

**THE CITY OF KENT, OHIO  
KENT CITY COUNCIL WORK SESSION  
WED., FEB. 11, 2009**

This work session of Kent City Council was called to order on Wed., Feb. 11, 2009, at 7:00 p.m. by Wayne Wilson, President Pro Tem, in the absence of John Fender, Mayor & President of Council. Pro Tem Wilson said the only item on their agenda was a presentation on neighborhood issues in University cities.

**PRESENT: MR. AMRHEIN, MR. DELEONE, MR. FERRARA, MR. HAWKSLEY, MS. SHAFFER, MR. TURNER, MS. WALLACH, AND MR. WILSON**

**ALSO PRESENT: D. RULLER, CITY MANAGER; J. SILVER, LAW DIRECTOR; AND L. COPLEY, CLERK OF COUNCIL**

**ABSENT: J. FENDER, MAYOR  
J. KUCHAR, COUNCIL**

**Dave Ruller, City Manager**, explained they had a guest speaker present. He said this company had been scheduled previously to speak, and had a family issue, resulting in them cancelling. Mr. Ruller said they are with GBBN Architects, and are from Cincinnati. He said they saw where the City has been discussing neighborhood issues and university/city relationships. He said they have done this type of work with University of Cincinnati and other places, and are making outreach efforts to Kent and Kent State. Mr. Ruller said they have offered to discuss their experience and share their observations, as they do this as a consulting firm. He said this is a free discussion, adding he is sure they would love to be hired by the City and the University.

**Dale McGirr:** Mr. McGirr said he has been with the company for 2.5 years, and previously, he was the Chief Financial Officer for the University of Cincinnati. He said this is his second career.

Mr. McGirr said he liked the idea of building a campus connection, and improving that connection. He said his role in the company is that of a University Administrator, adding he is not an architect. He said he is originally from Stark County, just outside of Alliance, in Marlboro.

Mr. McGirr said their presentation was given at the National Conference on Smart and Sustainable Growth, held annually, and also at a national seminar on public and private partnerships.

Mr. McGirr said they call the area around a university, where the university has the strongest influence, the shadow campus. He said in the case of Kent, it is almost the entire city. He said the University is the driver for all economic events, retail, real estate, and transportation needs. He said there is sometimes too little concern about the influence and participation by the campus for the shadow campus.

Mr. McGirr said most four-year institutions of higher education formed between 1880 and 1940, and are generally located in the same place. He said they have grown up and tried to modernize. He said the cities have aged, also, and in many cases the age of the surrounding area is not reinvested in the same manner.

Mr. McGirr quoted Andrew Cuomo, "The city of the future turns out to be the old neighborhood." He said young faculty members do not want to commute twenty-five to thirty miles, at \$4.00 per gallon for gas, resulting in two hours in their car. They want housing closer to the campus. Mr. McGirr said that the U.S. Census shows that every decade since 1960 results in employees moving an average of three to five miles further from a campus or town center. He said the employees live twenty to thirty miles away, and are clogging the arteries of the streets and interstates, wasting hours of their time annually. He said as these people move out, students move in, as most campuses do not build enough housing. He said that single family housing stock is ready to become student rentals. Mr. McGirr said they have a healthy number of students in the shadow area.

Mr. McGirr said there are employees wanting to live closer to campus, adding the areas have no new buildings. He said without that, traditional development moves elsewhere. Mr. McGirr said there is little open land, with old infrastructure, and developers are not interested as it would take too long and too much effort to develop it. He said a market without comps might sell well, but not at the full market rate. Mr. McGirr said the result of this is that traditional redevelopment does not happen.

Mr. McGirr said they have to find a solution, as many do not want to move, but have no option. He said the university needs a good partnership with a city, adding that a co-investment must come from the large employer institution and the city.

Mr. McGirr said there are key drivers to this type of program. He said there is a need for new student housing supply, in an appropriate location with the appropriate density. He said they need to bring more housing in an area approximate to the campus.

Mr. McGirr said the employees need to live closer, as this would add to the economic investment. He said ownership has to be encouraged.

Mr. McGirr said regional economic development strategies are drivers for development in the shadow campus. He said the creation of jobs and tax credits becomes an issue that must become a top priority.

Mr. McGirr said the old culture was that the institution has to grow and change its borders, will the City administration will take care of the city. He said they felt the need to communicate with the community, not the partner. He said they felt where the employees lived was not their business. He said the new culture believes that the quality of life in the neighborhood is a success factor.

Mr. McGirr said the new culture is recruiting new, younger employees, and looks for involvement with the neighborhood and the institution. He said they must do that, and they need to be willing to invest as a co-investor in that neighborhood. He said if the major employer does not have faith or confidence, he questioned why anyone else would.

Mr. McGirr said that the University of Cincinnati and Cleveland State allocated their endowments for these types of issues.

Mr. McGirr said the campus expansion must be coordinated with a master plan. He said that off-campus student housing must also be managed.

Mr. McGirr reviewed the steps to success at this time. He said universities must adopt implications of the 21<sup>st</sup> century culture. He said they must adopt principles for community partnering, and define dimensions and limits for commitment. He said they need to reach out to the community and business leadership, and need to form a non profit Neighborhood Development Corporation. He said there needs to be an integrated master plan created, and then the University and the City must develop a win/win project.

Mr. McGirr said they can use the grant for many things, with one being the hiring of an executive director. Mr. Ferrara asked where their Main Street Kent program would fit in, and Mr. Ruller further explained that it is a modified Chamber, specifically focused on Main Street. Mr. McGirr said they could affiliate with a business association. He said they recommend for the board that it is comprised of individuals from the community, business, and only one representative from the institution. He said this creates trust. He said if the university had a plan that was not supported, this allows them to go back and put on their creative thinking hats. He said with the votes, projects were win/win, and without the votes, projects have blown up.

Mr. McGirr said there are many things they can do with the employees of an institution. He said they can establish an employee assistance program, with forgivable loans if they buy a home. He said the Cleveland Foundation is funding 1000 around Case Western, and they are available to all income levels. He said this type of program establishes credibility, and produces buyers.

Mr. McGirr told them to never believe that a government entity cannot capture and sue new market tax

credits or historic credits. He said all they need is a partner that is a federal taxpayer. Mr. McGirr said that universities are surrounded by facilities that qualify and in districts that have the census level for the new market tax credit. He said the senior leadership, being the President and the University Board, need to be involved.

Mr. McGirr said a non profit Neighborhood Development Corporation must be formed. He said if they have a non profit doing student housing, with an agreement near the campus, they are the only non governmental entity qualified to issue tax exempt bonds. He said it does not increase the cost of borrowing, and they can access the same tax exempt market the University uses.

Mr. McGirr said the City should become a support player, and not a referee between the neighborhood and the university. He said each must put in ½ of the funding. He said some use professional consultants, adding that the communal plan between a university and a city was not a new thought. He said instead of doing dispute resolution, they were into planned implementation.

Mr. McGirr said they need to find a project everyone loves, and the people will believe it works.

Mr. McGirr said this type of Development can die in 1000 ways. He said if they believe it is important enough, they can make it "a win." He said they must be responsible, and not let risk freeze them in their tracks. He said they need to invest, build momentum, and aim high.

Mr. McGirr displayed examples at this time, including a church that was converted to a building holding an Urban Outfitters and a coffee shop. He showed some crack houses that turned into townhouses, across from a medical center.

Mr. McGirr showed areas across from a medical center that included apartments, condos, and office space. He said they have a parking garage, and it is like a single village.

Mr. McGirr spoke of student learning center villages, with thirty-bed modules. He explained that they can be Greek housing or honors colleges.

Mr. McGirr showed a parking lot that became a new building. He explained it is sitting on top of a seven-story garage, and is part of private development.

Mr. McGirr said the University of Kentucky is doing an arts district, with 50% directly leased by their arts programs. He said the rest is housing, retail, and a shared theater.

Mr. McGirr said that smart growth is possible through a collaboration of the University and the city. He thanked them for this opportunity.

Ms. Shaffer said it seems like the University initiated this, adding they have the reverse situation in some ways. She said that some university personnel were present. She asked if he has seen this happen from a City first, and Mr. McGirr said there are all sorts of dimensions. He said the City of Cincinnati's approach dealt with an economic study. He said the question was where the new jobs came from in the last twenty-five years, with the answer being the education and medicine district, and not the downtown. He said this changed the City's approach.

He said one example of where the City made the first move was in Lexington Kentucky. He said they designated a development director for the University District. Mr. McGirr said the University employs 10,000 people, with the next biggest employer having less than 1000 employees. He said the City's downtown is five blocks from the campus, and is geographically much smaller. He said they felt it was too important to not get it done, adding everyone was receptive and warmed up quickly.

Ms. Shaffer asked about single family homes, and asked if there are neighborhoods that were taken back by single-family homes after becoming student housing, and Mr. McGirr said he has seen that happen. He said there are programs to buy and rehab homes, and sell them to first-time buyers. He said they had

an experienced agency that counseled first time owners. He said they need to recapture and reuse, adding that employee assistance programs are good for either. Mr. McGirr said that some of the funds lent to the non profits were restricted for the purpose of buying existing stock and rehabbing to for home ownership.

Ms. Shaffer asked if there was a direct investment by the University in the case of the converted church, and Mr. McGirr said the University held the loan from its endowment. He said the City and University co-funded the study, and could bring in a TIF or tax abatement to the table. He said there often times need to be gap fillers from the City and a subordinate loan from the University. He said it takes investment on both levels.

Mr. Hawksley asked the mix in Cincinnati, and Mr. McGirr said that they had about 400 units for rent or sale, and about 1600 student units. Mr. Hawksley asked if they saw any push out as they built the residential, and clarified that he meant people going elsewhere. Mr. McGirr said they did not have to dislocate anyone, adding they were abandoned.

Mr. Ferrara asked what some of the resistance is from the University's viewpoint, and Mr. McGirr said the biggest issue is to find a win that is for more than the institution. He said if they combine a student housing project with an employee assistance program, they get credibility because they are working on both ends. He said in the case of communities not having a meeting place, space can be allocated to the community at no cost. He said a business district may need more density, and that could be done. He said they need to find something that everyone wants, adding that is the main trick. He said that everyone has their singular goal, but the craft is to mix them together.

Mr. Ferrara asked what he sees as the biggest impediment, and Mr. McGirr said the biggest front end impediment is the realization that this condition is not going to cycle for ten to twenty years. He said the assets are wearing out, the perception of the institution is being affected, and a balance is needed. He said it has become too urgent and too obvious, and is going to take effort and investment. He said trying to challenge an institution to invest off-campus in these economic times is "dicey." He said it took three rounds of discussion at Cleveland State to convince them to invest their endowment. He said Ohio State tried to do the South Gateway, and it blew up three times. He said they were trying to do it with someone else's money, and then they realized they had to co-invest.

Mr. Ferrara said that Mr. McGirr said a good chunk of money came out of the University's endowment. Mr. McGirr said that the University of Cincinnati was extraordinary. He said they had their endowment invested in commercial bonds, and some were liquidated and invested in community loans. He said sometimes the money has to stay in there for fifteen to twenty years, and is subordinate to primary financing. Mr. Ferrara said they can still measure the return. Mr. McGirr said that Cleveland State had a much smaller endowment, and generated \$5 million.

Mr. Ferrara said they have the University buying properties; Kent is buying properties; and private developers own property. He asked how they get them together to work in a uniform fashion, adding that someone needs to drive it. He asked if it comes from the University or the City, and Mr. McGirr said if they have a vision and it works, they can put together the tools. He said it is his experience that a city or university can bring land into a deal.

Mr. McGirr said that over dinner, there was talk about the ICSC annual meeting in Las Vegas. He said these companies do not want to slug through zoning issues, land acquisition and/or a community fight. He said if something is handled properly, they can be on a store opening list in about eighteen months. He said there is nothing wrong with demographics, income levels and demand. He said when they get to the point where gaps are filled, traditional folks can show up and do their thing.

Mr. Turner asked about the areas where student housing is most appropriate, and asked what the mix should be and how early dialogue should begin. Mr. McGirr said the intrusion has already occurred, as the students have gotten to a location haphazardly, without a plan. He said if they cram students into housing, they will go into the streets to party. He said it is a question of planning the density and the

environment, but said, again, that the intrusion is already there. He said it is a matter of taking what is in a district already and better organizing it. Mr. McGirr said the only people they never got closure from were the non-resident owners of large inventories of student rentals. He said they are the only ones that were upset, as they could not find a way to endorse their continuation.

Mr. Hawksley asked a profile of who is involved in a neighborhood development corporation, and Mr. McGirr said it cannot be too big. He said a five-member board is recommended, adding if there is a business district in the neighborhood, they recommend three from business, one from the community, and one from the university. He said if there is no business in the area, they recommend three community members, one university, and one nearby business. He said if there is Greek housing involved, they recommend them for a seat on the board. He said there is never more than one university representative on the board.

Ms. Shaffer said in Kent they do not have empty boarding houses, adding the market is good for those types of owners. She asked how they could provide incentives for those property owners to sell, and asked if the University would pay more than the market value, and Mr. McGirr said it is a two-step process. He said they need to develop new student housing closer to campus, and give them more access to campus amenities. He said the parents will support this type of housing, adding if they built it, the students will come. Mr. McGirr said they have marketed new villages to students and parents, and have emphasized it was private, but compatible with student housing. He said they got a good market response.

Ms. Shaffer asked if the University participated in the marketing of a private development, and Mr. McGirr said they described them as affiliated privately owned villages. He said they have to have an affiliation with the University to get tax credits, as it is a control mechanism. He said they get included on the student judicial system. He said threats of eviction or fines are not as effective as threats of eviction and frozen transcripts. He said they have to be in agreement about meeting standards, and the yare clones of the on-campus housing. He said this includes giving them access to the network, adding there are things the University can give to ensure the standards.

There were no further questions at this time. Pro Tem Wilson explained that since this was a work session, they typically do not go to the public. He noted some University representatives were present, and said they would take audience comment at this time.

**Ray Brown, 134 N. Willow:** Mr. Brown said he is from Washington Township, which abuts Marlboro. He said he worked at the University for twenty-seven years, and was a student for five years. He said the one thing that has changed is that all institutions now have eminent domain. He said if they want to take a property, they need to file something with the chancellor and start eminent domain. He said it is a big change, adding it is a gorilla hiding in the corner. Mr. Brown said that State Representative Chandler did not know this until he told her six months earlier.

Mr. Brown said that Kent State started out as a "residential on-campus thing," and within the last forty years, has become a major residential campus. He said that Youngstown State, University of Akron, and Cleveland State were all envious. He said the University of Cincinnati was a commuter school.

Mr. Brown asked if Cincinnati has a Community Reinvestment Area Housing Council that is still active, and Mr. McGirr said he thought so. Mr. Brown said he thought they had six areas at one time.

Mr. Brown said he moved into his house because it was 1.5 blocks from campus. He said he could get to work in ten minutes, adding he was paid overtime when the school was closed due to the weather.

There were no further comments at this time from the audience.

Mr. Ruller asked if there are other projects more comparable to Kent's demographics. He said they are a blue collar town, with different levels of endowments.

Mr. McGirr said they used the endowment creatively. He said many do not have endowments or the comfort to switch their investment profile. He said it is not a precedent for success, adding it is one possibility, but there are other ways to raise capital. He said that includes large companies that specialize in privatized student housing. He said they are for-profit organizations, as they want to use depreciation. Mr. McGirr said that the University of Utah in Salt Lake City is doing some of this development, adding it is associated with a light rail going through town. He said there was a survey from 2007 that had ten case studies. He said that Cincinnati was one study, and another was Notre Dame in South Bend.

Mr. Ruller said before they close he wanted to tell them about a senior class from Kent State that is making the town/gown issue their issue to address, with respect to ideas from a communications strategy. He said he met with them and laid out his observations for the town/gown issues. He asked if they could introduce themselves, and talk about their project. He said they are looking for focus groups.

Amanda said she is a senior in the class, and they are looking at how to enhance the relationship between Kent and University and Students. She said that the City Manager gave them a lot of research that has helped with the development of their plan. She said she would like a better idea of their thoughts and opinions in Kent. Amanda said it was exciting to see this presentation. She said their focus meeting is Feb. 19 at 7:00 p.m., and said they had a sign up sheet. She said they would appreciate their help.

Hearing no further business before this Council, President Pro Tem Wilson adjourned this meeting at 8:10 p.m.

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Linda M. Copley, Clerk of Council

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Wayne Wilson, President Pro Tem