

2021 Community Reinvestment Area Residential Abatement Policy Update Recommendation Fact Sheet

Background

Population growth in Central Ohio has increased demand for housing at every price point, raising home prices and driving up rents. This has left more than 54,000 Central Ohio families rent burdened, meaning they spend more than half of their monthly income on rent.

Adopted in 2018, the Community Reinvestment Area (CRA) residential abatement policy is a tool the city can use to encourage developers to create space for everyone in Columbus' neighborhoods.

The 2018 policy designates specific geographies within the city as reinvestment areas, based on six [distress criteria](#) (population growth, median household income growth, poverty rate, growth in median rent, housing vacancy rate, mortgage foreclosure rate):

- **Market Ready** areas meet 1-2 distress criteria
- **Ready for Revitalization** areas meet 2-4 distress criteria
- **Ready for Opportunity** areas meet 5-6 distress criteria

Within these areas, housing developers are eligible for a tax abatement if they set aside a percentage of a development's units for residents that meet certain income criteria. The policy ultimately seeks to foster equity by encouraging the creation of mixed income neighborhoods, and ensure that income-qualified tenants have access to units in developments they would not be able to afford without being rent burdened.

Area Median Income in Columbus

The U.S. Department of Housing and Urban Development (HUD) defines and calculates Area Median Income (AMI) for every region of the country. At 100% AMI, half of families earn more than the median, and half earn less than the median.

The CRA policy creates affordable units in Columbus by offering tax abatements to developers that set aside a certain number of housing units for individuals who earn the median income or less. Income-qualified tenants are not charged market rate rent, but rather, a rent that is aligned with their ability to pay without being rent burdened.

The CRA policy is therefore one tool that the city can use to create space for everyone in Columbus' neighborhoods, by incentivizing developers to create units for residents who would otherwise be priced out of a development.

	100% AMI	80% AMI	60% AMI
Individual	Earns \$57,800 annually as a teacher or firefighter. Able to pay \$1,445 per month for rent and utilities without being rent burdened*.	Earns \$46,960 annually as a social worker or electrician. Able to pay \$1,174 per month for rent and utilities without being rent burdened*.	Earns \$35,220 annually as a security guard or veterinary technician. Able to pay \$880 per month for rent and utilities without being rent burdened*.

<p>Family of four</p>	<p>A couple that together earns \$83,812 working as a bartender and a property manager, or a single parent of three working as a police patrol officer.</p> <p>Able to pay \$2,095 per month for rent and utilities without being rent burdened*. This household may also carry childcare expenses.</p>	<p>A couple that together earns \$67,050 working as a childcare worker and an administrative assistant, or a single parent of three working as a dietician.</p> <p>Able to pay \$1,676 per month for rent and utilities without being rent burdened*. This household may also carry childcare expenses.</p>	<p>A couple that together earns \$50,287 working as a cashier and a pharmacy aide, or a single parent of three working as a librarian.</p> <p>Able to pay \$1,257 per month for rent and utilities without being rent burdened*. This household may also carry childcare expenses.</p>
-----------------------	---	---	--

Salary data source: Bureau of Labor Statistics, May 2020 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates

**Not paying more than 30% of their income on housing.*

2022 Policy Review

The Department of Development has conducted a scheduled three-year review of the CRA policy, and has identified opportunities to ask developers to expand the affordability captured for the value of the abatement. Based on independent analysis of 2021 market conditions, the new policy asks developers to go deeper or wider in creating affordability, in order to earn an abatement.

The policy set in 2018 asked developers to set aside 10% of units for residents earning 80% AMI and 10% for residents earning 100% AMI in order to earn an abatement.

Under the proposed policy, developers could choose to go deeper in creating affordability by setting aside 10% of units for residents earning 60% AMI and 10% for residents earning 80% AMI, or, go wider in creating affordability by setting aside 30% of units for residents earning 80% AMI.

As required by the current policy, developers earning these incentives would be required to report to the city annually to ensure compliance with the policy. Developers that fail to stay in compliance with the policy for the full 15 years are subject to fines and the property may be placed back into taxable status.

Summary of Proposed Policy Changes

	2018 Current Policy	2022 Policy Recommendation
Market Ready Areas		
Affordability Criteria	100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> • 10% of units set aside for 80% AMI • 10% of units set aside for 100% AMI 	100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> • 10% of units set aside for 60% AMI • 10% of units set aside for 80% AMI OR 100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> • 30% of units set aside for 80% AMI
Single Family New Construction Eligibility	100%, 15-year abatement for designated affordable housing new construction Not eligible for abatement if market rate	100%, 15-year abatement for designated affordable housing new construction (up to 120% AMI) Not eligible for abatement if market rate
Single Family Rehabilitation Eligibility	100%, 15 year abatement	100%, 15 year abatement, if designated for affordable housing (up to 120% AMI) Not eligible for abatement if market rate
Height Requirement	Five-story height requirement for projects with four or more units	No five story height requirement
Fee-in-Lieu Option	Annual payments of 150% of the difference between the lowest market rent and the affordable rent per required affordable unit	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
Ready for Revitalization 2-4 distress criteria		
Affordability Criteria	100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> • 10% of units set aside for 80% AMI • 10% of units set aside for 100% AMI 	100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> • 10% of units set aside for 60% AMI • 10% of units set aside for 80% AMI OR 100%, 15-year abatement for inclusion of affordable housing units <ul style="list-style-type: none"> • 30% of units set aside for 80% AMI
Single Family New Construction Eligibility	100%, 15-year abatement	100%, 15-year abatement for designated affordable housing new construction (up to 120% AMI) Not eligible for abatement if market rate
Single Family Rehabilitation Eligibility	100%, 15 year abatement	100%, 15 year abatement for designated affordable housing units (up to 120%AMI) Not eligible for abatement if market rate
Fee-in-Lieu Option	One-time payment of \$5,000 per required affordable unit	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
Ready for Opportunity 5-6 distress criteria		
Affordability Criteria	100%, 15-year abatement	100%, 15-year abatement for inclusion of affordable housing units

		<ul style="list-style-type: none"> • 10% of units set aside for 80% AMI • 10% of units set aside for 100% AMI
Single Family New Construction Eligibility	100%, 15-Year Abatement	100%, 15-Year Abatement
Single Family New Rehabilitation Eligibility	100%, 15-Year Abatement	100%, 15-Year Abatement
Fee-in-Lieu Option	N/A	One-time payment of \$5,000 per required affordable unit
Unit Distribution	N/A	Requires affordable units set aside match the distribution of units in the building

Residential Community Reinvestment Area Map

