applicable Cleveland Green Building Standard. Final application materials must include all necessary certification documents for the selected compliance path, verified and certified by a City of Cleveland Green Verifier.

For rehabilitation projects involving a structure of historical or architectural significance, the tax abatement application may not be finally processed until the required written certification of the appropriateness of the rehabilitation work is submitted. Applicants should discuss this requirement with the Housing Officer before applying for tax abatement.

PROCESS

Applicant must complete the tax abatement Application Part 1 with required attachments and deliver by email or hard copy to the Department of Community Development prior to the project's commencement. Once the complete application is submitted, staff members review the application and will notify the Applicant of additional information needed, if any. City Council and the School District are notified of complete Part 1 Applications. In most cases, the City issues a letter confirming a project's eligibility (Qualification Letter) for tax abatement and setting forth the application requirements needed for approval. Applicant must submit a Part 2 application after completing the project, with final close-out materials and certification that the development meets the path selected for Green Building Standard compliance.

TERMINATION:

Under Ordinance No. 482-2022, the City may terminate the residential tax exemptions, after the first year if the Housing Officer finds that the property is not being maintained or repaired due to the neglect of the owner, that the owner is in default of the Community Benefit Agreement (CBA), that the property is being used for limited lodging or short term rental as defined in the Codified Ordinances of Cleveland, Ohio, 1976, that the City has revoked the owner's Rental Registration, or that the property taxes have become delinquent; and once terminated shall not reinstate the tax exemption.

**Submit to:
Department of Community Development
Attn: Dulce Sanchez
601 Lakeside Avenue, Room 320
Cleveland, Ohio 44114
(216) 664-3442 Office
216-420-7965 Fax
dsanchez@clevelandohio.gov**

**RESIDENTIAL TAX ABATEMENT
MULTIFAMILY STRUCTURE APPLICATION**

Project Name:		Address/Location:		Permanent Parcel No(s):	
Applicant:			Organization/Co. Name:		
Mailing Address:			Executive Director/CEO		
Contact Person:	Telephone:	Fax:		E-mail:	
New Construction <input type="checkbox"/>	Rehabilitation <input type="checkbox"/>	No of units; _____			Mixed Use: <input type="checkbox"/>
School District:	Ward:	Councilperson:	Neighborhood:		

City Funds in project: CDBG __ HOME __ HTF __ NSP __ other __ N/A __

Historic Designation: Yes / No (circle)

If property is designated as being of historical or architectural significance (local, state, or federal), please attach applicable documentation in support of designation. As part of the Part 2 Application, submit documentation of the appropriateness of the rehabilitation work.

Projected Timeline

Activity	Project Beginning	Acquisition	Site Preparation	Demolition / Clean-Up:	Infrastructure	Building Permit Issuance:	Project Completion:
Date							

Provide current tax information with supporting documentation prior to construction

(i.e. Copies of current tax duplicate).

Predevelopment Values	Value	Taxes
Land		
Building		
Total Property Values		

Provide **estimated** property values after investment has been made in the project **without** tax abatement.

Post Development Values	Total Cost	Taxes
Acquisition		
Investment		
Total		

[Application materials continue on following page]

RESIDENTIAL TAX ABATEMENT MULTIFAMILY STRUCTURE APPLICATION
Part 1 – Additional Required Documentation and Information:

The following items must be attached to this application:

- **Itemized Sources and Uses statement.**
- **Projected rents (if rental project) with and without tax abatement,** including a statement of owner's debt and utility coverage for the project as applies in each scenario.
- **Residential per unit construction pro forma:** For mixed use projects provide both the residential and the commercial pro forma. Be certain all construction expenses are shown per residential unit.
- **Project Description:** Provide a detailed description of the project, including essential elements of the development (limit to one page). For rehabilitation projects, provide an itemized scope of work or other documentation describing the rehabilitation work to be completed.
- **Green Building Plan:** Attach a preliminary copy of a green building development plan, including any preliminary checklists associated with the selected path.
 - **Green Building Consultants/Verifier/Rater:** _____
- **Applicant Description:** Describe the history and mission of the applicant/organization. Describe the experience and expertise of the organization, list any consultant or partner organizations that will be involved in the implementation of the project. (limit to one page)

Check the applicable box below for the selected path for meeting the Green Building Standard.
Cleveland Green Building Standard – Tax Abatement Application Table – Part 1 and Part 2

Third-Party Certification required for each path of the Cleveland Green Building Standard	Application Part 1: Check Option	Application Part 2 Unique Project Identifier	Required Attachment(s) with Application Part 2
OPTION A: Enterprise Green Communities Certification – Affordable Housing			Certification through the on-line Enterprise Green Communities Certification Portal; EGC Certification Form by Green Verifier; as applicable: energy model, HERS certification, ENERGY STAR certification and reports
OPTION B: Enterprise Green Communities Compliance – Market Rate		N/A	EGC Certification Form by Green Verifier (spreadsheet from City of Cleveland); as applicable: energy model, report from qualified professional, HERS certification, and ENERGY STAR certification and reports
OPTION C: LEED Silver Certification			LEED Checklist and Certification Document
OPTION D: National Green Building Standard (NGBS) Certification			NGBS Scoring Tool and Certification Document
OPTION E: Advanced Building Certification Programs			Applicable Scoring Checklist and Certification Document

By signing below, the Applicant certifies that all information provided as part of this application is true and accurate, and confirms understanding that this application may not be fully processed until complete submission of all Part 2 Application materials.

Signature of Applicant:

By: _____ Date: _____
 Name: _____
 Its: _____

RESIDENTIAL TAX ABATEMENT MULTIFAMILY STRUCTURE APPLICATION
Part 2 Application Submission:

The following items must be attached to this application:

- **Green Building Standard third-party certifications and required attachments** (see table above).
 - This includes all Disclosures and other materials delivered by the third-party Green Verifier. Please contact the Tax Abatement Office with any questions regarding the required Green Building Standard submissions.
- **All applicable Building Permits.**
- **Certificate of Occupancy** evidencing completion of all residential units in the project.
- **Documentation of any changes from the project's original Part 1 Application submission:** Confirm that all project information previously submitted remains accurate (such as number of units, residential project costs, project timeline, etc.). For any changes, please provide updated materials.
- **If your project involves the rehabilitation of a structure of historical or architectural significance, applicable documentation of the appropriateness of the rehabilitation work:** Please contact the Housing Development Office in advance of your submission to confirm the required documentation for your particular project.

Signature of Applicant:

By: _____ Date: _____
Name: _____
Its: _____

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