

CITY OF FAIRVIEW PARK

GUIDELINES FOR COMMUNITY REINVESTMENT
AREA TAX EXEMPTION PROGRAM

Section 1. INTRODUCTION. The City of Fairview Park ("City") desires to set out in these guidelines the policies and procedures that will be applicable to the City's implementation of the Community Reinvestment Area Program. The City reserves the right to revise these Guidelines, from time to time, based upon actual experience with specific projects.

Section 2. PRE-1994 ("GRANDFATHERED") CRA. The City's Community Reinvestment Area (sometimes herein "CRA") was designated by Ordinance No. 86-25 passed June 16, 1986. This Community Reinvestment Area is a pre-1994 CRA Area, sometimes referred to as a "grandfathered" CRA Area. Accordingly, certain CRA Area Program statutory amendments enacted by Senate Bill 19, effective July 22, 1994 are not applicable to the City's CRA Area.

Section 3. DIFFERENT PROCEDURES APPLY TO RESIDENTIAL PROJECTS AND TO COMMERCIAL PROJECTS. Under the City's CRA Program, residential projects follow different procedures than those applicable to commercial projects. Residential projects include single-family residential homes, condominium units, and multi-family apartment projects containing up to three units. Commercial and multi-family apartments with four or more units are subject to the City's "commercial" (sometimes referred to as "nonresidential") CRA tax exemption procedures described below. Note that references in these Guidelines and accompanying city CRA forms to "commercial" or "non-residential" projects shall be deemed to include references to commercial projects, or multi-family apartments with four or more units.

Section 4. CRA TAX EXEMPTIONS FOR RESIDENTIAL USES CITY OBJECTIVE. The City's objective in applying the CRA Tax Exemption Program to residential improvements is to promote improvements, which will reserve and enhance the City's existing housing stock, and promote new residential construction.

Section 5. RESIDENTIAL USES, PROCEDURES. The procedures to be followed by the City with respect to providing CRA tax exemption for residential projects is as follows:

- (a) Residential Exemption. All residential projects, involving either remodeling of existing facilities or new construction, shall be eligible for seven (7) years of real property tax exemption. The exemption shall be 100% of the assessed value of the new construction, or of the increase of \$2,500. in construction valuation of the structure resulting from the remodeling.

- (b) No Pre-Construction Application. No pre-construction application or CRA agreement is necessary for residential improvements.
- (c) Post-Construction Application. After completion of construction of the residential improvements, the property owner shall complete and file with the City's Housing Officer a form of "Post-Construction Application" for Community Reinvestment Area Tax Exemption, for Residential Projects, on a form supplied by the City.
- (d) Notice to Schools. The City gives statutory notice (at least two weeks) to the School District (for new construction only) of the exemption application.
- (e) Housing Officer. After notice is complete, Housing Officer will date and sign the application, thereby certifying application to County Auditor's office.
- (f) When Exemptions Take Effect. Under applicable statutes, the tax exemption should take effect in the next tax year following the year in which the Housing Officer certifies the application to the County Auditor. Property owner should be aware that under some circumstances, partial value of a partially completed residential improvement might end up temporarily on the tax duplicate, resulting in a tax bill for such partial value, prior to the exemption taking effect.

Section 6. CRA TAX EXEMPTION FOR COMMERCIAL PROJECTS PURPOSE. The City's purpose in providing CRA tax exemption for commercial projects is to carry out the City's public purpose of creation and preservation of jobs, and to promote new private business investment within the City.

Section 7. REMODELING OR NEW CONSTRUCTION OF COMMERCIAL PROJECTS. As compared to Residential Projects, different procedures will be followed by the City with respect to CRA real property tax exemption for commercial projects. Commercial remodeling follows the same procedure as residential remodeling except the threshold is \$5,000 in construction cost. In order to obtain CRA tax exemption for a new commercial project, the property owner (or proposed property owner in the event a transfer of title is involved in the commercial project) shall have **applied** for and **been granted** a CRA Tax Exemption with the City **before** permit issuance for construction on the project. The amount of exemption will vary, up to seven (7) years, and up to 100% depending upon City approvals. CRA Agreements for new commercial only are subject to approval by City Council. Not every commercial project will receive an award of a CRA Agreement. The CRA Program will be used at the discretion of the CRA Housing Council, City administration, and City Council, for such commercial projects as are determined by the city to justify approval of real property tax exemption, in exchange for property owner agreements to create or preserve jobs, make investment, and construct the project. The basic CRA Program procedures and requirements for commercial projects are described below.

Section 8. NEW COMMERCIAL PROJECTS-PROCEDURES. The procedures to be followed by the City with respect to a proposed commercial CRA project will include (but not be limited to) the following:

- (a) Pre-Construction CRA Application. Pre-Construction Application by the property owner (or proposed property owner) to the City requesting a CRA Agreement providing for real property tax exemption. Such Application shall be made using the form provided by the City for such purpose. Such Application when completed shall be filed with the Director of Economic Development and with the CRA Housing Council.
- (b) City Review. Review of application by CRA Housing Council.
- (c) Negotiate Tax Exemption Agreement. If review results with the CRA Housing Council being favorably disposed to recommending tax exemption, the CRA negotiates proposed Tax Exemption Agreement with Developer. Negotiation includes number of years of exemption (up to 7), percentage of exemption (up to 100%), and property owner covenants to be made in CRA Agreement. Note-If project involves a Redevelopment Agreement in City Revitalization Plan area; the Redevelopment Agreement will take the place of the CRA Tax Exemption Agreement.
- (d) Submission to Council. The Pre-Construction application and the proposed form of CRA Agreement including the proposed percentage and number of years of exemption, and the recommendations of the CRA Housing Council, are submitted to City Council for approval.
- (e) Council Approval: CRA Agreement Signed. City Council passes ordinance approving pre-construction application and authorizing execution of CRA Tax Exemption Agreement.
- (f) Project Constructed. Property owner constructs project.
- (g) Post Construction CRA Application. Upon completion of construction, property owner completes and files Post-Construction CRA Application with Housing Officer, using form supplied by City.
- (h) Housing Officer Verifies Completion. Housing Officer verifies completion of the improvements and construction costs. Housing Officer completes City portion of the exemption application but does not date or sign it.

- (i) Notice to Schools. The City will give two weeks written notice of such Post-Construction Application to the Fairview Park City School District and the Polaris Joint Vocation School District, with a copy of the Post-Construction Application attached.
- (j) Housing Officer. After notice is complete, Housing Officer dates and signs the application, thereby certifies application to County Auditor's office. This is accomplished by delivering or mailing an original signed copy of the completed exemption application and Council's ordinance to the County Auditor's office.
- (k) When Exemption Takes Effect. Under the grandfathered CRA Program, the tax exemption should take effect in the next tax year following the year in which the Housing Officer certifies the approved application to the County Auditor. Under some circumstances it is possible that a project with partial construction at the end of a tax year may have partial value temporarily put on the tax duplicate with a resulting tax bill for such partial value, prior to the tax exemption taking effect.

Section 9. NO ENTITLEMENTS. The CRA Tax Exemption Program for commercial projects will be used at the discretion of the City administration and City Council, for such CRA tax exemption projects as are determined by the City to justify approval of real property tax exemption, in exchange for property owner covenants for creation and/or preservation of jobs, investments, and real property improvements.

Section 10. ELIGIBILITY REQUIREMENTS FOR NEW COMMERCIAL PROJECTS. Commercial projects must meet the following eligibility requirements in order to qualify for consideration for a CRA Agreement:

- (a) The project must involve a minimum investment of at least \$300,000.00 taking into account real property improvements and personal property acquisitions in connection with the project.
- (b) The projected increased municipal income tax revenues must be greater than the projected amount of real property tax exempted over the period of exemption.
- (c) The CRA project must not involve an "ineligible business" as defined below.
- (d) Applicant must provide satisfactory evidence of the economic feasibility of the proposed project.

- (e) Applications shall be made by principles only, and not by real estate brokers or agents on behalf of a property owner.
- (f) Applicant must demonstrate to the satisfaction of the City that the CRA Agreement is needed to enable the applicant to make the proposed private investment, and the proposed creation and/or preservation of jobs, and the proposed real property improvements.

Section 11. INELIBIBLE BUSINESSES. Ineligible businesses include Industrial and Manufacturing of any kind and Public Sector financing exceeding 25%.

Section 12. NUMBER OF YEARS AND PERCENTAGE OF REAL PROPERTY TAX EXEMPTION. The CRA will determine, on a project-by-project basis, the percentage and number of years of the real property tax exemption. Factors, which the City will consider in connection with such approval, include but are not limited to the following factors:

- (a) The demonstration made to the City regarding the number of years and percentage of exemption required enabling the proposed project to proceed.
- (b) The number of jobs to be created and/or preserved in connection with the project.
- (c) The amount of new private investment to be made in connection with the project, in real property improvements, machinery, equipment and inventory.
- (d) The extent to which the proposed project will result in the elimination or remediation of environmental hazards or problems on the land, or in an existing facility.
- (e) The extent to which the proposed project will result in the renovation and productive use of an existing vacant or partially vacant facility.
- (f) The quality of the proposed design and of the materials involved in the construction of the project.
- (g) The average salary of the jobs created in connection with the project.
- (h) Whether the proposed project will involve purchase or lease of property from the City for redevelopment pursuant to a City Revitalization Plan.

- (i) The extent to which the proposed project will have a positive impact on the community, including without limitation, company covenants to give preference to the extent feasible to the employment of unemployed residents of the City, covenants to work cooperatively and directly or indirectly assist the Fairview Park City School District, and any other covenants for the general benefit of the community.

- (j) Monitoring Compliance. The CRA Council and Housing Officer will monitor all commercial and residential compliance with the terms of CRA Agreements. The City will report annually concerning the status of the exemption and the project to the State (and if appropriate to the County) in accordance with the requirements of State law. Property owners shall supply to the City such information as is necessary to enable the City to complete such reports. The Housing Council, Housing Officer and Director of Economic Development can review the project at any time during the period of exemption, to determine whether the property owner is in compliance with its CRA Agreement obligations. Lack of compliance may result in reduction or termination of the approved tax exemption. In the event of substantial defaults in a property owner's CRA Agreement obligations, the City reserves the right in such instances to require repayment of the taxes previously exempted.

Section 13. AMENDMENTS. The City hereby reserves the right to amend these Guidelines, from time to time, based on experience and City policy. In the event of approval by City Council of a CRA Agreement, or a Redevelopment Agreement in connection with a Revitalization Plan project, under circumstances involving one or more inconsistencies with these guidelines, such City Council approval shall prevail over any such inconsistencies with these Guidelines.

Section 14. SEVERABILITY. These Guidelines, and the various sections of these Guidelines, are hereby declared to be severable. If any section, subsection, paragraph, sentence, paragraph, sentence or phrase of these Guidelines is determined invalid by any court of competent jurisdiction, the remainder of these Guidelines shall not be affected and shall continue in effect.

CITY OF FAIRVIEW PARK

By _____
Chairman-CRA

**PRE-CONSTRUCTION APPLICATION
FOR A COMMUNITY REINVESTMENT AREA AGREEMENT
PROVIDING FOR REAL PROPERTY
TAX EXEMPTION FOR COMMERCIAL* PROJECTS**

Please fill out the following application in full. Information provided will be used to determine eligibility for a CRA Agreement providing for real property tax exemption for a commercial project in Fairview Park's Community Reinvestment Area.

1. Name of Applicant: _____
2. Current Address: _____
3. Address and Permanent Parcel Number of property ("Project Site") for which exemption is requested: _____
4. Telephone No.: _____
5. Nature of Business at Project Site: _____
6. Contact Person/Title: _____
7. Name of Principle Owner(s) and titles: _____

8. Type of business organization: (i.e. corporation, partnership, etc.) _____

9. Does Project involve purchase or lease of property from City pursuant to a Redevelopment Agreement for Redevelopment pursuant to a City Revitalization Plan?

10. History of Business: _____

11. Is the business seasonal in nature? Yes No
If yes, what are the peak months: _____

*Also includes multifamily apartments with four or more units and industrial projects.

12. Project Estimated Employee/Payroll information:

- a. Number of current employees _____ Payroll \$ _____
- b. Estimated number of new employees _____
Estimated Increase in Payroll \$ _____
- c. Estimated total employment when project completed _____
Estimated Payroll \$ _____
- d. Estimated new employment to be realized three years after project completion _____

13. Pre-project market value of existing facility (if any) as determined for local property taxation in most recent tax year.

- a. Real property value \$ _____
- b. Tangible personal property value \$ _____
- c. Inventory value \$ _____

14. Estimated Project and Investment information:

- a. Purchase price of land, and building if any: \$ _____
- b. New building construction: \$ _____
Square footage: _____
- c. Building additions: \$ _____
Square footage: _____
- d. Improvements to existing building: \$ _____
- e. Machinery & equipment: \$ _____
- f. Furniture and fixtures: \$ _____
- g. Increase in inventory: \$ _____

15. Project description (attach additional pages if needed)

16. Project involves leasing the facility, Name of Lessee: _____

17. Estimated Project commencement date: _____

18. Estimated Project completion date: _____

19. Please describe any environmental impact that the facility may have or any special needs regarding wastewater treatment. Is the company currently subject to monitoring by the Ohio or Federal EPA?

20. Please provide, on attached pages, any additional Project information relevant to the City policy factors listed in Section 10 of the City's Guidelines.

21. Does the property owner owe:

a. Any delinquent taxes to the State of Ohio or a political subdivision of the State?

Yes No

b. Any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State? Yes No

c. Any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not?

Yes No

- d. If yes to any of the above, please provide details of each instance including but not limited to the location, amounts and/or case identification numbers (add additional sheets if necessary).

Applicant agrees to supply such additional information as may be required by applicable state law if requested by the City, and hereby authorized any such information to be inspected by the city, or if applicable the State or applicable State Agency.

22. **Fees:** Community Reinvestment Area applicants shall be charged a one-time fee of **\$500.00** when a CRA Pre-Construction Application Agreement is submitted.

The applicant agrees to supply additional information upon request. The applicant believes that the information contained in this application is complete and accurate.

BY: _____
NAME AND TITLE

SIGNATURE DATE

USE ADDITIONAL PAGES IF REQUIRED TO SUPPLY THE REQUESTED INFORMATION.



City of Fairview Park

- Established in 1910 -

Building Department

20777 Lorain Road • Fairview Park, Ohio 44126-2018 • www.fairviewpark.org

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Eileen Ann Patton
Mayor

Steve Polinski
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440-356-4405

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Assistant Building
Commissioner
440-356-4406

APPLICATION FOR NON-RESIDENTIAL TAX ABATEMENT

1. The purpose for tax abatement is to encourage investment and job creation within the boundaries of Fairview Park as set forth in the original CRA ordinances. Each abatement contract negotiated with a business must be designed to spur capital investment and to create or to retain jobs, to enhance the quality of life in the City of Fairview Park, to sustain long term investment in the community, to preserve existing investments to attract new investments in the community, and to enhance the tax base of the community. There must be a foreseeable long term demand for the product/services and the business/investment/parent company must be financially sound and responsible. In turn the City may agree to provide an equitable amount of allowable economic tax abatement incentives depending on the individual circumstances of each applicant.
2. The business and the City must review the additional services that may be required due to the proposed project.
3. No abatement incentives shall be made available after an investment in improvement of land, building and/or equipment has already occurred.
4. Tax abatement incentives will only be offered when absolutely necessary to bring about the capital investment and wherein the City is not going to lose income. Any business interested in receiving tax abatement, must show that the incentives requested are essential to allow the investment, and, if not for the tax abatement, the investment would not be made. Also, it must be shown that the investment is good for the City and create additional payroll tax revenue to the City.
5. Under Ohio Revised Code 3735.671(A)(2), the City will work with the School Board on any abatement of 50% or more on new non-residential property.
6. **LOCAL REQUIREMENTS:**
 - Income tax must be greater than the amount of real estate tax abated.
 - Involve a minimum "substantial investment" of at least \$300,000.00.
 - Be an "eligible business" as defined herein.

- Show proof of project viability, and proof that the success of the project is contingent on tax incentive.
- Tax incentives shall be for principals only.
- If the applicant meets local requirements, an abatement guideline (Exhibit A) will be used to determine a bench mark abatement percentage.
- ELIGIBLE BUSINESSES: Manufacturing, Research and Development, Service/Warehouse, Office, Distribution, Retail.
- INELIGIBLE BUSINESS: Involves Public Sector financing exceeding 25%, Institutional Housing.

7. The City is concerned with the land use for the proposed project/investment, have it fit in with the master plan and zoning ordinances, environmental effect on the community and the surrounding areas, enhancement of the quality of life of the present inhabitants and the new work force, and the impact that it will have on the current surrounding areas and the long term impact. The long term impact must be considered now as to how the City will accommodate impact by local utilities, transportation, other functions of local government, community services, housing supply, potential development of housing necessary, present labor force, community ethics and standards, compatibility with community objectives, and the contribution to community developmental goals.

8. No tax abatement incentive will be granted for a term longer than seven (7) years.

9. Community Reinvestment Area Council members will be the individuals responsible to meet, negotiate with, and approve the proposed applicant for tax incentives with any necessary legal counsel to be provided by the Law Department.

10. A formal written tax incentive agreement is necessary in all situations. The agreement must be signed by the company/business officials, Community Reinvestment Area members, and the City along with any appropriate Ordinance approved by City Council. A separate agreement is necessary between the City and the School District for the tax incentive matters. All agreements should be executed as soon as possible after the local government gives authorization. There will be no relying on prior verbal commitments for tax incentive.

11. Community Reinvestment Area Council will be responsible to monitor compliance with the terms and conditions of the agreements entered into by and between the City/School and the investment company/business owner. They will report annually as required by the Ohio Revised Code to the State/County. All information will be obtained by the company and the necessary forms will be completed by the company officials, signed and reviewed by the Mayor. Review of abatement can be made anytime during abatement period, if applicant does not meet guidelines in original agreement an adjustment may be made as necessary.



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EXHIBIT A ABATEMENT GUIDELINE

<u>INVESTMENT</u>	<u>ABATEMENT</u>	<u>TERM</u>
\$300,000 TO 50,000,000 plus	*0-100%	7 yrs.

<u>SIZE OF INVESTMENT</u>	<u>POINTS</u>	
300,000-650,000	5	_____
650,001-1,000,000	10	_____
1,000,001-5,000,000	15	_____
5,000,001-50,000,000	20	_____
Over 50,000,000	25	_____

*CONSTRUCTION OF BUILDING

Economy	2	_____
Average	5	_____
Custom	8	_____
Luxury	10	_____

JOBS CREATED (NOT RETAINED)

5-25	2	_____
26-50	4	_____
51-100	7	_____
101-250	12	_____
251-500	15	_____
Over 500	25	_____

