

# Should schools have a say in residential tax breaks? New Ohio House bill would give it to them

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Cleveland.com

COLUMBUS, Ohio -- State lawmakers are debating whether your neighbor's newly built home should come with a decade-long tax break.

A new bipartisan bill at the Ohio Statehouse would give school districts more say when cities hand out major property tax breaks through Community Reinvestment Areas, or CRAs. The reasoning is that new homes can mean more kids in classrooms—without the property taxes to pay for them—leaving you to cover their share.

“A new higher tax bill without a new vote of the people,” said state Rep. Chris Glassburn, a Democrat from North Olmstead.

Supporters of the tax breaks say they help families afford their first homes and bring new life to struggling neighborhoods.

“In Cleveland, I believe it’s the main reason you saw Tremont, Ohio City and the Detroit Shoreway get re-developed,” [ProBuilt Homes](#) President George Davis said.

CRAs let cities or counties give tax breaks for building or renovating properties in struggling areas. The goal is to boost investment by cutting property taxes for up to 15 years. Local governments choose whether to apply those breaks to residential, commercial, or industrial development.

But if dozens or even hundreds of new families move in without paying into the system, schools can end up with more students and no extra money to teach them.

“This misalignment of who’s deciding and whose money is being given away, so to speak, causes problems of incentives being misaligned,” Glassburn said.

That’s why he and Republican state Rep. Dave Thomas, from Ashtabula County, introduced [House Bill 154](#). It would require developers to get the school’s approval on residential abatements of 75% or more.

“This ensures schools receive a portion of that bill, but they will not be able to veto the entire exemption,” Thomas said.

Schools already have a say when commercial or industrial projects apply for CRA tax breaks. But residential development gets a blanket exemption. HB 154 would give schools the same input for residential projects [that they already have for businesses](#). Schools often negotiate with developers over payments in lieu of taxes.

The proposed change is also similar to how Tax Increment Financing works. In both cases, schools get a seat at the table.

But there’s an important difference: Ohio Home Builders Association President Vincent Squillace and Davis said TIFs are used for large developments, which gives builders more incentive to negotiate.

Residential CRAs, in their opinion, are for revitalizing smaller blighted areas.

“I’m doing a very large TIF in Painesville township, and we negotiated a 30 year deal with the school district,” Davis said. “It’s 1,300 homes and negotiations took a year and a half. I would not mess with that in Wickliffe for 36 lots.”

CRAs are perfect for smaller projects like the ones Davis said he’s working on in Wickliffe and Brooklyn.

“This law, it will be the slight killer of those projects. We just won’t do them,” Davis said. “Do I want to negotiate with a school district for a year and half for 30 lots? No. The areas that need revitalization the most we’re just going to pass on because there is too much uncertainty and too much time.”

Thomas said he’s met with homebuilders and heard them say they often need all 100% of an abatement to make their projects affordable.

“My biggest concern with that though,” Thomas said, “is that you have a good number of properties that are not contributing to the tax base but are still voting levies and are using services.”

Ohio needs more housing -- especially for who earn below average incomes.

According to the [Coalition on Homelessness and Housing in Ohio](#)’s March report, the state was short 267,382 affordable units.

Squillace believes HB 154 would grow that number because property tax abatements mean smaller mortgage payments.

“Property taxes can be a very expensive thing. It can be \$300, \$400 or \$500 per month cost,” Davis said. “[The discount] gives people enough economic incentive to go and buy in there, and it also makes that area much more affordable.”

Thomas likened it to an adjustable-rate mortgage, the kind that helped tank the housing market in 2008. He said those lower income homeowners may not realize their payments will jump by thousands a year when the CRA ends.