

Community Reinvestment Area
PROGRAM GUIDELINES



INTRODUCTION

- A. **Intent.** The City of North Ridgeville (City) sets out in these guidelines the policies and procedures applicable to the City’s Community Reinvestment Area Program. These guidelines will be adopted by the City’s Housing Council and may be amended from time to time based on actual experience with specific projects.
- B. **Pre-1994 CRA.** The City’s Community Reinvestment Area (CRA) was established by Resolution 768-94 adopted on June 24, 1994. As such, the City’s CRA is a pre-1994 or “grandfathered” CRA.
- C. **Boundaries.** Resolution 768-94 established Community Reinvestment Area No. 14, the boundaries of which are coterminous with the corporate boundaries of the City of North Ridgeville, and all area located within said boundaries.
- D. **Amendments.** The City’s CRA Resolution has been amended twice. The first amendment, Resolution 1415-2017, was adopted on December 4, 2017. The second amendment, Resolution 1576-2022, was adopted on September 19, 2022.

RESIDENTIAL PROJECTS

- A. **Eligible Projects.** The City’s Residential CRA Program is aimed at improving property values and stimulating reinvestment in the City’s existing housing stock by abating taxes on increases in assessed valuation associated with rehabilitation. New residential construction is not considered for abatement. Residential projects meeting the minimum requirements will be processed for the abatement percentage and duration listed in the table below.

Type	Minimum Cost of Improvements	Abatement of Increased Value	Duration
Residential Rehabilitation (one or two units)	\$10,000	100%	5 Years
Residential Rehabilitation (over two units)	\$20,000	100%	12 Years

- B. **Procedure.** No pre-construction application or agreement is necessary for residential rehabilitation projects. The following procedures will be followed:
 1. Owner or contractor pulls a building permit at the North Ridgeville Building Department.
 2. Rehabilitation project is undertaken with all required inspections during construction.
 3. Upon completion of work, the owner obtains a Certificate of Occupancy or final inspection approval from the Building Department.
 4. Owner completes the Residential Tax Abatement Application and submits to the Housing Officer, who reviews the application for completeness.
 5. The Housing Officer provides notice to any impacted school districts a minimum of 14 days prior to forwarding the complete application to the Lorain County Auditor’s Office.
 6. The Lorain County Auditor conducts a field inspection and verifies completion of the project. The County Auditor makes a final determination on the actual increase in taxable value generated by the project. The Auditor then applies the approved abatement to future tax bills.

- C. **Termination.** The Housing Officer may revoke the tax abatement any time after the first year if the property has building code violations or if delinquent taxes are owed on the property. If a property owner appeals the market value of the residential property during the abatement period, the abatement will be immediately terminated.
- D. **Appeals.** Any person denied tax abatement by the Housing Officer may appeal in writing to the Housing Council. Appeals from a decision of the Housing Council may be taken to the Court of Common Pleas.

COMMERCIAL AND INDUSTRIAL PROJECTS

Part One: Applications

- A. **General Terms.** North Ridgeville considers tax abatement applications for new construction or rehabilitation of commercial or industrial properties that lead directly to job creation and/or retention within the City. Abatement periods for rehabilitation projects may be up to 12 years and for new construction projects up to 15 years. Abatement amounts are tied directly to the expected performance of the building occupant and can be for up to 100%, depending on the economic factors specific to the project.
- B. **Application Required.** All property owners seeking an abatement for new development or rehabilitation of a building must complete an application. While the entire City is within CRA No. 14, no commercial or industrial project automatically qualifies for an abatement. Each abatement is considered on its own merits, with primary consideration given for jobs and payroll created or retained.
- C. **Timing of Application.** Applications for incentives must be submitted and negotiations with the City must be initiated before a development plan application is submitted to Planning Commission for consideration, or in cases where development plan approval is not required, before any building permits are issued for the project.
- D. **Appraisal for Rehabilitation Projects.** For rehabilitation projects, applicants are required to submit an appraisal documenting the anticipated increase in market value of the property based on the proposed improvements. The appraisal must be prepared by an independent real estate appraiser, certified to conduct commercial appraisals. Proof of qualifications will be submitted with the appraisal report.
- E. **Application Fee.** Applications for tax abatement must be accompanied by a \$500 non-refundable application fee.
- F. **Review of Applications.** Completed applications will be negotiated by the Mayor and/or his designee and reviewed by the Housing Council. If recommended for approval, the terms of the abatement will be written into an agreement which must be approved by Council. The agreement will outline the responsibilities of all parties and the applicant's required performance measures, which may change from project to project.
- G. **Notification Requirements.** The City will provide required notice to any impacted school district a minimum of 14 days before any legislation is considered that would approve property tax abatement.

H. **Public Records.** All information on an application presented for approval by Council will be subject to public review.

Part Two: Review Factors and Requirements

A. **Total Economic Impact.** The City considers each abatement application on a case-by-case basis, depending on the facts and circumstances of each project. Factors may include, but are not limited to, the following:

1. Overall desirability of the project including its appropriateness for the given location, quality materials and design, zoning compatibility and/or competitive market conditions;
2. Ratio of new tax dollars created for each tax dollar abated;
3. Financial impact to local school districts; and
4. For projects located within a TIF district, the impact of abating new property taxes on expected revenue streams.

B. **Job Creation.** Attracting new companies and new jobs to the community is the primary function of CRA incentives. It is highly desirable for new companies to locate to North Ridgeville, occupying their own buildings, demonstrating a long-term commitment to the community. Evaluation criteria include:

1. Number of new jobs;
2. Amount of new payroll;
3. Type of employment and its relevance to the current workforce needs of the community;
4. Financial stability and history of the company;
5. Ability of the company to generate income taxes and make donations in lieu of taxes to the school district in excess of the incentive amount; and
6. Potential for long-term success in the community.

C. **Job Retention and Expansion.** Although CRA incentives are a primary tool to attract new companies to the City, it is possible for companies relocating from one location to another in North Ridgeville to apply for an abatement. Abatements for relocating companies will take into account the likelihood the company would move out of the City if an incentive were not granted and whether the vacated property in North Ridgeville is placed at a competitive disadvantage. Evaluation criteria include:

1. Number of new jobs to be created, not simply moved from another location in the City;
2. Amount of new payroll, not including increases in wages or salaries of existing employees;
3. Number of retained jobs and corresponding payroll;
4. Type of employment and relevance to the current workforce needs of the community;
5. Financial stability and history of the employer;
6. Ability of the company to generate income taxes and make donations in lieu of taxes in excess of the incentive amount; and
7. Potential for long-term success in the community.

D. **Basis of Calculation.** Abatement recipients will be given two years to ramp up to a minimum employment level. The third-year employment estimates will be used to calculate the incentive amount. If any abatement recipient does not meet its year-three projections (or does not meet projections in any year thereafter), the incentive agreement may be modified or terminated.

E. **School District Donation.** Abatement agreements may include requirements that the company make annual donations to the North Ridgeville City School District in lieu of taxes to offset revenues lost as

a result of the abatement. These donations will be paid by the company directly to the school district.

- F. **Property Owner is Party to Agreement.** Abatements are designated to the owner of the property of record according to the Lorain County Auditor's office. The property owner assumes all responsibility and liability for the generation of tax revenues or donations to the school district as specified in the agreement, regardless if the owner occupies the building and/or leases the building to another entity.
- G. **Non-Discrimination Policy.** Abatement recipients are required to commit to non-discriminating hiring practices acknowledging that no individual may be denied employment solely on the basis of race, religion, sex, disability, color, national origin or familial status.
- H. **Annual Report Required.** Annually, the abatement recipient will complete a CRA Compliance Report documenting an abated building's occupant(s), level of employment, payroll, investment and other information for the previous tax year. This report must be completed by the deadline established in the agreement or the abatement may be terminated. The City may require the property owner to attend a meeting or provide opportunity for a site visit as part of the compliance report filing.

Part Three: Modification and Termination of Agreements

- A. **Review of Agreements.** The following scenarios will result in automatic review of an existing abatement agreement by the Housing Council and may result in modification or termination of the agreement:
 - 1. If the economic performance of the occupant(s) in the building fall significantly below projections or if the building becomes vacant;
 - 2. If the abatement recipient fails to make required donations to the school district as stated in the abatement agreement;
 - 3. If the City determines that the delinquent tax certification required in the abatement agreement was fraudulent;
 - 4. If a property becomes tax delinquent during the term of the agreement; or
 - 5. If a property owner appeals the market value of the subject property during the abatement period.
- B. **Modification/Termination Procedure.** If a property owner fails to meet the terms of their agreement, the Housing Council may recommend a modification in the term or level of benefits of the abatement or may recommend termination of the agreement. Prior to any meeting where the Housing Council may take action to recommend modification or termination of an agreement, the impacted property owner shall be notified a minimum of ten (10) days in advance. Any modification or termination of an existing agreement must be approved by Council.
- C. **No Reapplication.** If an abatement agreement is terminated, it will be lost permanently. No new abatements or re-application of abatements will be permitted for existing buildings.
- D. **Appeals.** Appeals from a decision of Council may be taken to the Court of Common Pleas.

Adopted April 19, 2023