



Michael Jones

Cincinnati: Time to Push Back on Tax Incentives?

On May 24, 2017, the nine members of Cincinnati's City Council would vote on whether to approve a property tax abatement for the development of a six-unit apartment building on 205 W. McMicken Avenue in the city's downtown Over-the-Rhine neighborhood (see **Exhibit 1**). The incentive would be an eight-year property tax exemption for 100 percent of the value of the improvements to the property (see **Exhibit 2**). Over the previous five years, Cincinnati had increasingly offered tax incentives as a way to encourage capital investment in historically underdeveloped areas. Between 2012 and 2016, the city had awarded over \$18 million in property tax incentives through the Community Reinvestment Area (CRA) program.¹ The collective impact to city revenue was proportionally huge. In 2016, the city collected only \$59 million in property taxes across all of Cincinnati.²

Some members of the City Council were becoming increasingly frustrated with the tax abatements. At a May 10, 2017, council meeting, member Yvette Simpson declared: "I've implored our community and economic development department to please, please, please...decide with all the remaining parcels in Over-the-Rhine what our requirements are going to be upfront...Do not bring me another development project in Over-the-Rhine that does not take these things into consideration...figure out what the rules are, let us know what we need to do to get it done."³

At the same meeting, Kevin Flynn and other members criticized the many times that the city administration had presented tax incentives to the council in which there was only a day or two to review the documents before voting. Flynn, a member of the council's Budget and Finance Committee, was concerned that the council generated little discussion about the costs and benefits within a larger economic development strategy. He said, "I would ask us to be consistent up here, yes we are the policy makers, yes we can make whatever decisions we want. I was looking back through the records, I have not seen us reject a LEEDⁱ... tax abatement on this council yet."⁴ Without a formal list of standards for approving a tax abatement in place, any one council member found it difficult to cast a vote against a proposal.

ⁱ LEED (Leadership in Energy and Environmental Design) refers to measurement standards for the environmental performance of a building.