
TO: Village Council

FROM: Bricker Graydon Wyatt LLP
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CC: Mr. Jeff Sheridan, Interim Village Manager

DATE: October 2, 2026

RE: The Village's Community Reinvestment Area Program as a Tool for Economic Development and Affordable Housing

Memorandum

This memorandum supplements the Community Reinvestment Area ("CRA") Program Guide prepared by Village staff (the "Guide") regarding the CRA program of the Village of Yellow Springs, Greene County, Ohio (the "Village") established by Ordinance 2025-26 (the "Ordinance") under Ohio Revised Code ("R.C.") Sections 3735.65 through 3735.70 (the "CRA Act").

This includes: (i) a basic description of the Village's CRA program, (ii) how the program incentivizes economic development and affordable housing, and (iii) the strategic questions and project information Village Council ("Council") should consider when giving direction to Village staff in reviewing CRA applications.

This memorandum addresses the program as enacted by the Ordinance and not every exemption available under the CRA Act.

I. The Village's CRA Program

A CRA is an area in which a locality may exempt from real property taxation the increase in value resulting from new construction or remodeling. Based on the Housing Survey attached to the Ordinance, Council found that the Village contains structures of historical significance and that new construction and repair have been discouraged, and designated the entire Village as the Yellow Springs Community Reinvestment Area. The Village Manager serves as the Housing Officer and administers the program.

A CRA exemption is a property tax reduction tool—to a degree. Only the increase in the assessed value of the structure is exempted. The land and the pre-project value of the property remain fully taxable.

The draft legislation presented to Council in October of 2025 included every category of exemption available under the CRA Act, including homeowner remodels, new single-family homes, and "megaprojects." Council narrowed the program.

As enacted, the Ordinance authorizes exemptions in two categories, as follows:

- Multi-Family—the remodeling, with costs of at least Five Thousand Dollars (\$5,000.00), or the new construction of structures with three (3) or more dwelling units (“Multi-Family Facilities”), provided that fifteen percent (15%) of the units are affordable dwelling units.
- Commercial and Industrial—the remodeling, with costs of at least Twenty-Five Thousand Dollars (\$25,000.00), or the new construction of commercial or industrial structures.

Each category allows an exemption of up to fifteen (15) years and up to one hundred percent (100%). Under Section 4 of the Ordinance and R.C. 3735.66, Council classified Multi-Family Facilities as residential, which keeps these types of projects outside of the school district approval process that applies to commercial agreements. Mixed-use structures are classified by their primary use.

Most importantly, every exemption must be granted through a written agreement negotiated before construction begins and approved by Council (each, a “CRA Agreement”). No exemption is available as a matter of right, and the terms stated in the Ordinance are maximums, not entitlements. The program was intentionally structured this way to give Council maximum control. Council is in the driver’s seat as to whether, when, to whom, and on what terms any exemption is ever granted.

II.

How the Program Incentivizes Projects

A CRA exemption lowers a project’s real property taxes on new value for a defined period, which improves the project’s return and can close a financing gap or make a Village site competitive with alternatives elsewhere. The existing tax base is not exempted, and when the exemption expires, the full value of the improvements returns to the tax duplicate.

Both categories follow the same process under Sections 7 and 8 of the Ordinance. The owner applies to the Housing Officer, the parties negotiate the term, percentage, and other terms of the CRA Agreement, and Council approves the CRA Agreement before construction begins. After completion, the Housing Officer verifies the project and certifies the exemption to the Greene County Auditor. Each exemption remains subject to the owner remaining current on taxes, complying with Village zoning codes, paying an annual monitoring fee (unless waived by Council), and maintaining the property, as well as annual inspection by the Housing Officer and annual review by the Greene County Tax Incentive Review Council. An exemption may be revoked if these requirements are not met.

A. Economic Development Projects

The commercial and industrial category supports business investment, such as the rehabilitation of an aging downtown storefront, the adaptive reuse of an underutilized building, or the expansion of an existing employer. Mixed-use projects that are primarily commercial also fall within this category. Because each exemption is negotiated, Council can scale the term and percentage to the size of the investment and the public benefit.

Commercial exemptions are granted through a CRA Agreement under R.C. 3735.671, which sets out the owner’s investment and job creation and retention commitments and gives the Village a contractual basis to enforce them. A commercial exemption at or below seventy-five percent (75%) may be approved by Council alone, while an exemption above seventy-five percent (75%) also requires the approval of the Board of Education of the Yellow Springs Exempted Village School District (the “Board of Education”).

B. Affordable Housing

The multi-family category is the Village's primary affordable housing tool and responds to the Housing Survey's findings that the Village's rental housing is aging, that no new apartments have been built in decades, and that many renter households are cost-burdened. Section 5 of the Ordinance provides, in relevant part:

In order to qualify for exemption under this section, fifteen percent (15%) of units of the development, rounded up to the nearest whole number of units, must qualify as affordable dwelling units as defined by the Zoning Code.

This requirement is a floor. The Residential CRA Agreement was included for multi-family projects specifically because it is a contract through which the Village can require and enforce affordable housing set-asides as a percentage of units and at a specified level of area median income ("AMI"). Through it, Council may negotiate affordable units above the minimum, the AMI level served, the period of affordability, income verification and reporting, and remedies for noncompliance. The term and percentage of the exemption can then be calibrated to the depth of affordability provided.

III. **Considerations for Council in Directing Staff**

Because every exemption is approved by Council through a CRA Agreement, Council's direction will shape how staff evaluates applications and negotiates CRA Agreements. That direction falls into two parts: strategic questions for Council and project-specific information staff should obtain from every applicant.

A. Strategic Questions

- Policy Fit. Does the project advance the Village's goals and is it in a location where the Village wants investment?
- Need. Would the project proceed without the exemption and does the request fit a demonstrated financing gap?
- Terms. Are the term and percentage appropriate to the investment and the public benefit? For multi-family projects, should affordability exceed the fifteen percent (15%) minimum? For commercial projects, should the exemption remain at or below seventy-five percent (75%)?
- Fee Waivers. Should Council waive the annual monitoring fee or other Village fees to further incentivize a priority project?
- Stacking. What other incentives are being provided to the project and how do they affect the need for, and size of, the exemption?
- Precedent. What does the CRA Agreement signal to future applicants across the Village?
- Fiscal Picture. What is the net effect on the Village, the schools, and the other taxing entities? What effect would the project have on municipal income tax collections from construction jobs and new permanent jobs?

Although CRA abatements revolve around real property taxation, there are possible impacts to the Village's income tax base. For example and as described above, many projects can generate additional

income tax receipts for the Village. The Village should also remain cognizant of municipal income tax sharing under R.C. 5709.82. Depending on the type and level of an exemption, the Village may need to evaluate payroll projections. For example, if a commercial exemption were approved at seventy-five percent (75%) and the Board of Education had not waived its rights under R.C. 5709.82, income tax sharing could apply if the project's new annual payroll exceeded Two Million Dollars (\$2,000,000), as adjusted annually for inflation.

B. Project-Specific Information

At a minimum, each CRA application should provide the following:

- All Applications. The applicant, owner, and ownership structure; parcel numbers and current values, the classification and scope of the project, estimated cost and post-completion value, the requested term and percentage of the abatement, the project schedule, other incentives requested, tax and zoning status, and other required certifications.
- Multi-Family Projects. The unit mix, the number of affordable units, AMI levels, and the period of affordability.
- Commercial and Industrial Projects. Jobs to be created and retained, projected payroll, investment in real and personal property, and whether the business is relocating from another Ohio jurisdiction.

IV. **Conclusion**

The Village's CRA program is narrowly tailored to multi-family housing with a mandatory affordable housing component and to commercial and industrial investment—and every exemption requires a CRA Agreement approved by Council. Council therefore remains in full control of whether any exemption is granted and on what terms. Clear direction on the questions above will allow staff to evaluate applications consistently and negotiate CRA Agreements that reflect the Village's priorities and values.



The Village of **YELLOW SPRINGS**

Community Reinvestment Area (CRA) Program Guide

The Village's Community Reinvestment Area (CRA) Program encourages investment by offering real property tax abatements for qualifying multi-family, commercial, and industrial development.

Tax abatements apply only to the increase in assessed property value resulting from eligible new construction or improvements. Each incentive package is negotiated individually and requires Village Council approval.

Residential (Multi-Family) CRA Eligible Projects

- Multi-family developments with 3 or more dwelling units
- Mixed-use buildings classified as residential based on primary use

	Remodeling	New Construction
Minimum Investment	\$5,000	None specified
Maximum Abatement	Up to 100%	Up to 100%
Maximum Term	Up to 15 years	Up to 15 years

Commercial & Industrial CRA Eligible Projects

	Remodeling	New Construction
Minimum Investment	\$25,000	None specified
Maximum Abatement	Up to 100%	Up to 100%
Maximum Term	Up to 15 years	Up to 15 years

How the Process Works

1. Discuss your project with Village staff.
2. Submit the appropriate CRA application to the Housing Officer.
3. Negotiate a CRA Agreement outlining the proposed exemption.
4. Receive Village Council approval.
5. Execute the agreement before any construction or remodeling begins.
6. Complete the project and comply with annual reporting and inspection requirements.

Important: Projects that begin construction before the CRA Agreement is executed are **not eligible** for tax abatement.

CRA Program Requirements

Property owners must:

- Remain current on all property taxes and other charges not covered by the exemption (or maintain an approved payment plan).
- Maintain compliance with Village zoning, planning, and building regulations.
- Pay applicable annual monitoring fees.
- Participate in annual inspections conducted by the Housing Officer or their designee.
- Properly maintain the property throughout the agreement term.

Important: Failure to meet program requirements may result in denial or revocation of the tax exemption.

At-a-Glance Comparison

	<u>Multi-Family & Mixed-Use</u>	<u>Commercial & Industrial</u>
<u>Eligible Properties</u>	3+ unit residential	Commercial & Industrial
Remodeling Cost Minimum	\$5,000	\$25,000
Maximum Abatement	Up to 100%	Up to 100%
Maximum Term	Up to 15 years	Up to 15 years
Affordable Housing Required	Yes (15% of units)	No
Council Approval Required	Yes	Yes
Agreement Before Construction	Required	Required

Why Invest?

The Village of Yellow Springs's CRA Program helps reduce development costs while encouraging new housing, redevelopment, business expansion, and job creation. Qualified projects may receive **up to a 100% real property tax abatement on the increased assessed value of improvements for up to 15 years***, making the CRA one of the Village's most valuable economic development incentives.

* If the exemption requested exceeds 75%, the Yellow Springs Board of Education has 45 business days to approve or disapprove the exemption by formal resolution, and the CRA Agreement will not become effective unless that approval is obtained.

Affordable Housing Requirement

Residential projects must designate 15% of dwelling units (rounded up) as affordable housing as defined in the [Village Zoning Code](#).

Ready to Get Started?

Developers and property owners are encouraged to meet with Village staff early in the planning process to discuss project eligibility, application requirements, and available incentives **before construction begins**.