



10/30/18

**CITY OF CLEVELAND HEIGHTS  
COMMUNITY REINVESTMENT AREA (CRA) PROGRAM GUIDELINES**

**COMMERCIAL, MIXED-USE AND INDUSTRIAL CONSTRUCTION**

**Section 1 – Program Description:**

The Ohio Community Reinvestment Area program is an economic development tool available to cities. The program provides real property tax exemptions for property owners who renovate existing or construct new buildings.

Community Reinvestment Areas are areas of land designated within a City in which property owners can receive tax incentives for investing in real property improvements. The Community Reinvestment Area (CRA) Program is a direct incentive tax exemption program benefiting property owners who renovate existing or construct new buildings.

This program permits cities to designate areas where investment has been discouraged as a CRA to encourage revitalization of the existing housing stock and the development of new structures. Residential, commercial, industrial, and mixed-use new construction or remodeling construction are eligible for tax exemptions under the proposed Cleveland Heights CRA.

The proposed Cleveland Heights CRA has the following attributes:

- It is a City-wide CRA;
- Provides potential tax exemptions for all types of construction activity and new investment in the City;
- Residential, commercial, industrial and mixed-use construction are eligible;
- Includes new construction as well as remodeling;
- Exemption % and term levels based on levels of new investment, and established target reinvestment criteria, providing higher % and term levels in market areas experiencing greater disinvestment and more challenging economic conditions;
- Provides for greater incentive levels for sustainable / energy efficient construction;

Goal is to encourage new investment and to modernize and improve the City's housing stock, create new businesses, jobs and payroll, attract new residents to the City, keep existing residents from leaving the City, and redeveloping our neighborhoods by encouraging new in-fill housing on the many City-owned vacant lots throughout the City.

**The City of Cleveland Heights City Council passed Ordinance 77-2018 on July 30, 2018 creating this CRA for the municipal boundaries of the City of Cleveland Heights. The**

**Director of the State of Ohio Development Services Agency (ODSA) authorized this CRA on September 21, 2018.**

Please refer to the attached **Exhibit I: CRA Program Matrix** – Sections E. and K. for information on non-residential construction criteria, as well as the attached **Exhibit II: CRA Scoring Map** which may be considered in negotiations for non-residential (Commercial, Mixed-use and Industrial construction) tax incentives.

### **Section 2 – Mixed-use, Commercial, and Industrial Tax Abatement – New Construction**

The construction of new mixed use, commercial and/or industrial real property shall be eligible for a tax exemption up to and including one hundred percent (100%) and the term of those exemptions being up to fifteen (15) years on the increase in the assessed valuation resulting from the improvements, shall be negotiated on a case-by-case basis in advance of construction occurring according to the rules outlined in the ORC Section 3765.67.

The results of the negotiation as approved by City Council will be set in writing in a Community Reinvestment Area Agreement as outlined in ORC Section 3735.671. Such activities must be as a result of a development plan that upon completion constitutes an investment of no less than \$3,000,000.

Such activities shall be required to be certified through third-party verification of compliance by a certified rater as meeting or exceeding **the U.S. Green Building Council’s (USGBC) Leadership in Energy and Environmental Design (LEED) “Silver” level category** or substantially equivalent rating system including **Enterprise Green Communities**, as developed by **Enterprise Community Partners**, or the **National Association of Home Builders National Model Green Home Building Guidelines** (“Sustainability Requirement”).

### **Section 3 – Mixed-use, Commercial, and Industrial Tax Abatement – Remodeling / Rehabilitation**

Remodeling construction activities to existing mixed use, commercial and/or industrial real property shall be eligible for a tax exemption up to twelve (12) years and up to and including one hundred percent (100%) on the increase in the assessed valuation resulting from the improvements for the activities described in ORC Section 3735.67, and shall be negotiated on a case-by-case basis in advance of construction occurring according to the rules outlined in the ORC Section 3735.67.

The results of the negotiation as approved by City Council will be set in writing in a Community Reinvestment Area Agreement as outlined in ORC Section 3735.671. Such activities must be as a result of a development plan that upon completion constitutes an investment of no less than \$250,000.

## **Section 4 – Application Process & Forms: Mixed-use, Commercial, and Industrial Tax Abatement**

**Such construction activities are subject to case by case negotiated agreements as established in Ohio Revised Code Sections 3735.67 – 3735.671.**

### **A. A Letter from the Ohio Development Services Agency (ODSA): The Ohio Community Reinvestment Area Program (CRA) Procedures for Enacting a New CRA Exemption:**

CRA Practitioners:

The following memorandum shall out lay the procedures for enacting a Community Reinvestment Area (CRA) tax exemption to a business pursuant to Ohio Revised Code (ORC) Section 3735.65 et seq. The decision to participate in the CRA Program is voluntary and decisions to grant individual taxpayers exemptions from taxation are similarly voluntary. For more information about the purpose, goals, and requirements of the CRA Program, please refer to the “CRA Program Summary” and the “Area Establishment Process” which are located on the Ohio Development Services Agency’s CRA website. The Ohio Development Services Agency (Development) provides regulatory oversight to the CRA Program and provides advice to communities about effective strategies and best practices, but is not a party to the real property tax exemption.

This memorandum will begin by describing the typical process for granting a CRA tax exemption and will then break down each step in an effort to unearth the various regulatory and policy considerations that should be considered at each step. While this analysis will not provide an exhaustive list of the factors that might be considered, it is an effort to assist communities in eluding common pitfalls observed in the granting of CRAs as well as to apprise communities of their responsibilities as they participate in the program.

Before continuing, it is appropriate to note that many individuals refer to CRA tax exemptions as abatements. This memorandum shall avoid the use of the term abatement because the CRA statutes refer to the exemption of taxation; however abatement is a common word in CRA parlance and does accurately describe what is occurring (the amount of taxes that CRA recipient will pay is less than the normal rate of taxation). In your local practice it may be helpful to refer to CRA exemptions as abatements so as to avoid confusion with Tax Increment Financing (TIF) which also is statutorily defined as an exemption from taxation, but is actually a redirection of incremental taxes (using a payment in lieu of taxes) to finance public infrastructure.

Finally, the CRA Program is a flexible program that has many rules that apply in certain circumstances and not in others. While it is the responsibility of each participating local jurisdiction to follow all of the rules governing the program, Development is aware questions will arise. Development’s staff members are available to answer questions not addressed in this memorandum and are focused on providing local communities with advice to advance their local economic development goals. For this reason, practitioners are encouraged to call (614) 466-2317 if you need assistance.

Regards,  
Staff  
Office of Strategic Business Investments

**B. The typical process for granting a CRA exemption is as follows:**

1. The business applicant obtains and completes a CRA application.
2. The local jurisdiction determines if there are any eligibility concerns or relocation related issues.
3. The local jurisdiction assembles its own “negotiation committee” to determine if a CRA exemption is warranted for the proposed project, and if so, how much exemption is appropriate.
4. The local jurisdiction creates a draft CRA tax exemption agreement in accordance with the relevant sections of the ORC and the local enabling legislation.
5. If necessary, relocation notices are sent out to the affected communities with the application and draft agreement.
6. The affected school board(s) and joint vocational school district(s) are provided written notice of the intent of the local jurisdiction to enter into a CRA agreement. This letter may ask for the affected school board’s consent if it is required.
7. Once all of the relevant notice periods have concluded, and if necessary school board approval has been obtained, a local jurisdiction may enact a resolution or ordinance that approves the granting of a CRA tax exemption and authorizes a local official to sign the CRA agreement.
8. The agreement is executed by all the relevant parties.
9. All of the materials associated with procuring the CRA agreement (application, notices, approvals, local legislation, and agreement) and an application fee (presently \$750) are sent within 15 days of the passage of the legislation to the Ohio Development Services Agency, care of the Office of Strategic Business Investments at 77 South High Street, PO Box 1001, Columbus, Ohio 43216-1001.
10. Development shall review the information and enter the agreement into its system. At that time, the CRA Housing Officer will receive an email indicating that the agreement has been entered. This email should not be construed as a legal approval from Development or the State of Ohio.
11. The local jurisdiction shall transmit a copy of the CRA agreement to the county auditor and order that the property, consistent with the CRA agreement, be placed on the non-taxable list.
12. The business may begin construction of its facility.

**C. Detailed Analysis of Steps to Enact a CRA Agreement:**

**1. The business applicant obtains and completes a CRA application.**

The purpose of the application is for the business applicant to describe the project to the community so that it can evaluate the business’s eligibility, identify project issues, and determine whether this project merits a CRA tax exemption. It is noteworthy that the purpose of the CRA Program is to provide real property tax incentives in order to induce economic activity and job growth that would

not have otherwise occurred in the absence of the incentive. This means that not every applicant must, or even should, receive a CRA tax exemption. The application is a crucial document, because it is a written certification of what the community can expect to receive should it offer a tax subsidy to the project. Development has supplied a sample application on its website, and while communities are free to customize their own applications, they are encouraged to check with Development about deviations from the sample application. There are certain questions that Development will require to be answered in order for the CRA Program to remain sanctioned in a particular jurisdiction. The application must be signed by an authorized agent of the business applicant. Many communities may have guidelines or other policies upon which they will grant CRA exemptions and, therefore, it may be appropriate to include additional questions to the application to collect the information necessary to make a decision about what, if any, exemption is appropriate.

## **2. The local jurisdiction determines if there are any eligibility concerns or relocation related issues.**

Once a business applicant has supplied an application, the community must determine whether the business is eligible. Common items that render a business applicant ineligible are: 1) the property is not within the boundaries of the CRA; 2) the applicant is not proposing to create or retain at least two employees (Development interprets ORC § 3735.671 as requiring the creation or retention of at least two jobs); 3) the business, its successor, or related member has, within the last five years, closed a facility in the State of Ohio that was subject to a CRA tax exemption or an exemption under the Ohio Enterprise Zone Program (See ORC § 3735.671(E)); 4) the project's use is not consistent with the local zoning regulations; or 5) the project does not meet a requirement imposed by the local enabling legislation. If it is determined that the business applicant is eligible, then it must be determined whether or not the project comprises a relocation within the meaning of the CRA statutes. A relocation occurs when a business moves jobs or assets from one Ohio political subdivision to another. The full definition of relocation and the requirements surrounding CRA relocations can be found in Ohio Administrative Code Section 122:9-1-02. The determination as to whether a project is a relocation project is crucial. If it is determined at a later date that a project is in fact a relocation, and the community and applicant did not follow the correct procedures, the applicant's CRA exemption will be voided. If a local jurisdiction has questions regarding the CRA relocation provisions, it is encouraged to contact the Office of Strategic Business Investments.

## **3. The local jurisdiction assembles its own “negotiation committee” to determine if a CRA exemption is warranted for the proposed project, and if so, how much exemption is appropriate.**

How communities arrive at the decision to offer a CRA tax exemption varies widely throughout the State of Ohio, and Development has observed that there is not one method that works best for every community in the state. The composition of negotiating committees must balance the need to make decisions quickly versus including important public constituencies early in the process. The best negotiating committees balance these two often competing influences in a manner that is consistent with the shared values of the community regarding tax exemptions.

Development strongly encourages all CRA practitioners to establish professional relationships with all of the school district treasurers within their jurisdiction. While school superintendents are the CEO of the school district, the impact of the tax exemption upon school districts is typically best understood by the school district treasurers. CRA strategies often center on structuring deals that enable the community to win projects in a way that best benefits the school districts, because school districts are the largest recipient of the real property tax dollars that are being exempted. Common members of negotiating committees include CRA Housing Officers, school district officials, elected officials, county economic development professionals, county auditors, local business owners, and interested citizens that understand taxation and economic development. Having a broad range of represented interests on the negotiating committee serves to aid in making decisions that reflect the community's values. Business applicants will regularly ask for the maximum amount of tax exemption regardless of the merits of their project, therefore having a strong negotiation committee helps to determine what amount of subsidy, if any, is appropriate. CRA practitioners that shoulder all the responsibilities in the negotiating process report to Development that they often feel pressure to offer a level of incentive that the applicant requests, lessening their ability to consider important secondary impacts of the exemption on local competing businesses, school district funding, and the cost of public infrastructure improvements that will be necessary to complete the project. Negotiating committees should establish a list of both quantitative (amount of investment, number of jobs created, amount of infrastructure costs, etc.) and qualitative (catalytic impact of project, type of jobs created, adherence to established community development plan, etc.) factors that will influence what amount of tax exemption is appropriate and then produce procedures for how to quickly gather the necessary data and make a decision. Development does observe that there are instances in which an applicant would prefer to have a quick answer with fewer subsidies than a drawn out process that is more lucrative. Participating communities should be deliberate in their use of the taxpayers' money, but also shouldn't reinvent the wheel each time an application is filed.

**4. The local jurisdiction creates a draft CRA tax exemption agreement in accordance with the relevant sections of the ORC and the local enabling legislation.**

CRA practitioners are encouraged to seek the advice of legal counsel in the creation of contractual commitments and the drafting of a CRA contract is no exception. Communities should consider placing adequate safeguards in the contract to protect its interest in new employment should the company not meet the project parameters that it suggested in its application. The statutes that govern the CRA Program do not mandate any "clawback" provisions that require business applicants to repay tax savings if they do not meet their employment and investment commitments in order to maximize flexibility, but communities should consider the inclusion of provisions which safeguard the taxpayers' interests. Additionally, many communities require CRA recipients to be members of local business groups or community associations. Such provisions are acceptable, however, it is important to note that fees associated with a CRA agreement must be used exclusively to finance the local operation of the program and should not be considered general revenue.

**5. If necessary, relocation notices are sent out to the affected communities with the application and draft agreement.**

Relocation notices are required if either assets or personnel are moved from any Ohio jurisdiction to another Ohio jurisdiction. A relocation notice must strictly comply with the requirements of ORC §3735.673. The letter should provide ample information for the affected community to understand what business is moving, why they are moving, when the tax exemption will be offered, and a copy of the contract that the community wishes to execute. These letters are an important part of the programmatic framework and are not a mere professional courtesy granted to neighboring jurisdictions. Failure to provide timely notice to all affected communities may void the CRA exemption and may result in other sanctions from Development. If you have questions about the relocation provisions, please consult with Development’s staff. The use of incentives to transfer a business from one Ohio jurisdiction to another is one of the most controversial aspects of the CRA Program. The General Assembly spoke directly to this issue in ORC §5709.671:

“...Such authority is not intended by the General Assembly to be exercised if not necessary to achieve such a result, nor is it intended to be exercised for the purpose of transferring employment from one political subdivision in this state to another if such exercise does not result in a net increase in or retention of employment in this state.” For this reason, communities are encouraged to work with businesses that are relocating, but to be mindful of the costs that were borne by the jurisdiction that the business is leaving. It may be appropriate to provide additional safeguards to your community if you are working with a business that has a history of moving from one jurisdiction to another. This is especially true if the business will require substantial infrastructure improvements in order to relocate (should the business leave in the future, the community will still have to finance and maintain this infrastructure) or will occupy a building that is unique to a specific industry (should the business leave it may be challenging to obtain a new user for the structure). While the prospect of winning a project is exciting, communities must consider how the deal will affect their community’s long-term position.

**6. The affected school board(s) and joint vocational school district(s) are provided written notice of the intent of the local jurisdiction to enter into a CRA agreement. This letter may ask for the affected school board’s consent if it is required.**

Each CRA agreement, at a minimum requires that notice be sent to every affected school district and joint vocational school district that will be affected by the tax exemption. See ORC § 5709.83. This notice must be delivered not less than 14 calendar days prior to the date in which your jurisdiction will first consider the passage of legislation to enter into a CRA contract. During the notice period, your jurisdiction must meet with the affected school board if they request a meeting. While this requirement is statutory, it is also common sense. CRAs are most effective in communities in which the CRA jurisdiction and the affected school board have a shared vision of economic development. Beyond notice, some CRA agreements require that the affected school district consent to the tax exemption. The general rule that is the affected school board(s) must consent to or approve a CRA exemption that is greater than 50 percent; however, ORC § 3735.671(A)(2)(a)-(c) provides for three off-sets that could eliminate the need for that approval. Alternately, some communities choose to have the affected school board consent to every CRA exemption regardless of the amount offered. If a school board is called upon to consent to a tax exemption, it is afforded a longer notice period of 45 business days. If the school board(s) fail to act within that time, silence is interpreted to mean a failure to consent. If a school board does consent to an exemption, they must do so by a formal resolution. The resolution should also waive

any remaining notice to which they are entitled unless there is a reason to allow for the full-notice period.

**7. Once all of the relevant notice periods have concluded, and if necessary school board approval has been obtained, a local jurisdiction may enact a resolution or ordinance that approves the CRA tax exemption and authorizes a local official to sign the CRA agreement.**

Each CRA contract must be legislatively authorized by either a municipal council or county government (if the land is in a township) in a public meeting. Communities should follow local practices regarding notice to the public of the meeting, emergency procedures, etc. The copy of the legislation that is sent to Development must be certified by the clerk of the legislative authority as being a true and accurate copy. It is a best practice to include the procedural history of the exemption in the “whereas” portion of the ordinance/resolution, as it is not uncommon for a given business to amend a CRA agreement or to have multiple CRA agreements over time. Providing the procedural history makes it much easier to ensure that all of the parties are discussing the same project.

**8. The agreement is executed by all the relevant parties.**

While this may seem self-explanatory, it is important to note that the best practice is to have both the owner of the real estate and the entity that will create the jobs (if different) sign the document as parties to the agreement. The inclusion of both parties has several benefits: 1) it aids in the collection of required annual reporting information; 2) it protects the community against inadvertent violations of the CRA relocation provisions; 3) it provides a contractual remedy to recapture (commonly referred to as “clawback”) incentive dollars should an applicant not meet their contractual commitments; and 4) it informs the public about which entities are actually receiving the benefit of the CRA exemption. If the project is occurring in a township, the township trustees may sign the agreement, but the legally required signature must come from the board of county commissioners. Townships cannot legally create CRAs and must rely upon the authority granted to boards of county commissioners in order to participate.

**9. All of the materials associated with procuring the CRA agreement (application, notices, approvals, local legislation, and agreement) and an application fee (presently \$750) are sent within 15 days of the passage of the legislation to the Ohio Development Services Agency, care of the Office of Strategic Business Investments at 77 South High Street, PO Box 1001, Columbus, Ohio 43216-1001.**

If you have been working with a particular member of Development’s staff, you may send the package of materials to that person at the address above in order to expedite the process. Development runs numerous programs and therefore failing to indicate a specific office or staff member may slow our ability to examine the materials. Development charges a fee to accept these materials to compensate for the time needed to review the initial application materials as well as the time needed to facilitate the annual reporting of this agreement. Development will not begin its review of any submitted materials until it has received an application fee. The fee is not refundable in instances in which the project ultimately does not move forward.

**10. Development shall review the information and enter the agreement into its system. At that time the CRA Housing Officer will receive an email indicating that the agreement has been entered. This email should not be construed as a legal approval from Development or the State of Ohio.**

Development strives to review all CRA agreements within five business days of receipt. Our goal in the review is to identify any statutory problems with the exemption and propose solutions, when possible. In this role, Development operates as both a regulator and an adviser. Our goal is to ensure that your community can grant the exemption if it is permissible by statute.

For this reason, it is imperative that you provide Development with all the relevant information as soon as possible. As is noted below, if construction begins on the project and a problem is identified, the exemption may become void. Development understands that all business applicants attempt to convey a sense of urgency to receive all the required approvals and checks and, therefore, place pressure on communities to work quickly. If a project must be given special immediate attention, let us know, as we never want our review to compromise a project.

**11. The local jurisdiction shall transmit a copy of the CRA agreement to the county auditor and order that the property, consistent with the CRA agreement, be placed on the non-taxable list.**

The CRA Housing Officer should contact the local county auditor and familiarize themselves with the procedures that the county auditor employs to make a parcel of land tax exempt. Auditors may need additional information beyond what is described above in order to place the property on the tax exempt list and Development defers to county auditor on such issues. In order to provide the best customer service to your clients, it is important that you understand the remaining steps that must occur once the exemption leaves your hands. Additionally, Development observes that county auditors are often the best record keepers and advisers regarding tax exemptions, therefore, forming a good professional relationship with auditor is strongly encouraged. The auditor views every tax exemption in the county and is the chairperson of your jurisdiction's Tax Incentive Review Council that will annually examine the performance of the exemptions that your community grants under the CRA Program.

**12. The business may begin construction of its facility.**

If any improvements are made prior to the execution of the CRA agreement, the exemption may be rendered void. As a CRA practitioner, it is imperative that you warn applicants against the desire to start a project prematurely. If a business is insistent that it must begin construction before all the necessary steps are completed, it is a strong signal that a CRA exemption is not necessary. Remember, a CRA is designed to facilitate economic activity and job growth that would not have otherwise occurred, and if a business cannot wait for these statutorily required steps, it is likely that it is going to proceed with the project even without the CRA tax subsidy.

**D. Application for Tax Abatement:**

**Sustainability Requirement Certification: \*\*\*This section does not apply to remodeling projects.\*\*\***

An applicant seeking tax abatement incentives for new construction is required to achieve Sustainability Requirement Certification ("SRC"), through third-party verification of compliance



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d. Form of business of enterprise (corporation, partnership, proprietorship, or other).

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3. Name of principal owner(s) or officers of the business.

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4. a. State the enterprise's current employment level at the proposed project site:

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b. Will the project involve the relocation of employment positions or assets from one Ohio location to another? Yes \_\_\_ No \_\_\_\_\_

c. If yes, state the locations from which employment positions or assets will be relocated and the location to where the employment positions or assets will be located:

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d. State the enterprise's current employment level in Ohio (itemized for full and part-time and permanent and temporary employees):

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e. State the enterprise's current employment level for each facility to be affected by the relocation of employment positions or assets:

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f. What is the projected impact of the relocation, detailing the number and type of employees and/or assets to be relocated?

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5. Does the Property Owner owe:

a. Any delinquent taxes to the State of Ohio or a political subdivision of the state?  
Yes \_\_\_ No \_\_\_\_\_

b. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State? Yes \_\_\_ No \_\_\_

c. Any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not?  
Yes \_\_\_ No \_\_\_

d. If yes to any of the above, please provide details of each instance including but not limited to the location, amounts and/or case identification numbers (add additional sheets).

6. Project Description: \_\_\_\_\_

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7. Project will begin \_\_\_\_\_, 20\_\_\_\_ and be completed \_\_\_\_\_, 20\_\_\_\_ provided a tax exemption is provided.

8. a. Estimate the number of new employees the property owner will cause to be created at the facility that is the project site (job creation projection must be itemized by the name of the employer, full and part-time and permanent and temporary):

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b. State the time frame of this projected hiring: \_\_\_\_\_ yrs.

c. State proposed schedule for hiring (itemize by full and part-time and permanent and temporary employees):

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9. a. Estimate the amount of annual payroll such new employees will add \$ \_\_\_\_\_ (new annual payroll must be itemized by full and part-time and permanent and temporary new employees).

b. Indicate separately the amount of existing annual payroll relating to any job retention claim resulting from the project: \$ \_\_\_\_\_

10. An estimate of the amount to be invested by the enterprise to establish, expand, renovate or occupy a facility:

A.	Acquisition of Buildings:	\$ _____
B.	Additions/New Construction:	\$ _____
C.	Improvements to existing buildings:	\$ _____
D.	Machinery & Equipment:	\$ _____
E.	Furniture & Fixtures:	\$ _____
F.	Inventory:	\$ _____
	<b>Total New Project Investment:</b>	\$ _____

11. a. Business requests the following tax exemption incentives: \_\_\_\_\_ % for \_\_\_\_\_ years covering real as described above. Be specific as to the rate, and term.

b. Business's reasons for requesting tax incentives (be quantitatively specific as possible)

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Submission of this application expressly authorizes (name of local jurisdiction) to contact the Ohio Environmental Protection Agency to confirm statements contained within this application including item # 5 and to review applicable confidential records. As part of this application, the property owner may also be required to directly request from the Ohio Department of Taxation, or complete a waiver form allowing the Department of Taxation to release specific tax records to the local jurisdiction considering the request.

The Applicant agrees to supply additional information upon request.

The Applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct and is aware of the ORC Sections 9.66(C) (1) and 2921.13(D) (1) penalties for falsification which could result in the forfeiture of all current and future economic development assistance benefits as well as a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

\_\_\_\_\_  
Name of Property Owner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed Name and Title

\* A copy of this proposal must be forwarded by the local governments to the affected Board of Education along with notice of the meeting date on which the local government will review the proposal. Notice must be given a minimum of fourteen (14) days prior to the scheduled meeting to permit the Board of Education to appear and/or comment before the legislative authorities considering the request.

\*\* Attach to Final Community Reinvestment Area Agreement as Exhibit A

Please note that copies of this proposal must be included in the finalized Community Reinvestment Area Agreement and be forwarded to the Ohio Department of Taxation and the Ohio Development Services Agency within fifteen (15) days of final approval.

**E. Sample CRA Relocation Notice:**

**Sample CRA Relocation Notice**

[Date]

[city or village council - for projects located within a city or village - or county commissioners -  
for projects located outside of a city or village]

[mailing address]

[community], Ohio [zip code]

Dear \_\_\_\_\_:

As required by Ohio Revised Code 3735.673, this letter is to serve notice of a pending application for a Community Reinvestment Area Agreement from [name of applicant] with the [name of CRA community]. The company is proposing to [describe project] in [name of CRA community]. The [name of company] currently has operations in your jurisdiction on [location of facility] and proposes to relocate part or all of its operations to [name of CRA community] in connection with the Community Reinvestment Area Agreement project. The company states that the reason (s) for the relocation is as follows: [business reason for relocation].

Enclosed you will find a copy of the CRA agreement application and a draft CRA exemption agreement. The [legislative authority of the name of CRA community] will consider this application at its meeting scheduled for [insert meeting date, time and location - a date which is no sooner than thirty days after the notice is delivered to the community].

Please contact me at (insert telephone number) if you have any questions.

Sincerely,

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[Officer of the city or village, or the legislative authority]

Cc: Director, Ohio Development Services Agency

#### **F. CRA Tax Exemption Agreement:**

##### **Ohio Revised Code Section 3735.671**

##### **Written agreement where commercial or industrial property is to be exempted.**

(A) If construction or remodeling of commercial or industrial property is to be exempted from taxation pursuant to section [3735.67](#) of the Revised Code, the legislative authority and the owner of the property, prior to the commencement of construction or remodeling, shall enter into a written agreement, binding on both parties for a period of time that does not end prior to the end of the period of the exemption, that includes all of the information and statements prescribed by this section. Agreements may include terms not prescribed by this section, but such terms shall in no way derogate from the information and statements prescribed by this section.

(1) Except as otherwise provided in division (A)(2) or (3) of this section, an agreement entered into under this section shall not be approved by the legislative authority unless the board of education of the city, local, or exempted village school district within the territory of which the property is or will be located approves the agreement. For the purpose of obtaining such approval, the legislative authority shall certify a copy of the agreement to the board of education not later than forty-five days prior to approving the agreement, excluding Saturday, Sunday, and a legal holiday as defined in section [1.14](#) of the Revised Code. The board of education, by resolution adopted by a majority of the board, shall approve or disapprove the agreement and certify a copy of the resolution to the legislative authority not later than fourteen days prior to the date stipulated by the legislative authority as the date upon which approval of the agreement is to be formally considered by the legislative authority. The board of education may include in the resolution

conditions under which the board would approve the agreement. The legislative authority may approve an agreement at any time after the board of education certifies its resolution approving the agreement to the legislative authority, or, if the board approves the agreement conditionally, at any time after the conditions are agreed to by the board and the legislative authority.

(2) Approval of an agreement by the board of education is not required under division (A)(1) of this section if, for each tax year the real property is exempted from taxation, the sum of the following quantities, as estimated at or prior to the time the agreement is formally approved by the legislative authority, equals or exceeds fifty per cent of the amount of taxes, as estimated at or prior to that time, that would have been charged and payable that year upon the real property had that property not been exempted from taxation:

(a) The amount of taxes charged and payable on any portion of the assessed valuation of the new structure or of the increased assessed valuation of an existing structure after remodeling began that will not be exempted from taxation under the agreement;

(b) The amount of taxes charged and payable on tangible personal property located on the premises of the new structure or of the structure to be remodeled under the agreement, whether payable by the owner of the structure or by a related member, as defined in section [5733.042](#) of the Revised Code without regard to division (B) of that section.

(c) The amount of any cash payment by the owner of the new structure or structure to be remodeled to the school district, the dollar value, as mutually agreed to by the owner and the board of education, of any property or services provided by the owner of the property to the school district, whether by gift, loan, or otherwise, and any payment by the legislative authority to the school district pursuant to section [5709.82](#) of the Revised Code.

The estimates of quantities used for purposes of division (A)(2) of this section shall be estimated by the legislative authority. The legislative authority shall certify to the board of education that the estimates have been made in good faith. Departures of the actual quantities from the estimates subsequent to approval of the agreement by the board of education do not invalidate the agreement.

(3) If a board of education has adopted a resolution waiving its right to approve agreements and the resolution remains in effect, approval of an agreement by the board is not required under this division. If a board of education has adopted a resolution allowing a legislative authority to deliver the notice required under this division fewer than forty-five business days prior to the legislative authority's execution of the agreement, the legislative authority shall deliver the notice to the board not later than the number of days prior to such execution as prescribed by the board in its resolution. If a board of education adopts a resolution waiving its right to approve agreements or shortening the notification period, the board shall certify a copy of the resolution to the legislative authority. If the board of education rescinds such a resolution, it shall certify notice of the rescission to the legislative authority.

(B) Each agreement shall include the following information:

(1) The names of all parties to the agreement;

(2) A description of the remodeling or construction, whether or not to be exempted from taxation, including existing or new structure size and cost thereof; the value of machinery, equipment, furniture, and fixtures, including an itemization of the value of machinery, equipment, furniture, and fixtures used at another location in this state prior to the agreement and relocated or to be relocated from that location to the property, and the value of machinery, equipment, furniture, and fixtures at the facility prior to the execution of the agreement; the value of inventory at the property, including an itemization of the value of inventory held at another location in this state prior to the agreement and relocated or to be relocated from that location to the property, and the value of inventory held at the property prior to the execution of the agreement;

(3) The scheduled starting and completion dates of remodeling or construction of real property or of investments made in machinery, equipment, furniture, fixtures, and inventory;

(4) Estimates of the number of employee positions to be created each year of the agreement and of the number of employee positions retained by the owner due to the remodeling or construction, itemized as to the number of full-time, part-time, permanent, and temporary positions;

(5) Estimates of the dollar amount of payroll attributable to the positions set forth in division (B)(4) of this section, similarly itemized;

(6) The number of employee positions, if any, at the property and at any other location in this state at the time the agreement is executed, itemized as to the number of full-time, part-time, permanent, and temporary positions.

(C) Each agreement shall set forth the following information and incorporate the following statements:

(1) A description of real property to be exempted from taxation under the agreement, the percentage of the assessed valuation of the real property exempted from taxation, and the period for which the exemption is granted, accompanied by the statement: "The exemption commences the first year for which the real property would first be taxable were that property not exempted from taxation. No exemption shall commence after..... (insert date) nor extend beyond..... (insert date).

(2) "..... (insert name of owner) shall pay such real property taxes as are not exempted under this agreement and are charged against such property and shall file all tax reports and returns as required by law. If..... (insert name of owner) fails to pay such taxes or file such returns and reports, exemptions from taxation granted under this agreement are rescinded beginning with the year for which such taxes are charged or such reports or returns are required to be filed and thereafter.

(3) "..... (insert name of owner) hereby certifies that at the time this agreement is executed, ..... (insert name of owner) does not owe any delinquent real or tangible personal property taxes

to any taxing authority of the State of Ohio, and does not owe delinquent taxes for which..... (insert name of owner) is liable under Chapter 5733., 5735., 5739., 5741., 5743., 5747., or 5753. of the Ohio Revised Code, or, if such delinquent taxes are owed,..... (insert name of owner) currently is paying the delinquent taxes pursuant to an undertaking enforceable by the State of Ohio or an agent or instrumentality thereof, has filed a petition in bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has been filed against..... (insert name of owner). For the purposes of this certification, delinquent taxes are taxes that remain unpaid on the latest day prescribed for payment without penalty under the chapter of the Revised Code governing payment of those taxes.

(4) "..... (insert name of municipal corporation or county) shall perform such acts as are reasonably necessary or appropriate to effect, claim, reserve, and maintain exemptions from taxation granted under this agreement including, without limitation, joining in the execution of all documentation and providing any necessary certificates required in connection with such exemptions.

(5) "If for any reason..... (insert name of municipal corporation or county) revokes the designation of the area, entitlements granted under this agreement shall continue for the number of years specified under this agreement, unless..... (insert name of owner) materially fails to fulfill its obligations under this agreement and..... (insert name of municipal corporation or county) terminates or modifies the exemptions from taxation pursuant to this agreement.

(6) "If..... (insert name of owner) materially fails to fulfill its obligations under this agreement, or if..... (insert name of municipal corporation or county) determines that the certification as to delinquent taxes required by this agreement is fraudulent,..... (insert name of municipal corporation or county) may terminate or modify the exemptions from taxation granted under this agreement.

(7) "..... (insert name of owner) shall provide to the proper tax incentive review council any information reasonably required by the council to evaluate the applicant's compliance with the agreement, including returns filed pursuant to section [5711.02](#) of the Ohio Revised Code if requested by the council.

(8) "This agreement is not transferable or assignable without the express, written approval of..... (insert name of municipal corporation or county).

(9) "Exemptions from taxation granted under this agreement shall be revoked if it is determined that..... (insert name of owner), any successor to that person, or any related member (as those terms are defined in division (E) of section [3735.671](#) of the Ohio Revised Code) has violated the prohibition against entering into this agreement under division (E) of section [3735.671](#) or section [5709.62](#) or [5709.63](#) of the Ohio Revised Code prior to the time prescribed by that division or either of those sections.

(10) "..... (insert name of owner) and..... (insert name of municipal corporation or county) acknowledge that this agreement must be approved by formal action of the legislative authority

of..... (insert name of municipal corporation or county) as a condition for the agreement to take effect. This agreement takes effect upon such approval.

The statement described in division (C)(6) of this section may include the following statement, appended at the end of the statement: ", and may require the repayment of the amount of taxes that would have been payable had the property not been exempted from taxation under this agreement." If the agreement includes a statement requiring repayment of exempted taxes, it also may authorize the legislative authority to secure repayment of such taxes by a lien on the exempted property in the amount required to be repaid. Such a lien shall attach, and may be perfected, collected, and enforced, in the same manner as a mortgage lien on real property, and shall otherwise have the same force and effect as a mortgage lien on real property.

(D) Except as otherwise provided in this division, an agreement entered into under this section shall require that the owner pay an annual fee equal to the greater of one per cent of the amount of taxes exempted under the agreement or five hundred dollars; provided, however, that if the value of the incentives exceeds two hundred fifty thousand dollars, the fee shall not exceed two thousand five hundred dollars. The fee shall be payable to the legislative authority once per year for each year the agreement is effective on the days and in the form specified in the agreement. Fees paid shall be deposited in a special fund created for such purpose by the legislative authority and shall be used by the legislative authority exclusively for the purpose of complying with section [3735.672](#) of the Revised Code and by the tax incentive review council created under section [5709.85](#) of the Revised Code exclusively for the purposes of performing the duties prescribed under that section. The legislative authority may waive or reduce the amount of the fee, but such waiver or reduction does not affect the obligations of the legislative authority or the tax incentive review council to comply with section [3735.672](#) or [5709.85](#) of the Revised Code.

(E) If any person that is party to an agreement granting an exemption from taxation discontinues operations at the structure to which that exemption applies prior to the expiration of the term of the agreement, that person, any successor to that person, and any related member shall not enter into an agreement under this section or section [5709.62](#), [5709.63](#), or [5709.632](#) of the Revised Code, and no legislative authority shall enter into such an agreement with such a person, successor, or related member, prior to the expiration of five years after the discontinuation of operations. As used in this division, "successor" means a person to which the assets or equity of another person has been transferred, which transfer resulted in the full or partial nonrecognition of gain or loss, or resulted in a carryover basis, both as determined by rule adopted by the tax commissioner. "Related member" has the same meaning as defined in section [5733.042](#) of the Revised Code without regard to division (B) of that section.

The director of development services shall review all agreements submitted to the director under division (F) of this section for the purpose of enforcing this division. If the director determines there has been a violation of this division, the director shall notify the legislative authority of such violation, and the legislative authority immediately shall revoke the exemption granted under the agreement.

(F) When an agreement is entered into under this section, the legislative authority authorizing the agreement shall forward a copy of the agreement to the director of development services within fifteen days after the agreement is entered into.

Amended by 131st General Assembly File No. TBD, HB 463, §1, eff. 4/6/2017.

Effective Date: 09-26-2003; 03-23-2005.

**Related Legislative Provision:** *See 131st General Assembly File No. TBD, HB 463, §3.*

## **G. Sample CRA School Compensation Agreement:**

**DRAFT**

### **SAMPLE - COMMUNITY REINVESTMENT AREA COMPENSATION AGREEMENT**

This agreement between the (name of municipality), a municipal corporation with its offices at (address), (name of board of education) Board of Education, a public school district with its principal offices at (address) and (name of business), a (state) corporation with its principal offices at (address) specifies the manner and procedure to be used pursuant Ohio Revised Code (ORC) Section 5709.82 authorizing (requiring) general compensation and income tax revenue sharing on new municipal income tax revenues relating to the (name of business)'s Community Reinvestment Area project.

**Whereas**, the Ohio Community Reinvestment Area Program, pursuant ORC Sections 3735.66 authorizes municipalities (with the consent of the board of county commissioners) to grant real property tax exemptions on eligible new investments; and

**Whereas**, the City of (name of municipality), by Ordinance No. \_\_\_ adopted (date) designated an area within the municipality as an Community Reinvestment Area;

**Whereas**, effective (date), the Director of the *Ohio Department of Development* \* determined the area designated by the municipality within Ordinance No. \_\_\_ contains the characteristics set forth in Section 3735.66 of the ORC and certified the area as an Community Reinvestment Area;

*\*Note that for CRAs created or amended after 9/28/2012, the verbage should read "Ohio Development Services Agency"*

**Whereas**, the municipality provided the (name of board of education) and the (name of board of education) joint vocational school notice of the project prior to formal as required within ORC section 3735.671 (A) (1) or 5709.83;

**Whereas**, the municipality has acted pursuant ORC Section 3735.65 - .70 within Ordinance No. \_\_\_ adopted (date) to grant a tax exemption to (name of business) and entered into a formal Community Reinvestment Area Agreement on (date); and

**Whereas**, the (name of municipality) and the (name of the board of education) pursuant to ORC section 5709.82 elect to enter into a Revenue Sharing/Compensation Agreement concerning the benefits relating to the aforementioned project.

**Now Therefore**, in consideration of the foregoing and of the mutual promises, covenants and agreements hereinafter set forth the municipality and board of education agree as follows:

**Section 1. Definitions.** as used in this agreement. The following shall have the meanings set forth below:

"Annual Payment Amount" shall mean the amount paid directly by the municipality to the board of education under Section 2 of this agreement.

"Exemption Year" shall mean any calendar year in which the Project would be taxable but for the municipal authorization and finalization of an Community Reinvestment Area Agreement Ohio Revised Code Sections 3735.67 (B) & (D).

"New Employee" shall include all employees who are first employed at the project site and who have not been subject to the (name of municipality) municipal income tax within the previous two years on income derived from employment from (name of business) prior to being employed at the project site. "New employee" does not include any person hired to replace a person who is not a new employee. "

"Base Employment" shall be the number of employees located at the project site immediately prior to the finalization of the Community Reinvestment Area Agreement.

"Base Payroll" shall be the annualized salary of all employees located at the project site immediately prior to the finalization of the Community Reinvestment Area Agreement.

**Section 2. Amount of Municipal Payments.** During each exemption year in which (name of business) receives a real property tax benefit pursuant the Community Reinvestment Area Agreement executed by (name of municipality) and (name of business) on (date), the municipality shall pay the annual payment amount to the board of education. The annual payment amount is to equal (amount)% of the total annual municipal income tax revenues received by the municipality from its levy on the wages, salaries, commissions and other compensation of "new employees" located at the (name of business) project site as a result of the aforementioned Community Reinvestment Area Agreement. During any exemption year in which the payroll attributed to "new employees" does not equal or exceed one million dollars, the municipality is not required to make a compensation payment to the board of education.

The base employment of (Name of business) employed at the project site is (No. of employees). Of this number, (No. of employees) were subject to the municipal income tax of the (name of municipality) prior to the execution of the Community Reinvestment Area Agreement.

The base payroll relating to all (Name of business) employees located at the Community Reinvestment Area project site is \$                      dollars.

**Section 3. Timing of the Payments.** The municipality shall provide the board of education the required annual payment amount by March 31 (or other agreed upon date) of the following calendar year. The payment will include an itemization of the municipal income tax collections attributed to "new employees" employed as a result of the Community Reinvestment Area Agreement. Should all income tax revenue collections not be collected by March 31 (or other agreed upon date), the municipality shall make a partial payment, as well as provide an estimate of the revenues to be collected and the date payment will be finalized. All previous year payments will be completed by June 30 (or other agreed upon date) or the municipality will make a "summary estimate" of the payment balance due and complete the payment on June 30 (or other agreed upon date). Should the "summary estimate" vary from the final payment due, the corrective adjustment will be made upon final verifications.

**Section 4. Annual Payment Amount Calculation Procedure.** (Name of business) has a base payroll within the municipality prior to the Community Reinvestment Area Agreement of \$                      dollars. The business shall provide no later than February 28 (or other agreed upon date) a report documenting the number of employees and the total annual payroll for the preceding exemption year for the Community Reinvestment Area project site.

The finance director of the municipality shall within 30 days confirm the amount reported by the business as an accurate representation of the annual payroll information submitted to the municipality for income tax purposes. If the information is not consistent, the finance director

shall notify the business, board of education and the chief executive officer of the discrepancy. Within 30 days, the business must reconcile and/or correct the variation.

\*The finance director will apply the following formula: **a.** the base payroll stipulated within Section 2 will be multiplied by 1.05 ( this represents a five per cent wage increase for prior employees); **b.** the result of "a" is subtracted from the final total annual payroll figure required within Section 4 above; **c.** if this difference between "a" and "b" exceeds one million dollars, the (name of municipality)'s income tax rate is to be multiplied by the difference; **d.** the result of "c", the net income tax generated from the "new employees" will be divided with ( ) % allocated to the board of education and ( ) % for the municipality's general revenue fund; **e.** the finance director with approval of the municipal council will issue a check to the board of education in the amount specified within "d".

**\*Alternative to the above paragraph\***

(Name of Business) shall provide documentation of the total number of employees working at the facility site on December 15 (or other agreed upon date) for each exemption year in which the business receives a tax incentive. This information shall be supplied to the municipality and the board of education no later than January 15 (or other agreed upon date) of the following year. The employment figure will be subtracted from the base employment level of (number of employees) as determined within the Community Reinvestment Area Agreement. The net number of new employees will be multiplied by \$ (agreed dollar value per employee) and the municipal finance director will distribute to the board of education the total of this calculated annual payment amount by March 31 (or other agreed upon date).

**Section 5. Infrastructure Offset.** The municipality shall be entitled to an offset of up to 35% of the municipal income tax revenues generated from "new employees". This offset will be available to the municipality in each exemption year in which income tax revenue sharing pertaining to the project is required and the municipality has incurred infrastructure costs and/or debt service on public infrastructure directly supporting the development of the project. The offset will be applied in the following manner: once the net income tax generated from "new employees" is calculated, 35% or the total amount of infrastructure costs incurred during the prior calendar year, whichever is less, is to be subtracted prior to allocation and distribution. The municipal finance director shall provide the board of education documentation of the infrastructure costs and a determination of the direct relationship between the infrastructure and the project.

**Section 6. Business Compensation.** (Name of business) shall make a \$ (dollars) cash payment to the (name of the board of education) Board of Education by March 31 of each calendar year subsequent to an exemption year in which the business received a real property tax benefit.

(Name of business) shall provide one student intern position during each calendar year subsequent to an exemption year in which the business received a real property tax benefit. The internship shall be granted to a candidate determined jointly by the business and representatives of the board of education. The internship shall be a paid position of not more than 20 hours per week.

By March 31 of each subsequent year, the business shall provide the municipality and the board of education a report of the activities of the internship candidates and an evaluation of the program.

The direct compensation listed above is to be supplied to the board of education for each exemption year in which the business receives a tax benefit from the referenced Community Reinvestment Area Agreement whether or not the municipality is required by this agreement to make an income tax payment to the board of education.

**Section 7. Maximum Income Tax Revenue Sharing Compensation.** The intent of this agreement is to lessen the impact of the real tax exemptions granted under the Community Reinvestment Area Program on the board of education. The agreement is intended to provide partial compensation for real property tax revenues foregone by the board of education. Should the allocation of the income tax generated from the "new employee" calculation exceed the amount of real property tax revenue the board of education would have received from the project had the new investment not received an exemption, then the sharing formula is to be modified and the board of education will receive no more than the amount of property tax revenues the project investment would have generated.

**Section 8. Amendments.** This agreement may be amended or modified by the parties, only in writing, signed by all parties to the agreement or by applicable law changes.

**Section 9. Entire Agreement.** This agreement sets forth the entire agreement and understanding between the parties as to the subject matter contained herein and merges and supersedes all prior discussions, agreements, and undertakings of every kind and nature between the parties with respect to the subject matter of this agreement.

**Section 10. Notices.** All payments, certificates, reports and notices which are required to or may be given pursuant to the provisions of this agreement shall be sent by regular mail, postage prepaid, and shall be deemed to have been given or delivered when so mailed to the following addresses:

Municipality: (Name and Address)

Board of Education: (Name and Address)

Business: (Name and Address)

Any party may change its contact or address for receiving notices and reports by giving written notice of such change to the other parties.

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**Section 11. Severability of Provisions.** The invalidity of any provision of this agreement shall not affect the other provisions of this agreement, and this agreement shall be construed in all respects as if any invalid portions were omitted.

In witness thereof, the parties have caused this Agreement to be executed as of this (date) day of (month and year).

ALL PROVISIONS INCLUDED IN THIS SAMPLE ARE OPTIONAL - THIS SAMPLE DOCUMENT IS FOR DISCUSSION AND SUGGESTION ONLY. ALL PROVISIONS MUST BE REVIEWED FOR APPLICABILITY TO A SPECIFIC REVENUE SHARING/COMPENSATION SITUATION.

Witness

Authorized by

Business

Date

Witness

Authorized by

Municipality

Date

Witness

Authorized by

Board of Education

Date

---

## **Section 5 – Other Requirements**

- A.** To be eligible for a tax exemption within this Community Reinvestment Area, the construction activities stated above shall not demolish or intentionally physically destroy the architectural character and distinguishing features of any contributing building or structure located in an established National Register Historic District, or is a locally designated historic landmark. However, if said building or structure so designated is determined by the City to have reached a condition rendering the building uninhabitable or unusable, said building or structure could be demolished and the new construction improvements would be eligible for tax abatement as described in this Section.
- B.** The Community Reinvestment Area Housing Council shall make an annual inspection of the properties within the district for which an exemption has been granted under Section 3735.67 of the ORC. The Housing Council shall also hear appeals under 3735.70, of the ORC.
- C.** Under ORC Section 3735.68, the City, upon receiving a recommendation from the Tax Incentive Review Council, may terminate the tax exemption after the first year if the Housing Officer finds that the property is not being properly maintained or repaired due to the neglect of the owner; and once terminated shall not reinstate the tax exemption. The Housing Officer shall include this requirement on the application for tax exemption signed by the applicant.
- D.** The City, upon receiving a recommendation from the Tax Incentive Review Council, may terminate the tax exemption after the first year if the Housing Officer finds that the property taxes have become delinquent; and once terminated the City shall not reinstate the tax exemption. The Housing Officer shall include this requirement on the application for tax exemption signed by the applicant.

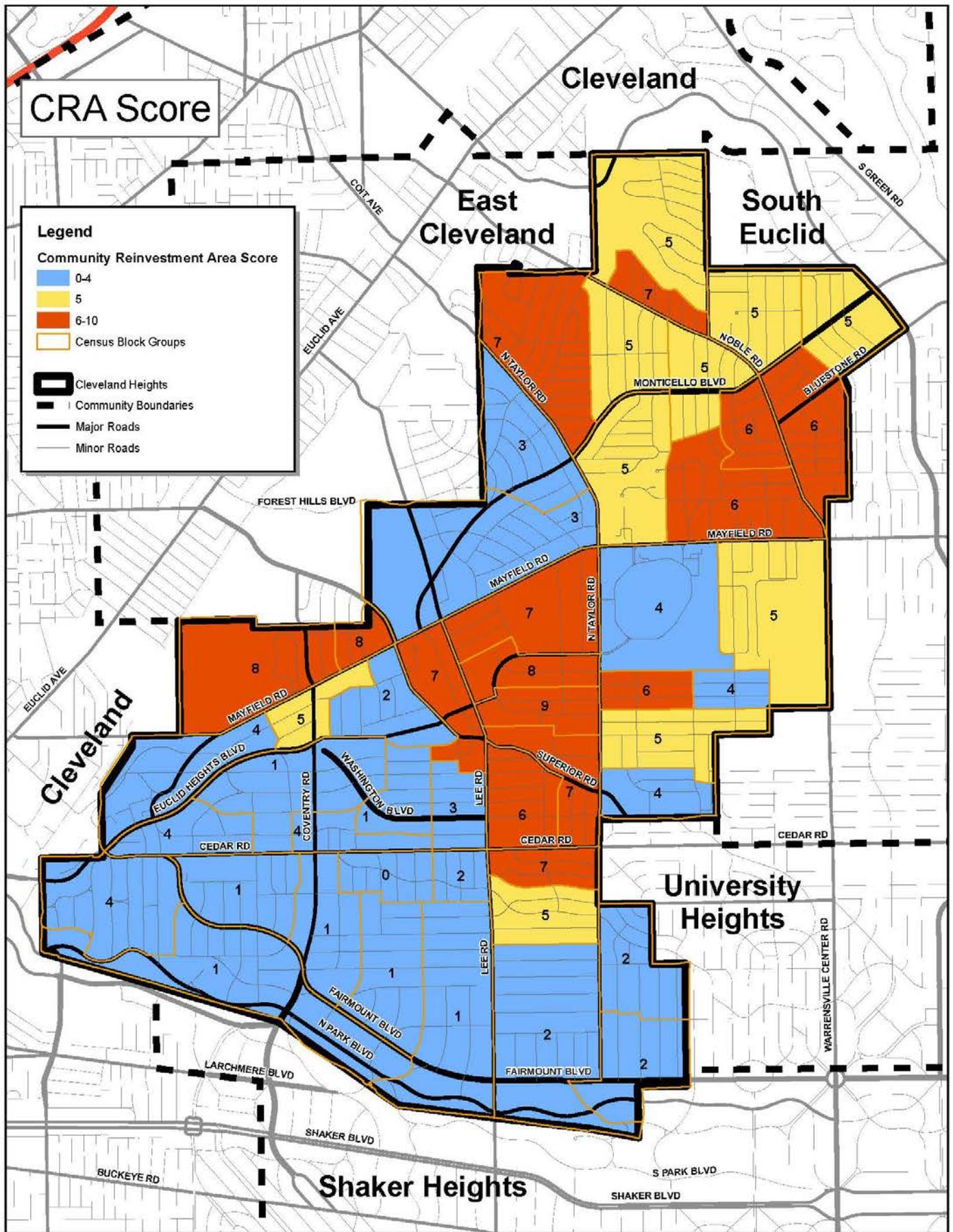
## **Section 6 – CRA Program Matrix and Scoring Map**

See below:

**Community Reinvestment Area (CRA) - Ordinance 77-2018 - Program Matrix**

7/17/2018

<b>Public Purpose: New Construction</b>	<b>Term</b>	<b>%</b>	<b>Public Purpose: Remodeling of Existing Structures</b>	<b>Term</b>	<b>%</b>
<b>A. New single family residential building construction of owner occupied dwelling units:</b>			<b>F. Remodeling of single family residential buildings of owner occupied dwelling units:</b>		
> Base level exemption			(Minimum remodeling cost - \$10,000 per unit)		
("Sustainability Requirement" Certification - SRC)	5	25%	Base level exemption	7	50%
> Base level exemption (SRC)	10	50%	Meeting 5 target criteria*	10	75%
> Meeting 5 target criteria* (SRC)	12	75%	Meeting 6 or more target criteria*	12	100%
> Meeting 6 or more target criteria* (SRC)	15	100%	*Refer to CRA Target Reinvestment Criteria Scoring Map		
*Refer to CRA Target Reinvestment Criteria Scoring Map			<b>G. Remodeling of two-family residential buildings of dwelling units: (Minimum cost - \$10,000 per unit)</b>		
<b>B. New two-family residential building construction of dwelling units:</b>			Base level exemption		
> Base level exemption	5	25%	Meeting 5 target criteria*	10	75%
("Sustainability Requirement" Certification - SRC)			Meeting 6 or more target criteria*	12	100%
> Base level exemption (SRC)	10	50%	*Refer to CRA Target Reinvestment Criteria Scoring Map		
> Meeting 5 target criteria* (SRC)	12	75%	<b>H. Conversion of two-family homes to owner occupied single family homes, or attached SF homes or owner occupied condominiums;</b>		
> Meeting 6 or more target criteria* (SRC)	15	100%	Conversion of two-family homes to owner occupied condominiums (Minimum remodeling cost - \$25,000 per unit)		
<b>C. Construction of new residential fee simple, owner-occupied townhome or condominium structures ("Sustainability Requirement" Certification - SRC)</b>			12		
Base level exemption	5	25%	100%		
Base level exemption (SRC)	7	65%	<b>I. Rehabilitation for residential dwelling units in a contributing building in NRHD or locally designated Historic Landmark - Follows SISR - minimum investment of \$10,000 in rehab costs</b>		
\$400,000 per unit minimum investment (SRC)	15	100%	10		
\$335,000 min. Invest. / (SRC) / 5 target criteria	15	100%	100%		
\$270,000 min. invest. / (SRC) / 6 or > target criteria	15	100%	<b>J. Remodeling construction activities to residential Multi-Family dwelling units</b>		
<b>D. Construction of new residential multi-family dwelling units ("Sustainability Requirement" Certification - SRC)</b>			Minimum \$25,000 per unit or \$500,000 project costs		
Min. \$75,000 per unit or \$1,500,000 project cost (SRC)	7	50%	Minimum Project investment of \$1,000,000		
Minimum Project investment of \$3,000,000 (SRC)	10	100%	10		
<b>E. Construction of new mixed use, commercial, or industrial real property ("Sustainability Requirement" Certification - SRC)</b>			<b>K. Renovation construction activities to mixed use, commercial, or industrial real property</b>		
Minimum project investment of \$3,000,000 (Exemption Guidelines to be developed)	Up to 15 years	Up to 100%	Up to 12 years		
** School District Participation	Negotiated**	Negotiated**	Negotiated**		
	case-by-case basis	case-by-case basis	case-by-case basis		
			case-by-case basis		
			Minimum Project investment of \$250,000 (Exemption Guidelines to be developed)		
			** School District Participation		



40 SEVERANCE CIRCLE, CLEVELAND HEIGHTS, OHIO 44118  
 ECONOMIC DEVELOPMENT  
 (216) 291-4444

# Exhibit I: CRA Program Matrix

Community Reinvestment Area (CRA) - Ordinance 77-2018 - Program Matrix					9/21/2018					
Public Purpose: New Construction			Term	%	Public Purpose: Remodeling of Existing Structures			Term	%	
<b>A. New single family residential building construction of owner occupied dwelling units:</b>				<b>F. Remodeling of single family residential buildings of owner occupied dwelling units:</b>						
> Base level exemption ("Sustainability Requirement" Certification - SRC)				5	25%	(Minimum remodeling cost - \$10,000 per unit)				
> Base level exemption (SRC)				10	50%	Base level exemption			7	50%
> Meeting 5 target criteria* (SRC)				12	75%	Meeting 5 target criteria*			10	75%
> Meeting 6 or more target criteria* (SRC)				15	100%	Meeting 6 or more target criteria*			12	100%
*Refer to CRA Target Reinvestment Criteria Scoring Map				*Refer to CRA Target Reinvestment Criteria Scoring Map						
<b>B. New two-family residential building construction of dwelling units:</b>				<b>G. Remodeling of two-family residential buildings of dwelling units:</b>						
> Base level exemption ("Sustainability Requirement" Certification - SRC)				5	25%	(Minimum cost - \$10,000 per unit)				
> Base level exemption (SRC)				10	50%	Base level exemption			7	50%
> Meeting 5 target criteria* (SRC)				12	75%	Meeting 5 target criteria*			10	75%
> Meeting 6 or more target criteria* (SRC)				15	100%	Meeting 6 or more target criteria*			12	100%
*Refer to CRA Target Reinvestment Criteria Scoring Map				*Refer to CRA Target Reinvestment Criteria Scoring Map						
<b>C. Construction of new residential fee simple, owner-occupied townhome or condominium structures ("Sustainability Requirement" Certification - SRC)</b>				<b>H. Conversion of two-family homes to owner occupied single family homes, or attached SF homes or owner occupied condominiums;</b>						
Base level exemption				5	25%	Conversion of two-family homes to owner occupied condominiums (Minimum remodeling cost - \$25,000 per unit)			12	100%
Base level exemption (SRC)				7	65%	<b>I. Rehabilitation for residential dwelling units in a contributing building in NRHD or locally designated Historic Landmark - Follows SISR - minimum investment of \$10,000 in rehab costs</b>				
\$400,000 per unit minimum investment (SRC)				15	100%	in a contributing building in NRHD or locally designated Historic Landmark - Follows SISR - minimum investment of \$10,000 in rehab costs			10	100%
\$335,000 min. Invest. / (SRC) / 5 target criteria				15	100%	<b>J. Remodeling construction activities to residential Multi-Family dwelling units</b>				
\$270,000 min. invest. / (SRC) / 6 or > target criteria				15	100%	Minimum \$25,000 per unit or \$500,000 project costs			7	50%
<b>D. Construction of new residential multi-family dwelling units ("Sustainability Requirement" Certification - SRC)</b>				Minimum Project investment of \$1,000,000					10	100%
Min. \$75,000 per unit or \$1,500,000 project cost (SRC)				7	50%	<b>K. Renovation construction activities to mixed use, commercial, or industrial real property</b>				
Minimum Project investment of \$3,000,000 (SRC)				10	100%	Up to 12 years			Up to 100%	
<b>E. Construction of new mixed use, commercial, or industrial real property ("Sustainability Requirement" Certification - SRC)</b>				Up to 15 years	Up to 100%	Up to 12 years			Up to 100%	
Minimum project investment of \$3,000,000 (Exemption Guidelines to be developed)				Negotiated**	Negotiated**	Negotiated**			Negotiated**	
** School District Participation				case-by-case basis	case-by-case basis	case-by-case basis			case-by-case basis	
Minimum project investment of \$250,000 (Exemption Guidelines to be developed)				** School District Participation						

# Exhibit II

## CRA Score

### Legend

#### Community Reinvestment Area Score

- 0-4
- 5
- 6-10
- Census Block Groups
- Cleveland Heights
- Community Boundaries
- Major Roads
- Minor Roads

