

ISSUE 3: PROPOSED Charter Amendment – Ordinance 66-2021 (by Petition) – City of CINCINNATI

(Affordable Housing Trust Fund)

Ballot language

Shall the Charter of the City of Cincinnati be amended to require a permanent, annual contribution of fifty million dollars (\$50,000,000) of City funds to a new restricted fund for housing that is affordable to persons with low incomes and for related purposes using funding sources otherwise dedicated to providing for essential City services and public infrastructure needs, to be administered by an unelected volunteer board by enacting new Article XVII, which also requires:

A. City Council shall appropriate no less than \$50 million into the fund every fiscal year beginning July 1, 2021, to be paid from (1) the City’s general operating or capital funds; (2) revenue from the lease or sale of the Cincinnati Southern Railway; (3) a proposed fee on developers of all commercial and some residential projects; or (4) a personal income tax on the award of stock options in publicly traded companies. The mandatory \$50 million annual appropriation shall take priority over other funding needs of the City and could require the City to reduce City services and infrastructure projects by as much as \$50 million annually compared to current City expenditures for general operating and capital projects. Any State or Federal funding received by the City and deposited in the fund shall not count toward the \$50 million minimum annual contribution.

B. The fund is restricted to the purpose of creating and preserving housing that is affordable for households earning 60% of Hamilton County’s median household income, with half of the fund restricted to housing that is affordable for households earning 30% of Hamilton County’s median household income; that the fund can be allocated to new construction, renovation of vacant property, renovation of existing affordable units, operation costs of affordable housing, and direct services, provided that housing supported by the fund, with the exception of owner-occupied single-family housing, must be permanently dedicated as affordable by deed restriction; that all persons hired to construct, renovate, or operate any units supported by the fund must be paid a living wage; and that supported housing organizations must commit that fund project landlords will be limited in their ability to pursue evictions.

C. The fund will be controlled and managed by a board that will consist of eleven private citizens, nine of whom are selected by affordable housing and low income service organizations and two of whom are selected by the City Council President Pro Tem; who will serve staggered four-year terms; who will create the rules, regulations, and standards that govern the board.

YES NO

EXPLANATION:

This amendment would insert a new Article XVII in the City Charter to establish and fund the City of Cincinnati Affordable Housing Trust Fund. This proposed Charter amendment was placed on the ballot through an initiative petition process that gathered sufficient qualified signatures.

Section 1 of the new Article establishes a Fund restricted to affordable housing and neighborhood stabilization. It defines housing as affordable when costs associated with residing in the home require no more than thirty percent of the household’s income.

Section 2 establishes a Board to control and manage the Fund. The Board will have 11 members who serve without compensation for staggered four-year terms. Most Board members are nominated by nonprofit groups like the Homeless Coalition, Affordable Housing Advocates, and Housing Opportunities Made Equal. Two Board members are nominated by the President Pro Tem of City Council. Three Board members must be low-income, plus one must have experienced homelessness. One Board member is to be an attorney and one a developer. City Council confirms all nominations for appointment to the Board. Staff in the City's Department of Community and Economic Development would support the Board.

Section 3 states "beginning with the first city budget after the effective date of this Article, Council shall appropriate a minimum of \$50 million to the Fund." This would be a permanent annual contribution which is adjusted annually for inflation. Several possible sources are named, including the City's general operating or capital funds. It states that the earnings tax rate cannot be raised without a vote of the electorate and that the annual \$50 million cannot come from State or Federal funds.

Section 4 describes use of the funds. "Funds can be allocated to new construction, renovation of vacant property, renovation of existing affordable units for the purpose of ensuring their sustainability, operation costs of affordable housing and direct services." At least 50% of the funds must be allocated for housing serving households at or below 30% of the Area Medium Income for Hamilton County and all the Funds must serve households at or below 60% of Area Medium Income.

ARGUMENTS FOR THE CHARTER AMENDMENT:

- The primary argument in support of the Amendment is the overwhelming need for additional affordable housing in the City. While City Council members talk sympathetically about the need and make promises, the City has not committed any significant funding for affordable housing beyond what is allocated by the Federal government.
- Cincinnati subsidizes market rate and luxury housing, but has put very little into affordable housing. The only way for citizens to force City Council to act is through a charter amendment. The amount is large, but the charter amendment gives Council options in where the revenue could come from.
- Grassroots citizen groups collected signatures and put this amendment on the ballot to ensure the housing needs of all its citizens were addressed fairly. As housing prices increase throughout the City, homelessness and displacement increase. The housing crisis has become so serious, dramatic action is needed.

ARGUMENTS AGAINST THE CHARTER AMENDMENT:

- Mandating \$50 million a year to affordable housing will disrupt City finances and require cuts in the City's budget for essential services, like police and fire. Several of the suggested funding sources are already allocated in the City budget and some may be prohibited by state law.
- There is lack of accountability with an unelected Board controlling and allocating a large amount of taxpayer funds in the City. Budget decisions should remain legislative matters, made by elected City officials.

- The City's charter is its constitution and should not contain specific programs and dollar amounts like this amendment. There is no end date for this requirement of funding. If needs change in the future or it creates unintended consequences, another charter amendment process would be required to change it.