

**City of Cleveland
Community Reinvestment Area Program
Residential Tax Abatement
Single and Two-Family Structures**

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
Mayor, Justin M. Bibb**

**Alyssa Hernandez, Director
James Greene, Commissioner & Housing Officer
Dulce Sanchez, CRA Tax Abatement Manager
(216) 664-3442
(216) 664-4000**

**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 exemptions on residential real property. 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%** for **15 years** on all new construction residential property in the City of Cleveland. **New construction must meet the Cleveland Green Building Standard** in order to be eligible for tax abatement. Taxes on a newly constructed home are abated. The owner is liable for all taxes associated with the after improved value of the land only. During the term of the abatement, the land taxes may change due to changes in the tax rate and/or changes in assessed value of the land.

REHABILITATION

Until December 31, 2023, residential property owners rehabilitating single and two-family homes where the remodeling costs, as evidenced by true and accurate permits as further described in these instructions, are greater than \$2,500.00 can receive tax abatement at a rate of **100%** for **15 years** on the value of the remodeling improvements to the home. In order to be eligible to participate in the tax abatement program, all improvements must be evidenced by true and accurate building permits issued by the City of Cleveland Department of Building and Housing. Substantial and Moderate Rehabilitation of an entire house **must meet the Cleveland Green Building Standard and complete all items on the checklist for approval** in order to be eligible for tax abatement.

Example of a rehabilitation project: the initial market value of a home is \$60,000.00 and the improvements made to the home reflect a \$30,000.00 increase in the market which is now established at \$90,000.00. The tax abatement will be placed on \$30,000.00 of the improved value of the home. The owner will owe taxes on the initial \$60,000.00.

**** Real property must be within the City of Cleveland***

ONLY IMPROVEMENTS THAT INCREASE THE ASSESSED VALUE OF RESIDENTIAL PROPERTY TAXES ARE ELIGIBLE:

Green Building Standard is required for:

- * Substantial Rehabilitation of entire house
- * Moderate Rehabilitation of majority of house- *See Cleveland Green Building Standard Handbook guidance regarding distinction between Moderate and Substantial Rehabilitations.*

Green Building Standard is NOT Required:

- Build new or enlarge garage
- Room addition (Finish attic, second floor or bedroom with paneling, plaster or plasterboard)
- Install additional bathroom or stall shower

CRITERIA REHABILITATION

Improvements that **DO NOT** increase the assessed value of residential property taxes are not eligible unless a (Substantial) house rehabilitation includes mechanicals and a Building Permit issued by the Department of Building and Housing requiring a certificate of occupancy showing a \$60.00 fee.

- Install new roof
- Install aluminum siding; repair siding
- Install storm windows and doors
- Add windows and doors
- Repair, replace, and add window shutters
- Install awnings
- Add/replace gutters and downspouts
- Repoint, repair, and replace masonry
- Add window boxes
- Repair, replace porches and steps
- Install lawn sprinkling system
- Plant lawns, shrubs, grass, plants
- Scrape and paint house
- Install, repair, and replace sidewalks/driveway

**Normal repairs and maintenance will not increase the real estate tax assessment of your home.*

NOTE: For clarification on all matters dealing with real estate taxes, contact the Office of the Cuyahoga County Auditor at (216) 443-7010.

HOW TO APPLY
STEP I – GREEN DEVELOPMENT PLAN & BUILDING PERMIT

Every project that requires meeting the Cleveland Green Building Standard must begin by hiring a third-party consultant qualified to certify compliance for the selected Cleveland Green Building Standard option (“Green Verifier”). Then, begin with a Green Development Plan developed by the owner, Green Verifier, design professional, and the builder/contractor.

The Applicant must obtain a true and accurate Building Permit from the Department of Building and Housing, 5th Floor of Cleveland City Hall for *all* improvements for which a tax abatement application is to be submitted. The permit must state the true value of costs to build new or remodel. The permit must require the applicant to obtain a Certificate of Occupancy upon completion of the construction or remodeling. Improvements not evidenced by true and accurate permit(s) properly obtained at the time of the construction or remodeling’s commencement will not be eligible for participation in the tax abatement program.

STEP II – CONSTRUCTION/REMODEL

Begin construction or remodel. **IMPORTANT:** The Applicant is responsible for scheduling construction inspections and providing documentation to the Green Verifier. The inspections are required at certain points during the construction process and will vary depending on type of project and green building path.

STEP III – COMPLETION

After the work is completed and the Golden Rod/Sign-Off Sheet has been finalized by all required Inspectors, the Golden Rod/Sign-Off Sheet must be taken to the Record Room of the Department of Building and Housing to generate the Certificate of Occupancy. The Certificate of Occupancy will be mailed to the Applicant.

STEP IV

The Applicant completes the Residential Tax Abatement Application and mails or emails it to the Department of Community Development with copies of the Building Permit and Certificate of Occupancy (or finalized Golden Rod/Sign-Off Sheet), all necessary third party verification of compliance with Cleveland Green Building Standards attached (*see checklist attached to this Application for full list of necessary documents*), and all applicable supplemental documentation described in the checklist below. If the property is being sold and a purchase agreement is available after receipt of the Certificate of Occupancy or Golden Rod/Sign-Off Sheet, a copy of this document must be attached to the application. If this sale has already been completed, a copy of the final settlement statement or Closing Disclosure must be attached as well.

STEP V

The Housing Officer for the Residential Tax Abatement Program reviews the application along with the required documents for completeness. If the application and supporting documentation meets the requirements of the program, the Housing Officer processes the application for tax abatement. The Housing Officer sends an original confirmation letter to the Applicant and a copy to the Auditor’s Office. If the property is being sold, it is the responsibility of the Applicant to send a copy of the confirmation letter to the new homebuyer.

STEP VI

The Cuyahoga County Auditor’s Office has a dual role in the process of the Residential Tax Abatement Program:

COMMUNITY REINVESTMENT AREA PROGRAM

- 1) The appraisers review each remodel and new construction permit issued in the City of Cleveland. Upon the appraiser's field inspection and verification that the property is at least 35% complete (new construction); value will be added to that property. Value is placed on the tax duplicate in January of each year. Example: A permit issued to construct a new home on March 22, 2007 will be field inspected by the County Appraiser in 2008. If the house is 35% complete (exterior walls and roof), value will be placed on the tax duplicate for the January 1, 2008 tax year with the tax payment due January, 2009.
- 2) Once the tax abatement application has been submitted to the Cuyahoga County Auditor's Office, they will adjust the tax duplicate accordingly.

GUIDELINES

The Tax Abatement Application must be completed in its entirety with all required documents attached to be eligible. The application is forwarded to:

Attention: Dulce Sanchez, Tax Abatement Manager
City of Cleveland, Department of Community Development
Division of Neighborhood Development
601 Lakeside Avenue – Room 320
Cleveland, Ohio 44114
(216) 664-3442
(216) 664-4000
dsanchez@clevelandohio.gov

Applications for single and two family homes are filed at the time the building construction or remodel of the residential property is completed and a Certificate of Occupancy (or finalized Golden Rod/Sign-Off Sheet) has been issued from the Department of Building and Housing.

All applications are processed in the order received. If the application packet is missing any information, the incomplete application packet will be returned and processing time will restart upon submission of the missing documentation. All applications must be filed and processed with the City of Cleveland by **November 1st** of the following year in which the Building Permit was issued to ensure the abatement is in place before the next tax year. Failure to adhere to this guideline will result in the owner losing years on the abatement and owing taxes the first year in the home.

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.

**RESIDENTIAL TAX ABATEMENT
SINGLE AND TWO FAMILY STRUCTURE APPLICATION**

Prior to submitting application please confirm that all items listed on the Submission Checklist have been attached to the application packet.

Applicant Name (Print)	Address/City/State/Zip	Phone/fax	E-mail
Seller (If not applicant)	Address/City/State/Zip	Phone/fax	E-mail

Property Profile

Address	Permanent Parcel Number (PPN)	Ward	No. of units (circle one) 1 2	New Construction _____ Rehabilitation _____
Current Market Value Before Sale * \$ _____	Current property Taxes \$ _____	Price paid for property before Improvement \$ _____	Date of purchase ____/____/____	Cost of Construction / Improvements \$ _____

Previous or current CRA tax abatement on this parcel? _____
 Does this project involve a structure of historical and/or architectural significance? _____
Is this project receiving City funds? Circle one: CDBG HOME HTF AAH NSP N/A

*Market value and tax as shown on County Fiscal Officer's website @ myplace.cuyahogacounty.us

Buyer information (if improved property is sold/to be sold)

Buyer (If applicable)	Address/City/State/Zip	Purchase agreement (copy attached) Yes No
Current sale price or Estimated sale price	Date sold	Estimated property tax on sale price

Project Profile

BLDG. Permit No. (attach copy) _____ _____ Date of permit Estimated cost shown on permit \$ _____	Project Description (copy attached) Yes No Neighborhood _____	Date of certificate of occupancy or stamped goldenrod (attach copy) _____ Date	Scope of work / Evidence of Improvements (copy attached) Yes No Purchase Agreement Attached: Yes No
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The application continued on the next page.

City of Cleveland Green Building Standard

Please include a unique project identifier (provided by the third-party rating system) and the required attachments for one of the following options:

Options for Complying with the Cleveland Green Building Standard	Required Certifications and Attachment(s)
OPTION A: Enterprise Green Communities Certification – Affordable Housing	Certification through the on-line Enterprise Green Communities Certification Portal; EGC Certification Form by Green Verifier, HERS certification, ENERGY STAR certification and reports as applicable
OPTION B: Enterprise Green Communities Compliance – Market Rate	EGC Certification Form by Green Verifier (spreadsheet from City of Cleveland); Energy model, HERS certification, ENERGY STAR certification and reports as applicable
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

Signature	
Date	

The Tax Abatement Application must be completed in its entirety and all required documents attached to be eligible. Mail or email as one PDF file the completed application to:

Dulce Sanchez
 City of Cleveland, Department of Community Development
 601 Lakeside Avenue – Room 320
 Cleveland, Ohio 44114
 (216) 664-3442
 dsanchez@clevelandohio.gov

**CITY OF CLEVELAND'S COMMUNITY REINVESTMENT AREA PROGRAM
RESIDENTIAL TAX ABATEMENT PRECONSTRUCTION CONDITIONAL APPROVAL FOR
SINGLE- AND TWO-FAMILY STRUCTURES APPLICATION – SUBMISSION CHECKLIST**

ACKNOWLEDGE USING INITIALS

	<p><u>Application Form:</u></p> <p>A) Completed Community Reinvestment Area Program Residential Tax Abatement Single- and Two-Family Structure Application, signed by Applicant. (Pages 6 & 7, No blank spaces)</p> <p>B) Submit a separate application for each Permanent Parcel Number (PPN)</p> <p>C) List Property Address and PPN as shown on Cuyahoga County 's website: https://myplace.cuyahogacounty.us</p>
	<p><u>Evidence of Improvements and Resulting Value:</u></p>
	<p>D) For rehabilitation projects, chose one of the two options below:</p> <p>E) Submit an itemized scope of work with all estimated costs, and submit before & after photos of all rehabilitation work; or submit the final contractor's invoice(s) for all rehabilitation work.</p>
	<p><u>Permit Documentation:</u></p>
	<p>F) Building Permit(s) showing the true and accurate description and cost of all work completed. Shows a \$60.00 fee and the work requires a certificate of occupancy</p>
	<p><u>Evidence of Improvements and Resulting Value:</u></p>
	<p>G) Before and After photos of all rehabilitation work; or Submit the final contractor's invoice(s) for all rehabilitation of the property.</p>
	<p>H) Final Certificate of Occupancy or Goldenrod Sign-off signed by all Inspectors and stamped as "Received" by the Department of Building and Housing.</p>
	<p>I) For for-sale projects (new and rehabilitation), provide a copy of the Purchase Agreement and final settlement statement or Closing Disclosure evidencing sale to final homebuyer.</p>
	<p><u>Green Building Documentation:</u></p>
	<p><i>For projects selecting a compliance path other than Enterprise Green Communities, contact the Department of Community Development in advance of your submission.</i></p>
	<p>J) City of Cleveland Green Communities Certification Form and Checklist completed in full and signed by Green Verifier. Forms missing verification of any Mandatory Criteria or evidencing less than the minimum Optional Points for the project will not be accepted.</p>
	<p>K) HERS Certificate.</p>
	<p>L) RESNET Disclosure signed by the Green Verifier or other disclosure form(s) completed by Green Verifier as part of Green Communities Certification process.</p>
	<p>M) For new construction projects only, an Energy Star certificate and associated Energy Star reports.</p>
	<p><u>Additional Documentation:</u> Other documentation as may be requested or required by the Housing Officer.</p>