

Study Pages on Local Housing Policy

The housing market has been very much in the news in the last couple of years with prices of homes and mortgage rates rising across the country, including in the Cincinnati area. The lack of affordable housing has become a crisis for many families and communities, with lots of studies and reports, but little improvement. These LWV Study Pages will look at some of the local policy issues around housing.

Homeownership

In the Cincinnati metropolitan area, 69% of the households live in homes they own. In the City of Cincinnati, the homeownership rate is 38%.¹ The average value of a single family home in the region is \$233,000. In the last 5 years, home values have increased over 60%.²

There are major racial differences in homeownership rates. A report by Zillow found Black homeownership in the Cincinnati Metro Area around 33%, while White homeownership is approximately 73%—a 40% gap.³ This gap is one of the worst compared to other cities across the country, and is getting worse over time. The racial homeownership gap is a main driver of the racial wealth gap, since homeownership is a significant method of building wealth over generations.

This racial disparity in homeownership is the result of policies both historic and recent.

- Outright deed restrictions against the sale of properties to Black families were common in the Cincinnati area through the 1940's.
- Redlining led banks to refuse loans in communities outlined in red on maps (communities Black families lived in),⁴
- Urban renewal programs demolished thousands of homes in Black neighborhoods to make way for highways and other uses.⁵
- Predatory lending practices targeted Black families in the lead-up to the collapse of the housing market in 2008 when many lost their homes to foreclosure.

¹ 2021 American Community Survey data from the US Census Bureau

² <https://www.zillow.com/home-values/4099/cincinnati-oh/>

³ Homeownership Disparities and Housing Value Disparities by Race in the Cincinnati Metropolitan Area, Zillow Analysis, April 2021

⁴ "Redlining in Cincinnati: Effects on Black Well Being"

<https://storymaps.arcgis.com/stories/d76e295c27bc45deba50273ac9fc06fd>

⁵ "Urban Renewal in Cincinnati's Lower West End"

<https://storymaps.arcgis.com/stories/43f1767de26d49a58594e7d14f4eee22>

Local organizations, led by Housing Opportunities Made Equal, have issued a *[“Roadmap for Increasing Black Homeownership: Making generational wealth through homeownership available to everyone in Cincinnati and Hamilton County.”](#)* The Roadmap lists local policy recommendations including a loan fund and down payment assistance grants, property tax relief for legacy homeowners in gentrifying neighborhoods, and changing the current Cincinnati tax abatement policy that has primarily benefited wealthy, White neighborhoods.

Cincinnati Residential Tax Abatements

The LWV of the Cincinnati Area published Study Pages in 2019 on the [Cincinnati Residential Tax Abatement Program](#). Essentially any new construction single family home or condo in the City receives a generous abatement on property taxes. Most of the tax relief has gone to high-end housing in wealthy neighborhoods. LWVCA has spoken out against this policy based on its position on fair and equitable taxation.

Over the last decade, several proposals have been made to make the tax abatement program more equitable, however the citywide program remains in place. The latest reform proposal is to change to a tiered system based on demographic criteria. Wealthy neighborhoods would receive less of an abatement than lower income neighborhoods that need a development incentive.⁶ It also includes an effort to make the abatement more accessible to moderate-income families and those who do substantial rehab on their homes. This [WVXU article](#) describes the proposal in detail.

The tiered proposal is currently before Cincinnati City Council. While more equitable than the current system, it still allows wealthy owners of luxury new homes to pay less in property taxes than current owners of moderate homes.

Out-of-Town Investors Buying Single Family Homes

Since the 2008 financial crisis, institutional investors have bought thousands of homes around the country to rent out, crimping the supply of available homes for average buyers. Cincinnati has been particularly targeted because of its relatively low house prices and high rents.⁷ In addition, as one investor said “It’s an eviction friendly place.” One company, Vinebrook, owns more than 3,000 homes in the Cincinnati area.

The homes bought by out-of-town investors are clustered in low and moderate income neighborhoods. It is almost impossible for a first time home buyer to compete against an investor who is offering cash and snapping up every affordable property that comes on the market.

⁶ <https://www.cincinnati-oh.gov/cityofcincinnati/news/city-leaders-announce-new-residential-tax-abatement-program/>

⁷ <https://www.wsj.com/podcasts/the-journal/investors-are-buying-up-homes-cincinnati-is-pushing-back/d98b7bec-2c9b-40cb-a693-cfa86c84092a>

In addition to creating a barrier to homeownership, the corporate investment companies are notoriously bad landlords, not maintaining the property and bullying tenants. Cincinnati recently sued several large out-of-town companies for numerous building code violations and repeated violations of the Ohio Landlord Tenant Act.⁸

The Port of Greater Cincinnati Authority is a governmental development agency that deals primarily with large industrial sites. In 2022, the Port made the unique move to purchase 194 single family homes from a California investment company in foreclosure. Their goal was to keep the houses out of the hands of another corporate investor, to renovate them, and then sell them to Cincinnati residents, giving current renters an opportunity to become homeowners. They paid an average of \$75,000 for the houses. The job of rehabbing the houses and preparing renters to become homeowners will take years and in the meantime, the Port is the landlord.⁹

Affordable Rental Housing

Numerous studies have documented the lack of affordable housing in the Cincinnati area. A major study in 2017 found Hamilton County lacked 40,000 units of affordable housing, primarily for families making below 30% of medium income.¹⁰ In recent years the gap has grown as rents have increased much faster than incomes. In 2022, the Cincinnati area reported the largest percentage increase in rents of any metropolitan area in the country.¹¹

Currently the lack of affordable housing is considered, not just a problem, but a crisis. For individuals and families this means constantly teetering on the edge of homelessness, living in substandard conditions, and going through the repeated trauma of evictions.

In 2019, community advocates organized a coalition called Cincinnatians for Affordable Housing Now (CAHN) to push for stable funding for an Affordable Housing Trust Fund. They gathered petition signatures to put a City charter amendment on the ballot in May 2021, but the Initiative was not passed by voters. Labor unions lobbied against the Initiative because it did not identify a new revenue source and they feared it would require cut backs in city services and the layoff of employees.

In the last couple of years local elected officials have acknowledged the crisis in affordable housing and have committed more funding, primarily from Federal sources. Most notably Hamilton County committed a significant portion of its American Rescue Plan Act (ARPA) funds to address the affordable housing crisis.¹² These funds are managed, along with recent City housing funds, by the Cincinnati Development Fund, a private nonprofit organization. The

⁸ <https://www.wlwt.com/article/cincinnati-files-lawsuit-against-vinebrook-homes/42554906>

⁹ <https://nextcity.org/urbanist-news/cincinnati-outbid-corporate-buyers-to-keep-houses-affordable-fixing-houses>

¹⁰ https://www.lisc.org/media/filer_public/a1/16/a116fbab-4be3-4704-98e6-83f633b7d893/asset_upload_file30_13212.pdf

¹¹ <https://www.cincinnati.com/story/money/2022/09/22/cincinnati-real-estate-renters-see-rents-spike-nearly-26-percent-in-august-report-shows/69503473007/>

¹² <https://www.wvxu.org/politics/2022-12-13/hamilton-county-33-5m-affordable-housing-fund>

money is used primarily for loans to developers. Each funding source has different criteria, but many allow the developments to charge rents aimed at medium income households (between 80-120% Average Medium Income).

The advocacy coalition argued that government funding should focus on lower income households where the most urgent need is. In addition, there needs to be a stable source of revenue, not just occasional allocations from Federal dollars. [Cincinnatians for Affordable Housing Now](#) has begun a new petition campaign to put a charter amendment on the November 2023 ballot. To do so, it must collect 10,000 signatures of Cincinnati registered voters by August.

The proposed amendment will require the City to levy a 0.3% earnings tax increase that effectively returns the rate to its 2020 levels before funding for SORTA was transferred to the County. The increase will generate \$30-\$50 million annually toward affordable housing focusing on lower income households. The increase would bring the Cincinnati earnings tax to 2.1%, still less than other large Ohio cities. The full text of the proposed charter amendment is available on the coalition website, [Cincinnatians for Affordable Housing Now](#).

Summary

According to a January 2023 article in the *Business Courier*, “Cincinnati is becoming known as a red-hot real estate market.... The apartment shortage and hot rental market are no surprise, as Cincinnati’s housing market was red-hot in 2022. The housing market was characterized by increasing average sale prices, shorter time on the market, and increasing federal interest rates.”¹³

With these current market conditions, local governments struggle with what policies can best ensure all residents have access to safe, affordable housing.

¹³ <https://www.bizjournals.com/cincinnati/news/2023/01/10/apartment-housing-market-cooldown-affordability.html#:~:text=Cincinnati%20is%20becoming%20known%20as,home%20locally%20continues%20to%20soar.>

Discussion Questions

1. What are the advantages and disadvantage of the “hot real estate market” in the Cincinnati region?
2. Proponents argue Cincinnati’s property tax abatements for high-end houses and condos is justified because it encourages high wage employees to live in the City. These homeowners contribute to the earnings tax, the City’s major revenue source. What is the disadvantage of subsidizing wealthy homeowners? What affect do the property tax abatements have on county tax levies and the school system?
3. Why is the purchase of large numbers of single family homes by out-of-town investors seen as a problem? Is the Port’s purchase of houses from an out-of-town investor an appropriate role for government? What are the advantages and disadvantages of the Port’s initiative?
4. Should LWV support the proposed 2023 Cincinnati charter amendment to increase the City Earnings Tax to provide a stable source of funding for the Affordable Housing Trust Fund? Why or why not? Consider the LWVUS position on Meeting Basic Human Needs, *“Persons who are unable to work, whose earnings are inadequate, or for whom jobs are not available have the right to an income and/or services sufficient to meet their basic needs for food, shelter, and access to health care...”*
[If the charter amendment ends up on the ballot, the LWVCA Board will decide whether or not to support it. At this point, we are not seeking a member consensus, but are interested in member opinions on the proposal.]