

**THE CITY OF KENT, OHIO
COMMUNITY DEVELOPMENT COMMITTEE
WED., DEC. 3, 2008**

This meeting of the Community Development Committee of Kent City Council was called to order by Rick Hawksley, Chair, at 7:15 p.m.

PRESENT: MR. AMRHEIN, MR. DELEONE, MR. FERRARA, MR. HAWKSLEY, MR. KUHAR, MS. SHAFFER, MR. TURNER, MS. WALLACH & MR. WILSON

ALSO PRESENT: J. FENDER, MAYOR; D. RULLER, CITY MANAGER; J. SILVER, LAW DIRECTOR; G. LOCKE, DIR. OF COMMUNITY DEVELOPMENT; AND L. COPLEY, CLERK OF COUNCIL

Chair Hawksley explained their first item, Neighborhood Enrichment Presentation, was cancelled as the presenter was unable to attend. He said the only item on their agenda dealt with the Community Reinvestment Areas in Kent.

Dave Ruller, City Manager, introduced **Gary Locke, Director of Community Development**, explaining that Mr. Locke would present an overview on the topic at this time.

Mr. Locke said a member of the audience raised some questions a few weeks earlier, and wanted to know why the City did not do more to promote the tax abatement program. He said Council wanted a response. Mr. Locke said the information he sent to the Manager went out to Council in their package. He said he tried to respond, and give them some insight. He said he included some correspondence from Mike Weddle, who ran this program, for approximately ten years. He said there is correspondence from Mr. Weddle, as a response to issues raised by the same audience member. Mr. Locke said he thought it would provide more background information.

Mr. Locke said the CRA program was created in the early 1980s. He said tax abatement was different at that time. He said most of the changes in the program have occurred within the last ten years, and their program has evolved, based on what the State is doing. He said they do more negotiating with the school districts on abatement and projects. He said the most recent project was the Don Joseph project.

Mr. Locke said negotiations involve the developer and the schools, so as to pay the schools for some of the abated loss of the taxes. He said the residential element has been in place since the early 1980s, and some have received abatements.

Mr. Locke said that schools recognize the need of abatement, but are not fond of them. He said typically they are the type of projects that generate more students. He said the schools are not fond of residential projects. Mr. Locke said they have tried to maintain a good relationship with the schools over the years, and while it was not an issue in the 1980s, it is an issue now.

Mr. Locke said it is difficult to put a value on how much a rehab will increase the value of a house. He said if they put \$25,000 into the rehab of a house, it does not equate to \$25,000 in additional value. He said many may put \$25,000 in their property, but the property does not increase. He said with tax abatement, they look at the value before the work, and after the work is done. He said the eligible amount is the difference. He said they must then multiply it by 35%, which is the County's calculation for taxable value, adding that is the amount eligible for a five-year residential abatement.

Mr. Locke said it is difficult to tell someone how much they will get for abatement. He said if the value increased too much, it might be a disincentive as it causes the taxes to go up by that much. He said there is the potential for higher taxes at the end of five years, and it is hard to quantify if this would help. He said the abatement does not last that long, and probably is not that much money, adding it may only be \$20 to \$30 annually in savings. He said that while it is part of the abatement program, he is not too aggressive

with it because of their discussions with the schools. He said they could market it heavier if that was the wish of Council.

Mr. Wilson said he thought the problem was not about housing rehab, but instead the big allotments that impacted the schools. He said he did not remember hearing them talk about rehabbing homes. Mr. Locke said most of the fix up abatements were in the early 1980s before they did anything with the schools. He said they did not have to talk to the schools previously. Mr. Locke said when they created the second district on West Main Street, the school expressed concern on the potential residential projects receiving abatements.

Mr. Wilson said he thought they meant large developments of housing, not one house being rehabbed, and Mr. Locke suggested they were at different discussions. Mr. Wilson said those were the discussions they had previously.

Mr. Locke said on the CRA #1, which is the bulk of the City's CRA district, they did not have to negotiate with the schools on abatements. He said with the enterprise zone, they negotiated all of them. He said the second CRA area encompassed West Main Street, adding he was sure Mr. Wilson was right about the impact. He said the schools have said they are not crazy about residential abatements, which is why they have not marketed them aggressively. He said he was unsure it generated a lot of incentive either.

Mr. Kuhar said he has properties in one of those zones, and knew nothing about it. He said the objective is to have a better-looking community, and questioned whether they should be concerned if the school board wants to give up revenue. He said they should be more concerned about their community and should take every effort possible. He said he did not know his property was included.

Mr. Kuhar said Mr. Locke spoke about how much an abatement would be, adding if there is a blighted property that looks terrible, some siding, windows, and a roof could raise the values considerably. Mr. Locke agreed.

Mr. Kuhar asked what they can do to make this more appealing to people with a stronger awareness, adding they do not have people on half of the commissions anymore. Mr. Locke said there are some vacancies, adding that the board meets once a year. He said they have not been active in marketing the program. He said they can market it more, adding that is not the issue. Mr. Locke said in his opinion an abatement would be most successful on residential projects, such as an old property removed and a new home built. He said they discussed doing this in the south end of town, adding that would be a significant abatement, adding it would go from nothing to the value of the house.

Mr. Locke said he has not seen examples of this being a real example. He said it may have some impact. Mr. Locke said a new structure is easier to put a number to, adding it is still somewhat of a guess. He said it could be a couple of bucks to a couple hundred bucks. Mr. Kuhar said it could be an encouragement in a blighted area.

Ms. Shaffer said it is not an automatic approval, and asked if someone had to go before the committee, and what the criteria would be. Mr. Locke said it is automatic in the CRA #1. He said in the second CRA district, there are different provisions as it is under the new law. He said in the CRA #1, if the work was done, it was certified to the County, and the property owner got the abatement.

Ms. Shaffer said as they are looking at stepping up code enforcement, they need to offer people some ways to maintain their properties, and this could be a tool in the tool box. She asked if there are any programs better served that they should promote more, and Mr. Locke said without giving it a lot of thought, he is sure there are other programs. He said this only encompassed a few residential areas, with the south end being in it since the beginning. He said another area is the "Campus Link" area. He said there are some residential areas north of E. Main Street, in the Depeyster, Highland and Willow Street areas. He said one question is whether they should include other areas if they want to stimulate redevelopment in the neighborhoods. He said if they did, it would be under the new law, with the characteristics of the CRA #2. He said there are certain qualifications for creating a district, and he could

return at another time with that information. He said questions included whether they want to expand, to what degree, and should they change some of the requirements.

Mr. Locke said one problem with a tax abatement is that people still need to find the money to do the project, and still have to pay the money back. He said the abatement lasts five years after the work is completed, and while some may see that as an incentive, some may say they need help with the money up front. He said this is the purpose of their rehab programs, although they have been doing a little more emergency repairs. He said they could have discussions about incentives, but more people are interested in the money up front, instead of the back end.

Mr. Kuhar asked if there are monies available, if the abatement would apply to grant monies, and Mr. Locke said a CRA district does not care whose money it is, and only cares about the improvements. Mr. Kuhar said from what he understands, the City has to approve the improvements to qualify, and Mr. Locke said there is not a lot involved in that process. He said if something requires a permit, the owner would need to get a permit. He said if inspections were required, the owner would have inspections. Mr. Locke said as the Housing Officer, he signs the form, and he would be certain all inspections were done, if the house was in the CRA #1, before sending the form to the Auditor. He said if the work was not done, completed, or inspected, it is not abated.

Mr. Locke said the housing board is to review whether a home is well maintained. He said if a home is in great disrepair, the City could ask that the abatement be withdrawn. He said he has not seen that many abatements in recent years, so he is unsure it has occurred recently.

Mr. Kuhar asked if the downtown area falls into those zones, and Mr. Locke said they are in CRA #1. Mr. Kuhar asked if the hotel or Mr. Burbick qualify, and Mr. Locke said that was correct. Mr. Kuhar asked if Mr. Burbick has taken advantage of the program, and Mr. Locke said he has not. Mr. Kuhar asked if he knows about it, and Mr. Locke said he would think Mr. Burbick is aware, but cannot swear to that information.

Mr. Fender said he spoke previously with Mr. Locke. He said it is a state requirement to have a CRA board, and Mr. Locke said they meet once a year. He asked the responsibilities, and Mr. Locke said it is to do an annual review of the abated properties. He said Mr. Weddle prepared packets of each property, and board members were to look at the properties and ascertain if they were being maintained in good condition. He said if they were not being maintained, a motion could be made to suspend the abatement, and the County would be notified. He said they also had some enterprise zone agreements reviewed for compliance, and this allowed an abatement to personal and real property taxes while a CRA just does property taxes. He said with the elimination of the personal property tax, the enterprise zone, while it may still be negotiated, will lose a lot of steam. He said companies have to pay a fee, and with the elimination of the personal property tax, they have felt it was not worth it for the abatement. He said all but one company has requested their abatements be rescinded. Mr. Fender asked about the qualifications of a board member, and Mr. Locke said they have to be a Kent resident.

There was no audience comment at this time, and Mr. Hawksley thanked Mr. Locke for his presentation.

Hearing no further business before this Committee, Chair Hawksley adjourned this meeting at 7:37 p.m.

Linda M. Copley, Clerk of Council

ACTION RECOMMENDED:

- 1) NO ACTION RECOMMENDED; PRESENTATION RECEIVED ON COMMUNITY REINVESTMENT AREAS.**