

Housing Affordability Threshold

By Lobbyists for Citizens - August 12, 2023

HAT calculations:

Formula: (Monthly Mortgage + Utilities + Property Taxes) x 12 = Annual Housing Costs
 $\$700 + \$200 + \$300 = \$1,200 \times 12 = \$14,400$ Annual Housing Costs

Annual Income = \$57,600

HAT % = $\$14,400 / \$57,600 = 25.0\%$

[For rental property, you would add the monthly rent and the utilities, and then multiply by 12 to get the annual housing costs.]

Impact of a 5 mill levy for a \$100,000 (Market Value) house:

5.0 mills x \$35.00 per mill = \$175.00 additional property tax per year

Additional income needed to pay the \$175.00 without HAT % increasing:

$\$175.00 / .25 = \700.00 additional annual income to retain the 25% HAT

Impact on HAT% if no additional income:

Original Annual Housing Costs + Annual Property Tax Increase = New Annual Costs
 $\$14,400 + \$175 = \$14,575$

$\$14,575 / \$57,600$ annual income = 25.3%

When the HAT % reaches 30% then your home is deemed unaffordable for you. You may not have to move, but your ability to pay your "needs and wants" are going to suffer.

What does a 'continuous' or 'CPT' levy mean to the taxpayers?

A continuous levy means that the taxpayers will pay the property tax **FOREVER** without the political sub-division having to be accountable to the taxpayers.

A 'CPT' levy means the same thing - a continuing period of time and does not require the political sub-division to be accountable to the taxpayers since the levy never expires.

Inside versus Outside Millage:

Inside millage is mandated by the State of Ohio, no vote of the taxpayers, maximum is 1%, which equals 10 mills. [1 mil = .001, 10 mills = .01 or 1%.] As property values increase the property taxes will automatically increase because of the inside millage. Outside millage is voted on by the taxpayers.