

**Date:** August 5, 2016

**To:** Home Builders Association of Greater Cincinnati

**From:** Oscar L. Bedolla, Director of the Department of Community and Economic Development

**Copy:** John B. Wasserman, Assistant City Solicitor

**Subject:** **CiTIRAMA 2016 Tax Exemption and Special Assessment**

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On September 16, 2015, Cincinnati City Council passed Ordinance No. 299-2015 (the “TIF Ordinance”). The TIF Ordinance declared improvements to the real property to be utilized in the Gershom Grove subdivision, as described in the TIF Ordinance (the “Property”), to be exempt from real property taxes for a period of 20 years.

On the same date, Cincinnati City Council passed Ordinance No. 300-2015 (the “Assessment Ordinance”), which levied a special assessment on the Property for a period of 20 years (the “Assessment”), commencing with tax year 2017 and payable in arrears beginning in calendar year 2018. As described in the Assessment Ordinance, the Assessment is to be used to finance a portion of the cost of the street improvements that have been built to serve the subdivision (the “Public Infrastructure Improvements”). In the Assessment Ordinance, the City administration provided an estimate of the semi-annual installment of the Assessment to be levied against each lot within the Property during the 20-year assessment period. This estimated semi-annual installment of the Assessment is listed as \$1,060.49. Although the Assessment could be higher or lower depending on the final cost (including financing costs) of the Public Infrastructure Improvements, we believe that the estimate provided in the Assessment Ordinance is essentially correct.

Assuming that the semi-annual installment of real property taxes on a lot within the Property is \$2,120.98, the TIF Ordinance exemption—when viewed together with the estimated semi-annual installment of the Assessment—would have the same economic impact on the owner of a lot as would a 50% Community Reinvestment Area (“CRA”) real property tax abatement. However, unlike a CRA abatement, for which the maximum term is up to 15 years (if certain conditions are met), the arrangement the City has entered into with respect to the Gershom Grove subdivision provides a benefit for a 20 year period.