



Citywide CRA Discussion
City Council
CPED Committee Meeting
June 4, 2021

Citywide CRA Expansion

Purpose: To encourage the new construction or remodeling of existing structures in the designated area through real property tax exemptions on the increased or new value of the property.

Currently: The City has a CRA program in place in 23 of 31 census tracts, the city's CRA program was established in 1980 and has since expanded.

CPED Tool Box

CRA

Remodel

- 10 years
- 100% improved value

New Construction

- 15 years
- 100% imp. val. (no land)

Community Development

*“Build stronger and more resilient communities”
(HUD)*

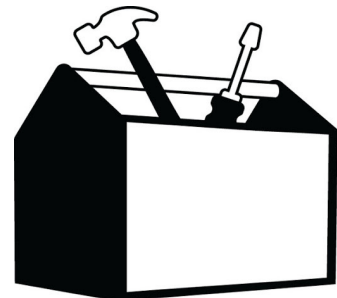
Enterprise Zone

Commercial

- 10 years
- 75%

Economic Development

*“Foster economic growth”
(IEDC)*



Benefits: Existing Homeowners

MAY qualify

- Build a new porch
- Remodel a basement/attic into living space
- New additions to an existing structure
- Install a sunroom
- Gut and renovate a home or apartment building
- Build or enlarge a garage
- Install indoor fireplace
- Install new additional bathrooms

Prior Developments Utilizing CRA

- Choice and Jubilee Homes
- Beachwood Estates
- Castle Court
- Arlington Neighborhood - Hope VI



Housing Strategy: Implementation

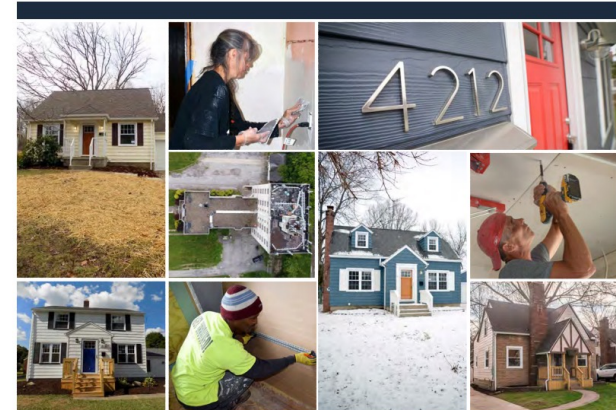
Statement: The City of Youngstown will develop a pipeline of housing development projects. Key steps to building the pipeline include extending the Community Reinvestment Area (CRA) to cover the entire city.

Actions: The appropriate city departments and partners will strategically target and assemble land and buildings with potential for development or reuse as housing and establishing a Housing Trust Fund to provide gap financing for housing development and seeking funding for housing development.



City of Youngstown

Housing Conditions Analysis &
Strategy to Improve Housing Conditions



Housing Strategy: Implementation

Benefits to Individuals and Communities:

- Increase in the number of development projects will subsequently improve opportunities for providing new affordable housing and improvements to existing housing to moderate and low-income households.

Informing the Public:

- The City will hold purposeful public meetings to update and educate the public regarding CRA-related housing development actions.



City of Youngstown

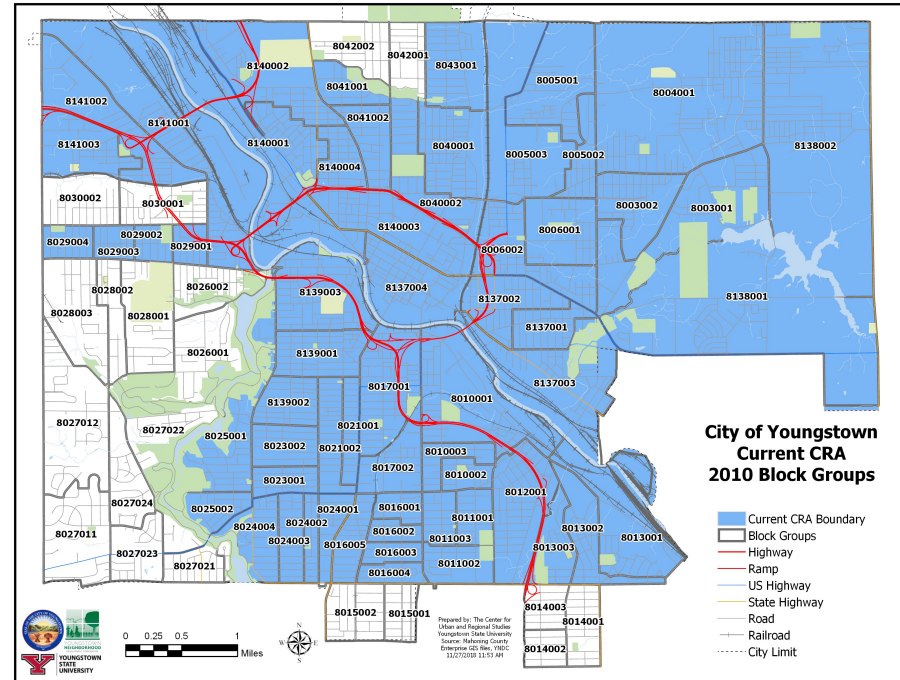
Housing Conditions Analysis &
Strategy to Improve Housing Conditions



CRA Expansion

Expansion in wards:

- 3rd
- 4th
- 5th
- 6th
- 7th



The CRA program is a tax incentive, not a grant or direct resource. Expanding the CRA is not going to move resources from one neighborhood over another. If anything, CRA expansion will incentivize investment that would otherwise not likely occur in any of Youngstown's neighborhoods.

Need for Citywide Expansion

- Since CRA enactment, City has experienced continued decline and population loss citywide
- Home values (\$44,500) remain below state (\$140,000) and national averages (\$204,900)
- Minimal residential construction activity (outside of downtown) the past 15 years
- Youngstown is not competing effectively in the overall development marketplace.

Benefits of Citywide CRA

- Contribute to stabilization and investment in all City neighborhoods, including middle neighborhoods
- Incentivize additional investment in housing to improve citywide housing quality and home values
- Simplify marketing strategy with streamlined map and show city is aggressive for new residential development and renovation

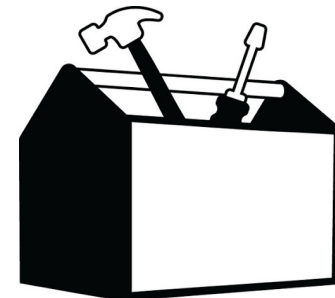
CPED/Housing Tool Box

CRA is one of many tools required to implement Housing Strategy adopted on March 3, 2021

Other opportunities to pair:

- Gap funding
- Land assembly
- Develop capacity of local developers
- Aggressive marketing
- Relationship building

City of Youngstown
Housing Conditions Analysis &
Strategy to Improve Housing Conditions



Example – New Construction

You purchase a lot in Youngstown. The tax value of that existing property is \$5,000. If you then build an improvement worth a \$150,000 increase in auditor value (\$155,000 new total auditor value) on the property, you would only be taxed on the \$5,000 (pre-improvement value) for 15 Years.

The remaining \$150,000 would be abated for 15 years thus saving you around \$3,600 per year or \$54,000 over those years on a new home construction.

Example – Remodel

You own a home in Youngstown assessed at around \$50,000 and have decided to add on to the home. The renovation will cost (and be valued at) \$50,000.

That entire amount (improved value) would be tax abated for 10 year.

It's only 10 years, as opposed to the 15-year new construction abatement, because of the regulations. This would save a resident almost \$1,200 a year for 10 years. That's \$12,000 in savings.

Peer Citywide CRA's

- Akron
- Bellvue
- Canton
- Cleveland
- Cleveland Heights
- Cincinnati
- Columbiana
- Mansfield
- New London



Peer Citywide CRA's: Columbiana

June 2021 – Business Journal

“All this work now is because of the abatement,” he says, referring to Columbiana’s 15-year property tax abatement on new construction, which went into effect in 2019. “Now it’s to the point where [Firestone Farms] is thinking about adding some more roads because they’re running out of lots.”



Valley Home Construction Skyrockets Despite the Rising Costs

June 2021 | Josh Medore | [f](#) [t](#) [in](#) [✉](#) [📄](#)

YOUNGSTOWN, Ohio – From the driveway of a house his company is building at Firestone Farms, it’s easy for Mike Savko to point out just how big of a boom in residential construction Columbiana is seeing.

With loaded pickup trucks kicking up dust and the sounds of hammers and saws all around, the owner of Savko Home Builders, Columbiana, can see nearly a dozen other houses under construction.

Through this stretch of Homestead Drive, on the northern end of Firestone Farms, are signs in soon-to-be front yards advertising the builders, a who’s who of contractors: Savko, Sam Pitzulo Homes & Remodeling, Jon Oliver Construction, Sudon Brothers Inc., Mark Ramunno Builders, DeLucia Builders and Selah

Peer Citywide CRA's: Canton

Following a model adopted by several other cities in Ohio, including Akron in 2017, city leaders began discussing the potential CRA about six months ago.

Bernabei said the city researched the program and spoke with Akron's housing officer, the county auditor and state department administrators.

“It has been successful in Akron, and we are hopeful and anticipating that it will be successful in Canton,” he said.

Canton Repository: July 22, 2019

Canton considering residential tax abatement program

By Kelly Byer
CantonRep.com staff writer
[Follow](#)

Posted Jul 22, 2019 at 8:22 AM



City Council is expected to vote July 29 on measure.

CANTON City leadership has proposed a citywide, residential tax abatement for qualifying renovations and new construction.

City Council is expected to vote July 29 on an ordinance amendment that would expand the existing Community Reinvestment Area (CRA), which includes areas such as downtown Canton and parts of Ward 4. The new CRA parameters would increase the abatement from 10 years to 15 years.

Major work costing \$5,000 or more, enough to increase the property value, would be eligible for a 100% abatement on improvements. It could be applied to single-family or multi-unit housing.

“The underlying lot that was already there and the school district was already receiving tax for, they would continue to receive tax for that,” Mayor Thomas Bernabei said.

Canton: PASSED July 29, 2019

Peer Citywide CRA's: Akron

“The idea behind the program was to have an incentive to kind of make numbers pencil out, to incentivize people to build new housing, both single-family houses and apartments,” he said.

In 2015, there were about 10 houses built in the city.
Segedy said there are now 1,200 units of housing in some stage of development.

Akron: PASSED April 7, 2017

Canton Repository: July 22, 2019

How it works in Akron

Jason Segedy, director of planning and urban development, said Akron created a citywide Community Reinvestment Area (CRA) for reasons similar to Canton's consideration.

With low housing values, the cost of new construction typically exceeds the home value.

“The idea behind the program was to have an incentive to kind of make numbers pencil out, to incentivize people to build new housing, both single-family houses and apartments,” he said.

In 2015, there were about 10 houses built in the city. Segedy said there are now 1,200 units of housing in some stage of development.

“From talking to the developers, the vast majority of those would never have been contemplated without the tax abatement program, so I think it's been a real game-changer for us,” he said.

Outcomes

- Neighborhood Impact: New home construction and renovation will increase the values of surrounding properties and fill in vacant lots.
- Population Growth: Building new homes will bring new middle-class families into Youngstown and grow demand for our schools, small businesses, and other community services
- No Funding Cuts: Schools and other property tax-funded organizations will continue to receive ALL tax revenues they currently receive and are likely to see increases in revenue as overall property values rise.