

COMMUNITY REINVESTMENT AREA

CITY OF TOLEDO / DEPARTMENT OF DEVELOPMENT

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What is a Community Reinvestment Area?

- ◆ A Community Reinvestment Area (CRA) provides tax abatement to promote new construction or rehabilitation of residential, commercial or industrial structures. The objective of the City of Toledo's CRA Program is to promote investment to properties in neighborhoods that have experienced decline resulting from disinvestment.
- ◆ In order to assist and encourage property owners undertaking improvement projects within designated areas of Toledo, the City will grant tax abatement on the increase in property valuation resulting from the improvements. Any project receiving tax abatement is subject to Living Wage requirements. Additionally, projects involving multi-family (4+ units other than condominiums) or commercial/industrial improvements that generate new payroll of \$1,000,000 or more in any year of the abatement or which are located in the Southwest Toledo or Reynolds Corners designated areas will require payments to the local school district (see CRA application process below).
- ◆ Approved projects receive tax abatement on the increase in their property's tax valuation for a specified time period. The tax abatement period begins the calendar year after:
 - (1) certification is forwarded to the County Auditor's Office, and
 - (2) a change in the property's tax valuation has occurred due to the new improvements.

What must the improvements cost to be eligible?

Type of Structure	Minimum Cost of Improvements	Period of Abatement
Existing 1 and 2 Family Dwellings	\$ 2,500.00	10 years
Existing Dwelling of more than 2 Units	\$ 5,000.00	12 years
Existing Commercial and Industrial Structures	\$ 5,000.00	12 years
New Residential, Commercial or Industrial Structures	All new construction	10-15 years

Residential projects shall receive abatement for 100% of the value of the new improvements as certified for eligibility by the city's housing officer. Commercial/ industrial projects are also eligible for 100% abatement, however, depending on the location and designated CRA area, commercial/industrial projects may be subject to negotiated payments to the designated school board and an Ohio Department of Development application fee.

What improvements are eligible for Tax Abatement?

Major improvements or a combination of minor improvements and general maintenance items may increase the taxable value of the property and result in CRA eligibility. Below are examples of major improvements that may qualify for tax abatement:

◆ build a new porch	◆ new construction
◆ remodel an attic into living area	◆ structural improvements to existing interior/exterior
◆ new additions to existing structure	◆ several minor maintenance items in conjunction with each other (complete rehabilitation)
◆ install sun room	

What improvements are not likely to increase real estate taxes?

Minor improvements and maintenance items required to preserve a structure do not generally increase the taxable value of a property. Below are examples of work that individually will not increase a property's tax valuation. However, a combination of several items listed below may increase a property's tax valuation and result in CRA eligibility.

<u>EXTERIOR WORK</u>	<u>INTERIOR WORK</u>
◆ Scrape and paint	◆ Add electrical circuits or outlets
◆ Landscaping (lawns, shrubs, plants)	◆ Complete rewiring
◆ Repair or replace porches and steps	◆ Replace plumbing
◆ Repair siding	◆ Install or replace light fixtures
◆ Add or replace gutters or downspouts	◆ Resurface floors
◆ Install storm doors / replacement windows	◆ Replace furnace
◆ Install outdoor lighting	◆ Replace hot water heater
◆ Insulate and weatherstrip	◆ Paint, wallpaper or other redecorating
◆ Install a new roof	◆ Closets, built-in bookcases or cabinets
◆ Repoint, repair, replace existing masonry	◆ Remodel kitchen or bathroom
◆ Install, repair, replace driveway / sidewalk	◆ Replace or refinish woodwork

Where can applications be obtained?

Applications for the CRA Program may be obtained from the Real Estate Division, on the 22nd Floor of One Government Center. Residential applicants (1, 2, 3 family units) are strongly advised to submit completed applications prior to beginning improvements so as to determine project eligibility. **Applications for multi-family (4+ family units) and commercial/industrial projects MUST BE RECEIVED AND APPROVED PRIOR TO START OF CONSTRUCTION.** It is also recommended that property owners review and determine the accuracy of the property's current valuation with the Lucas County Auditor's Office prior to beginning any construction projects.

What is the CRA application process?

- ◆ **Residential applicants (1, 2, 3 family units, including condominiums)** - submission of a completed application (in case of condominiums, 1 for each unit) to the Department of Development for project eligibility determination.
- ◆ **Multi-family (3+ family units) and commercial/industrial projects** - submission of a completed application along with a supplemental application that certifies payroll and compliance with employee Living Wage requirements (Ord. 577-00, TMC Sec. 187.37-.40) to the Department of Development for project eligibility determination.
- ◆ Projects generating \$1,000,000 or more in payroll will require additional individualized documents.
- ◆ Pursuant to ORC, projects that fall within the Southwest Toledo and Reynolds Corners designated areas require individual legislative approval for commercial/industrial projects and are subject to a State imposed application/processing fee of \$750.
- ◆ Upon certification and/or approval, appropriate documentation will be forwarded to the Lucas County Auditor's office, and when applicable to the State of Ohio Department of Development, for processing of the tax abatement.
- ◆ Annual inspections of properties receiving CRA tax abatement are conducted by the Housing Officer and reported to the CRA Housing Council/Committee of the Toledo Housing Advisory Commission (THAC). The Housing Officer may revoke the tax abatement if the property has not been well maintained. A property owner may appeal any decision of the CRA Housing Officer to the CRA Housing Council/Committee of the THAC. *Rev January 2009 JMM*