

VILLAGE OF COVINGTON, OHIO

ORDINANCE NO. 8-20

**AN ORDINANCE IMPLEMENTING SECTIONS 3735.65 THROUGH
3735.70 OF THE OHIO REVISED CODE, ESTABLISHING AND
DESCRIBING THE BOUNDARIES OF A COMMUNITY
REINVESTMENT AREA IN THE VILLAGE OF COVINGTON,
DESIGNATING A HOUSING OFFICER TO ADMINISTER THE
PROGRAM, AND CREATING A COMMUNITY REINVESTMENT
AREA HOUSING COUNCIL AND A
TAX INCENTIVE REVIEW COUNCIL**

WHEREAS, the Council of the Village of Covington, Ohio (hereinafter "Village Council") desires to pursue all reasonable and legitimate incentive measures to assist and encourage development in the Village of Covington that have not enjoyed reinvestment from remodeling or new construction;

WHEREAS, a survey of housing, a copy of which is on file in the Village office as required by Ohio Revised Code (ORC) Section 3735.66, has been prepared for the area to be included in the proposed Community Reinvestment Area;

WHEREAS, the remodeling of existing structures and the construction of new structures in such area would serve to encourage economic stability, maintain real property values, and generate new employment opportunities; and

WHEREAS, the remodeling of existing structures and the construction of new structures in this Community Reinvestment Area constitutes a public purpose for which real property exemptions may be granted.

NOW, THEREFORE, BE IT ORDAINED, BY THE COUNCIL OF THE VILLAGE OF COVINGTON, MIAMI COUNTY, OHIO, AT LEAST TWO-THIRDS (2/3) OF THE MEMBERS ELECTED THERETO CONCURRING:

Section 1: The area designated as the Covington Community Reinvestment Area constitutes an area in which housing facilities or structures of historical significance are located, and in which new construction or remodeling of existing structures has been discouraged.

Section 2: Pursuant to ORC Section 3735.66, the Covington Community Reinvestment Area is hereby established in the following described area:

All of the parcels located within the village's limits, with the exclusion of all parcels specifically identified as being a part of the Village of Covington Downtown Redevelopment District.

The Community Reinvestment Area is approximately depicted as the crosshatched area on the map attached to this Ordinance as Exhibit A, and by this reference is incorporated herein.

Only residential, commercial and/or industrial properties consistent with the applicable zoning regulations within the designated Community Reinvestment Area will be eligible for exemptions under this Program.

Section 3: All properties identified in Exhibit A as being within the designated Community Reinvestment Area are eligible for this incentive. This proposal is a public/private partnership intended to promote and expand conforming uses in the designated area. As part of the project, the Village of Covington intends to undertake supporting public improvements in the designated area.

Section 4: Within the Community Reinvestment Area, the percentage of the tax exemption on the increase in the assessed valuation resulting from improvements to commercial and industrial real property and the term of those exemptions shall be negotiated on a case-by-case basis in advance of construction or remodeling occurring according to the rules outlined in ORC Section 3765.67. The results of the negotiation as approved by Village Council will be set in writing in a Community Reinvestment Area Agreement as outlined in ORC Section 3735.671. For residential property, a tax exemption on the increase in the assessed valuation resulting from the improvements as described in ORC Section 3735.67 shall be granted upon application by the property owner and certification thereof by the designated Housing Officer. The period of the tax exemption granted and the percentage of the tax exemption for the remodeling or new construction of residential, commercial and industrial properties are as follows:

- a. For the remodeling of every residential dwelling unit containing not more than two (2) housing units or for a newly constructed or remodeled accessory structure located on the same lot as the primary housing unit and upon which the cost of the improvements is at least \$20,000, as described in ORC Section 3735.67, the tax exemption shall be granted for a period of five (5) years with such exemption being equal to one hundred percent (100%) of the increase in the assessed valuation resulting from such improvements for each of the five (5) years.
- b. For the remodeling of every residential dwelling unit containing more than two (2) housing units but 4 or fewer housing units, or for a newly constructed or remodeled accessory structure located on the same lot as the primary housing units and upon which the cost of the remodeling is at least \$20,000, as described in ORC Section 3735.67, the tax exemption shall be granted for a period of five (5) years with such exemption being equal to one hundred percent (100%) of the

increase in the assessed valuation resulting from such improvements for each of the five (5) years.

- c. For the construction of residential dwellings containing not more than one housing unit and upon which the cost of the new construction is at least \$180,000, as described in ORC Section 3735.67, the tax exemption shall be granted for a period of five (5) years with such exemption being equal to one hundred percent (100%) of the first Four Hundred Thousand Dollars (\$400,000) of the increase in assessed valuation resulting from such new construction for each of the five (5) years.
- d. For the remodeling of existing commercial facilities and upon which the cost of remodeling is at least \$20,000, as described in ORC Section 3735.67, the term and percentage of the tax exemption shall be negotiated on a case-by-case basis in advance of the commencement of the remodeling, with the maximum term of such exemption being a period of ten (10) years and the maximum exemption being equal to one hundred percent (100%) of the increase in the assessed valuation resulting from such improvements.
- e. For the remodeling of existing industrial facilities and upon which the cost of remodeling is at least \$50,000, as described in ORC Section 3735.67, the term and percentage of the tax exemption shall be negotiated on a case-by-case basis in advance of the commencement of the remodeling, with the maximum term of such exemption being a period of ten (10) years and the maximum exemption being equal to one hundred percent (100%) of the increase in the assessed valuation resulting from such improvements.
- f. For the construction of new commercial or industrial facilities, the term and percentage of the tax exemption shall be negotiated on a case-by-case basis in advance of the commencement of the construction, with the maximum term of such exemption being a period of ten (10) years and the maximum exemption being equal to one hundred percent (100%) of the increase in the assessed valuation resulting from such new construction.

For the purposes of the above described Community Reinvestment Area, structures exclusively used for residential purposes and composed of four (4) and fewer housing units shall be classified as residential structures, and structures exclusively used for residential purposes and composed of more than four (4) housing units shall be classified as commercial structures.

If remodeling qualifies for an exemption, during the period of the exemption, the exempted percentage multiplied by the dollar amount of the increase in the assessed valuation of the structure resulting from such improvements shall be exempt from real property taxation.

If new residential construction qualifies for an exemption, during the period of the exemption, the first \$400,000 of valuation of the residential dwelling shall not be considered to be an improvement on the real property on which the dwelling is located for the purpose of real property taxation.

Section 5: All commercial and industrial projects are required to comply with the state application fee requirement of ORC Section 3735.672(C) and the local annual monitoring fee of one percent of the amount of taxes exempted under the Community Reinvestment Area Agreement, with a minimum monitoring fee of \$500 annually up to a maximum monitoring fee of \$2,500 annually, unless otherwise waived by the Village Council.

Section 6: To administer and implement the provisions of this Ordinance, the Village Administrator is designated as the Housing Officer as described in ORC Section 3735.65 through 3735.70.

Section 7: A Community Reinvestment Area Housing Council (hereinafter "CRA Housing Council") shall be created, consisting of two members appointed by the Mayor of Covington, two members appointed by the Village Council, and one member appointed by the Planning Commission of Covington. The majority of the members shall then appoint two additional members who shall be residents within the Community Reinvestment Area. Terms of the members of the CRA Housing Council shall be for three years. An unexpired term resulting from a vacancy in the CRA Housing Council shall be filled in the same manner as the initial appointment was made.

A Tax Incentive Review Council shall be established pursuant to ORC Section 5709.85 and shall consist of three representatives appointed by the Board of County Commissioners, two representatives of the Village of Covington appointed by the Mayor of Covington with Village Council concurrence, the County Auditor or its designee and a representative of each affected Board of Education. At least two members must be residents of the Village of Covington. The Tax Incentive Review Council shall review annually the compliance of all Community Reinvestment Area Agreements involving the granting of exemptions for commercial or industrial real property improvements under ORC Section 3735.671, and make written recommendations to the Village Council as to continuing, modifying or terminating said Community Reinvestment Area Agreements based upon the performance of the terms of the Community Reinvestment Area Agreements.

Section 8: The Village Council, pursuant to the annual TIRC review set forth in Section 7 reserves the right to re-evaluate the designation of the Covington Community Reinvestment Area on an annual basis beginning December 31, 2020, at which time the Village Council may direct the Housing Officer not to accept any new applications for exemptions as described in ORC Section 3735.67.

- Section 9: The CRA Housing Council shall make an annual inspection of the properties within the Community Reinvestment Area for which an exemption has been granted under ORC Section 3735.67. The CRA Housing Council shall also hear appeals under ORC Section 3735.70.
- Section 10: The Village Council hereby finds and determines that all formal actions relative to the passage of this Ordinance were taken in open meetings of Village Council, that all deliberations of Village Council and of its committees, if any, which resulted in formal action were taken in meetings open to the public, in full compliance with the applicable legal requirements, including ORC Section 121.22.
- Section 11: This Ordinance shall take effect and be in force from and after the earliest period allowed by law and upon confirmation by the Director of Ohio Development Services Agency of the findings in this Ordinance.
- Section 12: The Mayor of the Village of Covington is hereby directed and authorized to petition the Director of Ohio Development Services Agency to confirm the findings contained within this Ordinance.

First reading: 4/20/2020
Second reading: 5/18/2020
Third reading: 6/15/2020

APPROVED June 15, 2020:


Edward L. McCord, Mayor


R. Scott Tobias, President of Council


Brenda Carroll, Fiscal Officer