

Recommendations for Redevelopment and Smart Growth in Ohio

January 2010



As resolved by the
Ohio House of
Representatives

A Report from the Compact
with Ohio Cities Task Force

Representative Mike Foley, Chairman

Representative Sandra Williams, Vice Chairman

January 2010

The Honorable Armond Budish
Speaker of the House
Ohio House of Representatives
77 South High Street
Columbus, Ohio 43201

Dear Speaker Budish,

Last spring, you set forth a number of priorities for our chamber. Included in your inaugural remarks was a commitment to Ohio's urban centers as the backbone of innovation, commerce, and quality living in our state. This commitment was given form in the Compact with Ohio Cities; a diverse 29-member task force charged to identify the essential hardships of Ohio's cities and to make recommendations for policy and legislation that will create greater opportunity for revitalization and successful growth in every region of our state.

With the Compact's formation in June, our chamber became fully engaged in Ohio's ongoing dialogue on development policy. This task force has served as a clearinghouse and an incubator for a great number of ideas, new and old; all with the betterment of Ohio at their core. After several months of deliberation, we now offer up a host of initiatives which strive to address the needs of our state within the limitations of its present capabilities.

The following pages contain a variety of recommendations. The foremost purpose of the Compact with Ohio Cities is for this assemblage to take responsibility for effecting change now. To meet that goal, we have included several low-cost changes and expansions to existing policies, which are intended to be acted upon in the weeks ahead. To illustrate the urgency felt about these matters, many of our recommendations refer to legislation that task force members have introduced or worked on while our deliberations were still ongoing. The Compact's impact has been immediate and positive.

Additionally, our founding resolution called for the creation of a comprehensive urban planning vision, and we have included a series of long-term recommendations that we feel achieve this task when considered in tandem with our legislative proposals, and the narrative points within. With this report, we call on legislative and executive leaders to continue this dialogue, and to give careful consideration to these recommendations and the priorities that they embody.

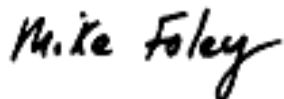
To summarize those priorities, we find that Ohio's development strategy must better exploit the under-utilized, but obvious benefits that cities already offer: locations central to housing and commerce, rich concentrations of resources such as public transportation, utility infrastructure

and labor, and vast opportunities for redevelopment. Our nation spent centuries and countless billions building its cities and we find that they still offer the greatest capacity for smart growth. Redeveloping and strengthening our cities will continue to be critical to the prosperity of our metropolitan regions and central to ensuring Ohio's relevance in the 21st century.

While the following report undoubtedly focuses on urban development, it does so with the rest of Ohio in mind. This task force has concluded that caring for our urban cities will, necessarily, nurture our suburbs and townships as well- in fact, we find that it is the healthiest way to do so. Ohioans do not live their lives within the boundaries of a single town. As such, it is imperative that public policy recognizes the need to develop our regions as collectives of component communities around their urban anchors and county seats, rather than encourage the type of growth that drives neighbors to destructive competition and drags businesses further and further from the resource centers and infrastructure that our regions have grown around.

Lastly, we want to wholeheartedly thank the great work that Bill Arth from your policy staff and Kevin Pangrace, Rep. Foley's Legislative Aide put in. Our process was sometimes jumbled and messy like the subject matter we were working on, but Bill and Kevin kept us on task and organized. Both are great examples of what is best about Ohio. They are bright, educated, good-natured and responsible. Without their work, this effort would have been sorely lacking.

Sincerely,



Representative Mike Foley
Chair



Representative Sandra Williams
Vice Chair

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Mission

The Compact with Ohio Cities was called for by Representative Armond Budish, Speaker of the Ohio House and created by a resolution of the members of the House. Its members were tasked with ten specific responsibilities:

1. Identify and classify incentives and disincentives to urban economic development, including tax credits, bond issuance, infrastructure support, and the availability of capital improvement funds;
2. Identify services and benefits provided by each city that may be consolidated to achieve greater efficiencies and more comprehensive services, using moneys in the Local Government Fund and other relevant funding sources;
3. Create a new, comprehensive urban economic development vision for Ohio by working with the Governor, the General Assembly, and other state officials;
4. Provide innovative strategies to address housing, mass transportation, infrastructure, environmental, and labor force challenges facing Ohio's cities;
5. Identify methods to support cities' community economic development efforts;
6. Advise how to strengthen the role of cities as anchors for regional economic development;
7. Recommend a process by which a partnership among federal, state, and local governments, private enterprises, foundations, colleges and universities, and other entities may be forged to identify and support opportunities to overcome obstacles to community and economic development in cities;
8. Share best practices in community and economic development, public safety, transportation, education and work force development, civic engagement, and city management;
9. Identify methods by which local governments may more effectively share revenue within entire regions to receive the benefits and pay the costs of development; and to
10. Identify and address any other topics affecting urban economic development efforts.

Process

In order to meet these goals, we held 13 full meetings and created five subgroups to focus on the specific areas of **Transportation and Infrastructure**, **Workforce Enhancement**, **Regional Cooperation**, **Quality of Life and Sustainability**, and **Business Attraction and Job Growth**.

Full task force meetings facilitated discussions about our goals and structure, allowed for ideas to be brought forth and discussed broadly, and provided a forum for dozens of informative presentations from members and other professionals. Additionally, the final recommendations of each subgroup were brought before the full task force for further discussion and approval.

Subgroups were populated by volunteers from the task force as well as outside members of related industries, government officials, and policy experts to deal in greater detail with the challenges facing their policy arena and to seek out, create, and recommend policies for inclusion in the task force report.

Goals & Challenges

The task force set out to offer short-term and long-term policy suggestions that focus on improving each region of our state through strengthening its urban centers. We also sought to treat the task force as an incubator for ideas, and to challenge related legislative committees to take up the ideas that we feel had merit, but were not developed enough, or appropriate for the scale of the task force report.

The following report is broken down into five overarching categories similar to those that the task force established. Each section will summarize some of the key considerations and definitive characteristics of Ohio, as they relate to that specific category, and will delineate each category's short-term, long-term, and follow-up recommendations. Following this breakdown, an appendix listing of all recommendations is included for easy reference.

Note to the Reader

This report attempts to present the majority opinions of the task force's members. While many of the following recommendations and comments have the unanimous support of the task force, we caution the reader to remember that our members have come from various agencies, organizations, and constituencies to shape this report's unique perspective, and that its contents do not necessarily reflect the individual policies of those entities.

Best Practices



Many agencies, organizations, and initiatives are already embracing the changes that Ohio needs. Most of these entities have released reports or posted information online that would be valuable to the reader, but would be too large to be included in the following pages. An Ohio Seal, as seen here, has been inserted throughout this report to recognize these entities for their innovative work and to encourage the reader to seek out further information about each highlighted subject.

Abstract Conclusions

Regionalism

The foremost conclusion of the Compact with Ohio Cities Task Force is that the existing paradigm of single-jurisdictional planning is not only antiquated, but also harmful to every community in Ohio.

The following report highlights some of the affordable actions that state government can take to improve Ohio, but no action at the state level will surpass the benefits of healthy local dialogues between the counties, cities and townships in each region.

Our lives are no longer defined by municipal limits. Increasingly, Ohioans travel outside of our home cities and counties to work, shop, and be educated, yet our taxes and development planning are segmented and limited to localities whose boundaries hold less and less meaning for our lives.

Future prosperity in this state hinges upon sharing municipal services, coordinating economic and transportation construction, and maximizing investments by directing them to locations in a region where they will leverage the highest payoff. These goals require difficult discussion at the local level about land use, revenue sharing, and voluntary consolidation of programs and services. They also require recognition of the enduring interdependence between Ohio's urban and rural communities*.

Ohio has a strong tradition of home-rule, and the state is currently limited in the amount of financial incentives it can offer to encourage a regional approach. Despite this, and because of it, it is crucial that local leaders begin to tailor partnerships with their neighbors and seek out the economies of scale and efficiencies of collaborative planning that this approach offers.

Ongoing Work

The Compact with Ohio Cities is neither the beginning of an era, nor the end of one. It does, however, provide a snapshot of Ohio at its current position on a long path of successes and setbacks in urban policy. At the time that this report was published, dozens of related commissions, collaborations, and studies were underway throughout the state, building on countless existing works to help set the course for as many future initiatives.

Similar to those efforts, the recommendations herein are not absolute, but seek to offer further guidance and direction; to promote substantive dialogue and relevant action as we take the next steps toward a better Ohio. Just as local governments must take initiative beyond the state's efforts, this report calls upon its readers, and the government officials challenged by it, to give life to the proposals offered, and to seek out the most complete solutions to Ohio's troubles.

*For more information, see Addendum "Restoring Prosperity to Ohio," a publication from the Ohio Farm Bureau.

Recommendations: Ohio Today and Planning for the Future

The nation's cities are shrinking. A recent news article on the subject of foreclosure cited the fact that Detroit, Michigan contains nearly enough abandoned, foreclosed property to accommodate the entire city of Boston. In Ohio, where urban populations peaked in the 1950s, Columbus is the only major city whose population is not in decline[†], and several of our cities are home to as few as half of the residents that they once held. This is not the result of Ohioans leaving the state, however; Ohio's total population has grown by more than 15 percent since 1960.

While Ohioans are not leaving the state en masse, we have migrated to suburbs, exurbs, and rural areas; ever further from the hubs of last century's map. Fueled by a burgeoning automotive industry, we initiated a dynamic shift in our geography, our lifestyles, and our economy. This trend continues with each passing year, and demands a corollary shift in our land use, transportation, development, taxation and economic policies toward a structure of regional planning around the cities that still drive and define Ohio. This is especially important today, when the state's resources are sparse and the foreclosure crisis is causing urban land to be abandoned at a breakneck pace. It is crucial that we channel our resources through the existing strengths and efficiencies of our cities to achieve greater regional returns on our investments.

In short, our urban centers are this century's hubs as well, but we are dispersed more widely around them, and this requires a new approach to planning. Ohio's state and local governments must use their limited resources more wisely.

[†] This is due to annexation. The "older city" within the 1950 boundaries has lost 30% of its population.

Suburbs and exurbs have swelled to the disadvantage of urban and agricultural areas. Costly sprawl has led to abandoned real estate in cities and overdevelopment in townships. Coordinated land use policies will revive urban plots, conserve open spaces, and minimize the cost of expanding infrastructure.

Land Use

As in Detroit, Ohio's cities contain a growing amount of unused land, in the form of foreclosed residential property and abandoned commercial and industrial space. Yet, Ohio is also among the most active states in the nation in converting greenfields and agricultural land for new urban use. This focus on greenfield development and the growing number of untended brownfields combine to cause:

- significant shifts in tax revenue away from urban areas as residents move out and take businesses with them;
- costly expansions of utilities and roads to serve this new growth;
- increased blight and inactivity in urban areas;
- diminished open space for agriculture and recreation in surrounding communities; and
- shrinking wetland and woodland habitats necessary to sustain Ohio's wildlife and air quality.

Smarter Land Use

Ohio's cities are not likely to attain their former population peaks. This will naturally leave open plots of land that could continue to fall into disrepair and mischief, or could be the key ingredient to reinventing smaller, smarter, more livable cities. Land use in cities should be a deliberate and well-planned blend of renovation for commercial, industrial and residential use, as well as repurposing for recreational and agricultural purposes.

The **Youngstown 2010** plan (http://www.cityofyoungstownoh.com/about_youngstown/youngstown_2010/) is a novel example of how a city like Youngstown, Ohio can positively reshape itself in response to a declining population and a growing amount of unused land.



To combat current trends in land use, the Compact with Ohio Cities recommends immediate action on the following bills:

- 1) **Consideration and passage of House Bill 3 by the Ohio Senate.** There were 85,773 new foreclosures filed in Ohio in 2008², and as of late November 2009, nearly one quarter of all homeowners in the country owed more on their home than it was worth³. Filings have continued to flood in and many experts predict that 2009 will match or exceed 2008's filing record. Ongoing foreclosure on this scale requires action to mitigate the resulting damages. HB 3 would help to keep families in their homes and slow the abandonment of urban plots by instituting a short-term foreclosure moratorium, increasing access to foreclosure information, counseling, and emergency assistance, and encouraging more loan modifications. Under its current language, these efforts would be funded by a foreclosure filing fee, which would also serve to discourage unnecessary filings. The Compact further recommends that the Senate take up HB 3 with additional consideration for the provisions found in HB 306, which would create a mandatory mediation process for all non-default residential foreclosure cases.
- 2) **Consideration and passage of House Bill 323 by the General Assembly.** A recent study estimates that a home in foreclosure erodes the value of surrounding properties by an average of \$2,400 annually, and that an unoccupied home reduces values by \$4,000⁴. Statewide, estimates indicate that Ohio has lost \$6.8 billion in housing wealth since the beginning of 2007⁵, and well over \$32 million in property-tax revenue since the beginning of 2008⁶. HB 323 would lessen the amount of time that a residential property is vacant and deteriorating by requiring plaintiffs in a foreclosure case to initiate a sheriff's sale within 60 days of a foreclosure judgment, or lose their lien on the property. Additionally, HB 323 would stay judgment in a foreclosure case until a probable nuisance property is abated, or guaranteed to be abated, by a filing plaintiff, further acting to minimize the hazardous impact of abandoned homes.
- 3) **Consideration and passage of House Bill 313 by the Ohio Senate.** HB 313 would permit the creation of county land banks, similar to the **Cuyahoga County Land Reutilization Corporation** (<http://www.cuyahogalandbank.org>), in 28 other Ohio counties, with populations above 100,000. This would enable locally formed land bank boards to acquire, rehabilitate, and repurpose unoccupied parcels subject to tax lien foreclosure for the greater good of their constituent communities. HB 313 complements the efforts of HB 3 and HB 323 by increasing the likelihood that any property that is still abandoned, despite efforts earlier in the foreclosure process, can receive a tax lien and be acquired by a local land bank. The Compact further recommends that the final language retain a provision requiring that a member of each board be appointed by the most populous city in the county. 
- 4) **Consideration and passage by the General Assembly of Rep. Kathleen Chandlers' upcoming inter-jurisdictional Transfer of Development Rights legislation.** This development tool would enable local officials to permit landowners in predetermined conservation, or "sending" zones to sell the right to make certain improvements to their property to a developer, who can then utilize those rights to build at a higher density in a predetermined "development" zone. Municipalities in Ohio are currently able to transfer development rights within their own boundaries, but it is not permitted between multiple jurisdictions, or within a county or township. The Compact has been made aware of several groups of local officials seeking such a tool between localities, and calls for the legislature to act on Rep. Chandler's bill.

Development

In search of tax revenue, employment capacity and quality of life, most local governments work hard to attract and retain employers in their community. Many use tax credits, abatements, grants and loans to incentivize development within their jurisdictions, and the State of Ohio, through the Department of Development, administers a variety of programs that encourage specific types of development, redevelopment and remediation. While each of these incentives plays an important role in enabling development, their misuse can be harmful.

Neighboring communities commonly compete for the same projects, and even tempt existing businesses to relocate from one jurisdiction to another. This encourages a “race to the bottom,” in which communities offer huge incentives to businesses to convince them to locate on their side of a political boundary, ultimately diminishing the positive impact of a project.

Incentive programs intended to target smart growth around cities have loosened over time, enabling sprawl, while neighboring cities compete desperately for new projects, at great expense. Ohio’s development policies must realign to ensure that growth in one community does not happen at the disadvantage of another.

While competing suburbs and rural areas often suffer from these situations, this trend is most devastating to urban centers as they lose businesses to their surrounding communities. Though larger cities typically have more significant local resources to wager, they commonly lose these bids because:

- it is often cheaper, faster and easier to build on open land or “greenfields” than to redevelop or renovate an existing urban property;
- business owners value parking availability and low commuting times, which often favor open, less populated areas; and
- many Ohioans prefer to live in suburbs for reasons specific to each community.

While the Compact encourages business owners to locate where they feel they can best grow and succeed, we recognize the value of incentivizing businesses to locate where it will have the largest positive impact on an area. We also find that the excessive churning of businesses throughout a region costs local governments money without adding value, and should not be encouraged with tax payers’ dollars. Many state incentive programs intended to preference development in urban areas have been amended, or misused to include suburbs and other communities as eligible recipients, often directing those resources against their original intent, and even enabling the movement of a business from one neighbor to another⁷. Local poaching, the misallocation of state funds, and the damaging precipitation of sprawl, result in a loss to Ohioans at every level.

Refocusing Incentives


Development that hurts one community to benefit another is not progress. Ohio’s resources should be spent on projects that will leverage existing infrastructure and investments, and should encourage the type of growth that benefits an entire region. Competition between jurisdictions must be tempered and the playing field must be leveled between urban centers and their neighbors.

The Compact would like to highlight the proactive work that the Ohio Department of Development presented in its *Economic Development Incentive Study* (<http://development.ohio.gov/cms/uploadedfiles/Development.ohio.gov/Communications/IncentiveStudy.pdf>) in May of last year. We feel that the study takes aim at addressing the problems stated above, and sets a foundation for productive revision of the state’s incentive programs. Many of the recommendations below are complimentary to the strong steps taken in that report.



To realign incentive programs and strengthen development standards in Ohio, the Compact recommends the following:

5) Implementation of the following incentive program standards by state and local officials:

- a) Establish tiered **distress criteria**, to ensure that maximum abatements are provided only in highly distressed areas and modest abatements may be provided in moderately distressed areas. Consider barring the use of incentives when they would aid a business to move only a short distance, within the state, without showing significant need.
- b) Strongly favor projects that are **mass transit accessible**, allowing greater access to projects by prospective employees and customers, and ensuring development and redevelopment near existing infrastructure.
- c) Prohibit the use of resources for **greenfield development** or the extension of infrastructure (pipes, roads, gas and electric lines, etc) to areas not currently built out, unless the recipient project ensures considerable job creation or retention.
- d) Prohibit the use of resources for **retail projects** unless there is compelling reason to do so, such as dramatic underinvestment by essential retail establishments, such as grocers, in an area.
- e) Require that companies receiving incentives commit to the **retention or creation of a specific number of positions** for the term of the credit, and to pay all employees **acceptable wages** in line with local rates for each position in its sector, at no less than 200 percent of Federal Minimum Wage. Ensure that mechanisms exist for incentive programs to withdraw and be repaid if a project fails to meet its commitment.
- f) When the reuse or renovation of an existing building is not possible, require newly constructed buildings receiving abatements to be built to the highest possible **Leadership in Energy and Environmental Design (LEED) standards**, as determined by the U.S. Green Building Council (www.usgbc.org/leed), resulting in sustainable construction that will increase efficiency, improve working and living environments, and reduce waste. 
- g) Consider offering **alternative and green incentives** for projects in lieu of tax abatements. As an example, a municipality might provide greater benefit to a business by providing it with free clean energy from a municipal power generator, because energy costs are usually much larger, as a percentage of a business's bottom line, than what a company pays in taxes. This also serves the public interest by reducing pollution and promoting the clean energy economy. Other alternatives to local abatements include grants for feasibility studies, property assessment, remediation and demolition, and flexible grants that allow companies to cover the "soft costs" of project planning. Making funds available for these uses can sometimes be more helpful to a project than abatements, and is often less costly to a municipality and its taxing districts.
- h) Require recipients to comply with **electronic reporting requirements** that make information on jobs created, compensation provided, and compliance with other project standards easily available.

- i) Require projects receiving more than \$500,000 in public funds, or \$1 million in the case of public infrastructure projects, to establish a **community development council** that includes low-income residents, minority residents, union representatives, human service providers and others with an interest in ensuring strong outcomes for the community.

Additionally, the Compact recommends that the House Committee on Economic Development take action on the following items:

- 6) **Public hearings in the Ohio House regarding Greater Ohio's Anchors of Innovation proposal.** This proposal was offered by non-profit organization and Compact participant Greater Ohio, and related legislation is expected to be introduced by Senator Eric Kearny in the Senate. It is an effort to target scarce state resources around select institutions, i.e. anchor institutions that have proven to be catalysts for development by having attracted private and public investments in the past. This proposal would leverage those previous investments to support new business and residential development, and to ensure a more holistic approach to community and economic redevelopment. Retail development would be excluded.

Anchor institutions are place-based entities that are permanently rooted in specific locations – generating jobs, creating local business opportunities, and contributing in significant ways to the development of human, social and cultural capital. This proposal's "Anchors of Innovation" are complimentary to Governor Strickland's Department of Development's "**Hubs of Innovation and Opportunity**" (http://www.odod.state.oh.us/strategicplan/documents/Goal4_CompleteContents.pdf) and the Ohio Board of Regents' "**Centers of Excellence**" (www.ohiocentersofexcellence.ning.com)



initiatives, which seek to concentrate resources in geographic areas that offer the greatest opportunity for to draw investment, foster economic growth, and generate world-class research.

- 7) **Public hearings regarding the creation of a Home Weatherization Revolving Loan Fund.** The Compact proposes that legislation be pursued to create a revolving loan fund to provide up-front funding for the weatherization of homes within walking distance of a mass transit route. The legislation should establish a repayment formula wherein 75 percent of the utility cost savings is owed to the fund until the full loan is repaid. This will improve energy efficiency in densely populated areas of our state, minimizing wasteful household spending and lowering the burden on Ohio's power grid. We encourage the legislature to seek a public-private partnership to generate start-up money for the fund.

Transportation

The importance of automobile manufacturers to our state and the culture that has developed around that relationship have contributed to a transportation philosophy that dramatically favors automobiles, roads and bridges over public transportation and rail systems. Today, Ohio commits less than one percent of its total transportation spending to public transit, and in recent years, has ranked near 40th nationwide in the percentage of total spending allocated for this purpose⁸. Per capita, Ohio spends only \$1.42 on mass transit annually - less than the cost of a bus ride, and lags far behind most of the nation, including Michigan, Illinois, & Pennsylvania, which provide \$19.91, \$38.12 and \$66.14, respectively⁹. What's more, state funding for public transportation has actually decreased by nearly 50 percent since 1998, when adjusted for inflation, despite continually increasing demand¹⁰.

In simple terms, this forces most Ohioans to purchase automobiles - adding significantly to the expenses of most households. It also inflates Ohio's environmental impact, shifts the cost of transit service to local revenue sources, and severely limits the job, travel and recreation opportunities of those who do not own an automobile-this is particularly relevant in urban areas, such as Cleveland, where the Greater Cleveland RTA estimates that 38 percent of its riders are dependent on public transit to get to work¹¹.

Ohio has a great, but limiting, tradition in automobiles. Rail systems, bus lines, bike paths, and multipurpose roads will make Ohio's communities more livable and friendly, offer more convenient, less expensive options to businesses and travelers, and help to direct economic growth and land use.

Furthermore, while poorly planned land use and development policies are the typical causes of sprawl, administrations prior to Governor Strickland's have overlooked the important role that transportation policy can play in encouraging or mitigating further expansion.

Diversity in Travel

With the completion of the **21st Century Transportation Priorities Task Force Report** (<http://www.dot.state.oh.us/groups/tft/Document/s/21stCenturyTransportationPrioritiesTaskForceReport-Web.pdf>) in January of last year, the Governor and the Department of Transportation (ODOT) have established a new direction for transportation planning in Ohio. Since then, revision of the Transportation Review Advisory Council (TRAC) process and the implementation of plans to create a passenger rail system across the state are just two of the



many indications that Ohio is moving in a bold, diverse direction, with the best interests of all Ohioans in mind.

In an attempt to complement this new approach to transit, and

to address transportation issues that are specific to urban areas, the Compact recommends immediate action on the following items:

- 8) Consideration and passage of House Bill 166 by the General Assembly.** This bill would allow for the creation of up to 24 Transportation Innovation Authorities (TIAs) in Ohio, which would provide a locally-driven way for multiple jurisdictions to combine efforts and gather revenue for significant transportation projects, which may include roads, bridges, and rail. Additionally, the Compact calls upon the General Assembly to include language that would strongly favor the creation of TIAs where existing transportation (particularly multi-modal, inter-modal & rail), water, sewer, and other utility infrastructure is already present. Not only would this provision ensure wise placement of resources, but during a period of record unemployment, it would encourage public transportation projects, which provide critical workforce transportation, create as many short-term jobs as a typical road or bridge project, and also generate long-term high-quality positions for operators and conductors¹².

The Compact also recommends that the House Committee on Transportation do the following:

9) Hold exploratory public hearings regarding state maintenance of all state routes. Currently, Ohio's cities are responsible for the upkeep of state routes that pass through their jurisdiction. This maintenance is a significant expense, which the state may be able to assume on the behalf of local governments, to offer some relief to local coffers. This would also be a means to ensure equality among jurisdictions throughout the state because this expense creates a competitive disadvantage in resource availability for cities when compared to townships, which are not required to maintain state routes. The Department of Transportation is currently studying the viability of this proposal, and the Compact calls upon the House to study this matter following the ODOT study's impending completion.

The Compact recommends that the General Assembly and Administration give long-term consideration to the following item:

10) Public transportation requires a dedicated state funding source. Presently, the primary revenue source for the Department of Transportation, at the state level, is the Motor Vehicle Fuel Tax. This tax is a 28 cent charge on each gallon of fuel purchased, of which the state receives roughly 70 percent¹³, and the use of its proceeds are limited by both the Ohio Constitution and the Ohio Revised Code to road, highway and bridge projects, and related expenses. As Ohio begins to take a multi-modal approach to transit, it is critical that a dedicated funding stream be established, or existing sources be made more flexible, to allow for substantial funding of multi-modal and mass transit projects, including operations and capital costs for bus systems and high-speed passenger rail.

Additionally, rising fuel costs have caused a reduction in driving and gas purchases, resulting in a 1.5 percent decline in gas tax revenues in 2008¹⁴. Other factors, such as greater fuel efficiency standards for new automobiles are likely to contribute to this downward pressure on gas tax revenue in the future. As a result, the Compact suggests that the dialogue on mass transportation funding may need to include a discussion about a solvent revenue source for *all* transportation projects.

Lastly, The Compact recommends that the House Committee on Transportation hold hearings on the following item, and that local and state officials as well as transportation and parking authority administrators actively participate in those hearings:

11) Cities must address the conflict between parking availability and public transportation. The issue of parking availability presents a disadvantage to urban areas, which have significantly less open space than suburbs. This encourages cities to commit resources to providing parking garages and lots, and even subsidizing the parking costs of individual businesses. These investments sometimes work counter to public transportation efforts, which provide an alternative to automobile commuting. The Compact calls upon the Transportation Committee to provide a forum for local governments and state officials to work together to reconcile and further both needs, in collaboration with local transit and parking authorities.

Workforce & Quality of Life

In addition to migration and sprawl, Ohio's urban centers continue to struggle through record rates of foreclosure and unemployment. As of October 2009, 10.5 percent of Ohioans were jobless¹⁵, nearly 115,000 foreclosure cases were pending in our court system, and only 20,672 previously foreclosed properties had been sold to new owners since the 1st of January¹⁶. These figures reflect an idleness of resources that is unprecedented in modern times. Unemployment and the abandonment of property contribute to higher crime rates and greater need for services, while also causing the property, income and sales tax revenues that fund them to plummet.

Our cities are losing their first responders, their social service workers and their recreation programs at a time when the need for safety, support, and productive activity are at their greatest. For all of the hardship that communities in our state may endure, our urban centers suffer most dearly, and have the greatest resulting impact on Ohio's regional economies.

Improving the quality of life in our cities and ensuring productive employment opportunities are two of the most effective ways to heal Ohio's cities and make them destinations spots again. Strong cities will lead to strong regions and a stronger state.

Opportunity and Happiness

Ultimately, every aspect of public policy should be guided by a desire to improve quality of life. One's workplace and living environments, and the ability to pursue a specific lifestyle through wages earned, are three of the most prominent determinants of happiness for any person. In turn, happy people make for healthy communities.

One important way to improve living standards in Ohio is to address the foreclosure crisis. This report contains several recommendations to do so, and the Compact stresses the devastating impact that abandoned homes can have on the

surrounding community as potential health and safety hazards, as well as drains on property value, tax revenue and local resources.

Beyond implementing measures that will protect cities from further deterioration, government resources should be used to create productive, safe communities with opportunities for entertainment and recreation, which will provide a "sense of place" for residents and attract businesses and travelers. Such investments will encourage greater economic activity, higher average incomes and increased property values, which will have compounding positive effects.

Tandem to improving living standards, job creation and workforce readiness efforts are necessary to revitalize cities. As


an example of success in this goal, the Compact recognizes the Ohio Board of Regents' efforts to improve our state's employment opportunities by creating the **Ohio Skills Bank**



<http://www.uso.edu/opportunities/ohioskillsbank/index.php>

The Ohio Skills Bank works in a dynamic way to bring educators, workforce professionals and regional employers together to align education and training programs with the occupation and skill needs of their employer communities. Continued, flexible training opportunities are critical to maintaining an advanced and resilient workforce, and we find that this is only one example of the inspired work that the Ohio Board of Regents is engaged in to strengthen Ohio's workforce and serve as an economic engine for our state.

To improve living standards and increase employment opportunities in Ohio's cities, the Compact recommends the following:

- 12) Consideration of House Bill 283 by the General Assembly.** HB 283 would provide training grants to eligible employers to train workers in fields for which there is critical demand, such as in the bioscience/biotechnology industry. Ohio's bio-industry is expanding and it is critical that state resources be made available to encourage its growth and to ensure that Ohioans are qualified to fill the high-tech, good paying jobs that it creates.
- 13) Consideration of Rep. Sandra Williams' upcoming OCOG legislation by the General Assembly.** Rep. Williams intends to introduce legislation that would permit Ohio College Opportunity Grants to be applied to both non-credit and credit courses at community colleges, and would require community colleges to award credit for career or technical certification programs as well as to apply that credit toward associate degrees in a related field. This approach would offer greater assistance to students who seek transitional or supplementary education, adding significant value to a workforce that is continually shifting to address new industry needs.
- 14) Consideration of Third Frontier-related training and business grants by the Administration and General Assembly.** Representative Sandra Williams will soon be introducing a joint resolution to renew and expand the **Third Frontier Program** (www.thirdfrontier.com), which created 41,300 jobs and provided a ten to one return on state investment, in its first ten years¹⁷. In discussing the resolution, lawmakers and administrators of the program should consider allowing Third Frontier dollars to be used for workforce training for the jobs that are created by Third Frontier investments. Additionally, Third Frontier dollars could be used for mini-grants of up to \$10,000 to qualifying small businesses to retool capital and train existing workforce. 
- 15) Consideration and passage of HB 127 by the General Assembly.** Current law broadly impedes individuals from entering several professions as a result of prior criminal offenses that may be wholly unrelated to that profession. This limits the employment options of many individuals, particularly in urban areas, and makes it more difficult for former offenders to escape a cycle of crime. HB 127 would permit individual boards, commissions, and agencies to adopt rules to determine what criminal offenses are "substantially related" to their field, and to more accurately deny, revoke, suspend, or not renew certain licenses, permits, registrations, and certificates based on those rules.
- 16) Consideration and passage of HB 273 and upcoming liquor control legislation from Representative Denise Driehaus and Senator Eric Kearney by the General Assembly.** HB 273, Introduced by Representative Sandra Williams, would prohibit the transfer or relocation of a liquor permit or liquor store to a jurisdiction where it would exceed the permit allocation limits already in place. This is a common problem in urban areas, where there is a high density of liquor permits per capita, as a result of diminishing populations and outdated permit caps.

Upcoming legislation from Representative Denise Driehaus would extend the period of time that a local authority has to request a hearing pertaining to the issuance, transfer or renewal of a liquor permit to sixty days, and would enhance the ability of locals to influence either action. It would also make it a first degree misdemeanor to violate liquor control provisions and require permit holders who do so to keep an up-to-date list of employees on file with the state.

Lastly, Senator Kearny's legislation would expand the Liquor Control Commission from three to five members and freeze members' salaries at current levels, as well as add nursing homes to this list of entities a permit may not operate near.

Regionalism

Ohio’s communities find pride in the deployment of their own first responders, the development of their own community services, and the independent administration of their own municipal programs. This independence is further encouraged by school and taxing districts that largely reflect political boundaries, and by decades of autonomy in most aspects of their operation. While many Ohioans value this independence, it does not come without cost.

As has been expressed elsewhere in this report, our communities are suffering from the effects of

Ohio’s individual cities and townships have taken on expenses that are unsustainable, and the state’s ability to assist them is limited. Regional approaches to collaboration and coordination are necessary to preserve services to Ohioans and achieve affordability.

competition for development projects, and urban centers continue to bleed revenue to surrounding jurisdictions. In addition to these troubles, the cost of administering independent services in each city and town is growing beyond the means of diminishing tax revenues. It is becoming increasingly evident to many

local officials that sharing the risks and rewards of development and minimizing the duplication of services are necessary steps toward prosperity.

With these goals in mind, the Compact submits the following for consideration by state and local officials:

Coordinating Development Resources

In its founding resolution, the Compact was charged to explore ways by which local governments can pool their resources to encourage thoughtful economic development within a region. In turn, we strongly recommend that local officials begin voluntary discussions internally, and with neighboring communities, about harmonizing their development efforts. The benefits of coordinating revenue from several sources within a region are significant:

- a larger pot of incentives can attract more considerable investment by businesses;
- cooperation between entities in directing resources strengthens a regional dialogue that will lead to planning that benefits all parties involved;
- revenue from targeted projects can feed back into the pool, ensuring that every constituent community benefits from each investment; and
- region-wide payoff from individual investments will lessen the need for communities to compete with one another through the use of individual abatements and credits.

Leading Examples

Despite its clear advantages, the task force recognizes that there are several impediments to this approach. Fortunately, interested communities can look to existing efforts in Ohio.

17) The Compact encourages communities to recognize that regional movements exist in this state, and that they can serve as valuable starting points for discussion in every region:

- Montgomery County ED/GE Program** – This program is composed of two related funds. The Economic Development (ED) Fund distributes grants annually to finance economic development projects, while the Government Equity (GE) Fund collects a portion of the increased property and income tax revenues collected as a result of the economic growth of program members and shares it with other participants. Participants either contribute to or receive money from the GE Fund based on their relative growth for the previous year.

The program also contains a settle-up provision by which, over the life of the program, no jurisdiction contributes more to the GE Fund than it receives in grants from the ED Fund. Settle-up occurs every three years throughout the life of the program.



More information about the Montgomery County ED/GE Program can be found at: <http://www.mcoho.org/services/ed/edge.html>

- b) **Northeast Ohio Regional Prosperity Initiative** – An effort founded by members of the Northeast Ohio Mayors & Managers Association (NOMMA), the Regional Prosperity Initiative (RPI) seeks to provide a structure for region-wide land use planning and new growth tax base sharing in the 16-county Northeast Ohio region. Since the RPI's beginning in 2006, the NOM&CMA's efforts have been joined by several organizations, including the Northeast Ohio City Council Association.



More information about the Northeast Ohio Regional Prosperity Initiative can be found at: <http://www.neo-rpi.org/site.cfm/home.cfm>

- c) **Agenda 360** – Spearheaded by the Cincinnati USA Regional Chamber, this initiative seeks to strengthen Southwest Ohio as a cohesive, competitive metropolitan area, and to work with similar initiatives in Kentucky and Indiana.



More information about the Cincinnati USA Regional Chamber and Agenda 360 can be found at: <http://www.cincinnati360.com/overview.asp>

In addition to existing projects, the Ohio Commission on Local Government Reform and Collaboration is meeting parallel to the Compact with Ohio Cities and is primarily focused on collaboration between cities.

- 18) The Compact recommends that local officials take note of Ohio Commission on Local Government Reform and Collaboration report, which is anticipated to be finished no later than July 1, 2010.** More information about this commission can be found at: www.ohioreformandcollaboration.org.



Tax Sharing and the Ohio Constitution

The Ohio Constitution requires that taxes be levied for a specific purpose, and restricts the use of revenues from each tax to its stated purpose. For this reason, the expenditure of revenues from many taxes levied by local jurisdictions may be limited to use in that locality, only. This could be a legal impediment to revenue sharing proposals that call for currently levied taxes, especially property taxes, to be shared between jurisdictions. In order to facilitate better co-ordination and co-operation, it may be necessary to develop new mechanisms to distribute revenues between jurisdictions. Such mechanisms might involve a payment in-lieu of tax structure, or newly enacted taxes for the specific purpose of regional economic development and collaboration.

The Compact also recommends that the House Committee on Housing and Urban Revitalization act on the following item:

- 19) Hold exploratory public hearings on regional cooperation with specific consideration for Greater Ohio's Local Government Insurance Fund proposal.** This recommendation will continue the House's involvement in the discussion of regionalism and provides a common forum for localities throughout Ohio to share ideas, opinions, and practices. This will bring more parties to the table and increase the transfer of information; offering greater potential for success.

The LGIF proposal would allow for regional boards to be elected and utilize revenue pools that communities may call upon to fund economic development and transportation projects, and to draw down federal funds. Each fund would be repopulated by payments in lieu of taxes from recipient projects as well as other possible revenue streams.

Lastly, the Compact recommends the following for consideration by local officials:

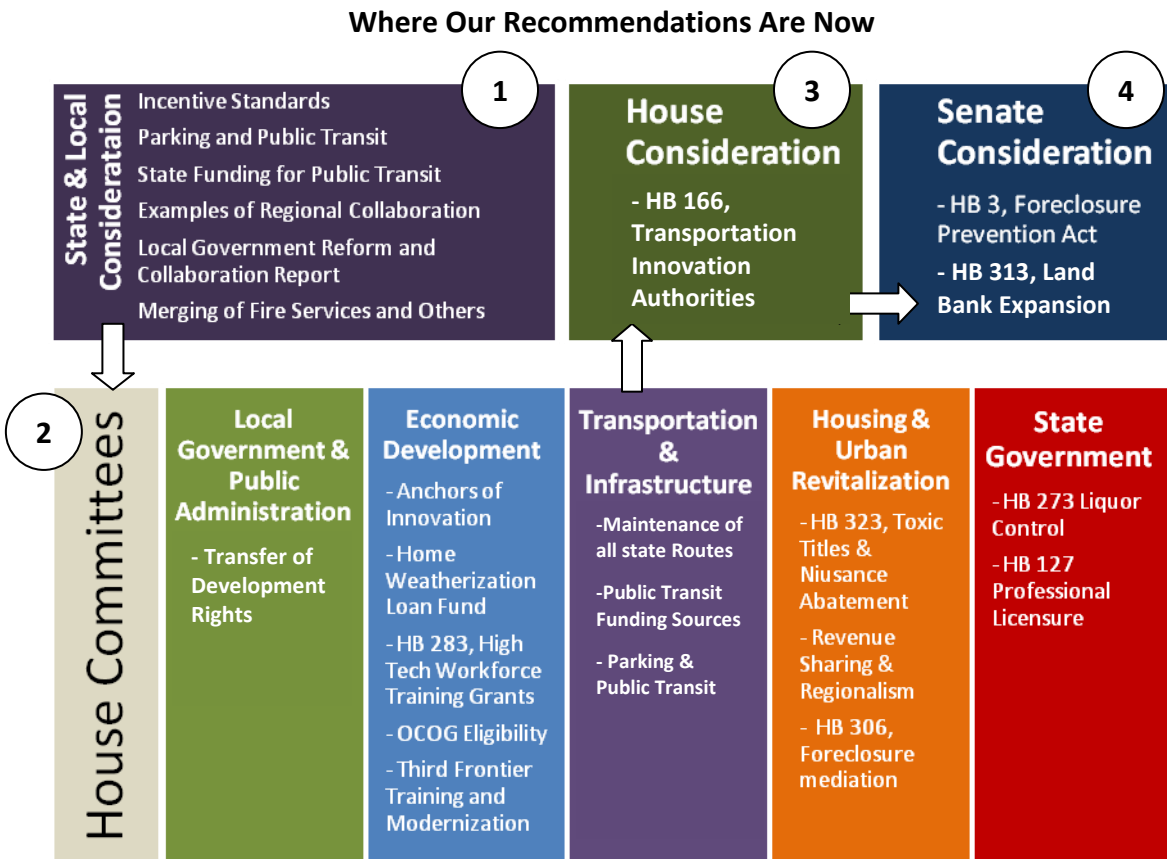
- 20) Local governments should begin committed local dialogues with their neighbors to standardize and merge civil service testing, consolidate emergency service dispatching centers, and merge fire districts.** Additionally, the Compact encourages efforts to determine where healthy improvements can be made by coordinating or merging these services and expenses: recreation departments, parks, human resource services, animal control, property maintenance and abatement, demolition, trash collection and recycling, senior transportation and activity centers, health coverage, building and vehicle maintenance, jails and holding cells, and special response forces such as SWAT, Homicide, and HazMat personnel.

What's Next? Our Continued Commitment

The latter half of 2009 gave the House an opportunity to learn. Now, with this report as a milestone, we present a framework for our continued efforts in 2010.

In the coming weeks, state and local officials will have the opportunity to read and review the Compact's report, House committees will hold hearings on existing and future legislation that is endorsed in this report, and the House and Senate chambers will have the opportunity to put those provisions before Governor Strickland and make them a reality.

The Flowchart below offers an approximation of where each recommendation rests at the time of this report's completion. As can be seen, many of the initiatives discussed herein have already been set into motion. It is our hope that legislative task force members and development advocates throughout the state will continue to promote their passage and implementation.



Compact with Ohio Cities Recommendations

Part I of 3

- 1 Pass House Bill 3, the Ohio Foreclosure Prevention Act, with additional consideration for the provisions found in HB 306, which would create a mandatory mediation process for all non-default residential foreclosure cases.**

House Bills 3 (Foley, Driehaus) and 306 (Dolan) would help to keep families in their homes and slow the abandonment of urban plots by instituting a short-term foreclosure moratorium, increasing access to foreclosure information, counseling and emergency assistance, and encouraging more loan modifications.
- 2 Pass House Bill 323, legislation to address toxic titles and nuisance properties, and to empower local land banks.**

House Bill 323 (Murray) would lessen the amount of time that residential properties are vacant and deteriorating by requiring plaintiffs in a foreclosure case to initiate a sheriff's sale within 60 days of a foreclosure judgment, or lose their lien on the property. Additionally, HB 323 would stay judgment in a foreclosure case until a probable nuisance property is abated, or guaranteed to be abated, and would allow for abandoned properties to more easily be seized by a land bank.
- 3 Pass House Bill 313, legislation to allow for the creation of 28 additional county land banks statewide, with language requiring the largest municipality in a county to have a seat on the land bank board.**

House Bill 313 (Ujvagi, Winburn) would enable locally formed land bank boards to acquire, rehabilitate, and repurpose unoccupied parcels subject to tax lien foreclosure for the greater good of their constituent communities.
- 4 Pass upcoming legislation to permit the creation of inter-jurisdictional Transfer of Development Rights programs.**

This legislation will be introduced by Representative Kathleen Chandler, and would enable local officials to create Transfer of Development Rights programs (TDRs) to permit landowners in predetermined "sending" zones to sell the rights to make certain improvements to their property to a developer, who can then utilize those rights to build at a higher density in a predetermined "receiving" zone. This directs development to urban areas and conserves open lands.
- 5 Implementation by state and local officials of innovative standards for the use of incentives.**

Authorities should consider the following incentive guidelines:

 - (a) develop tiered distress criteria that favors urban centers when distributing resources;
 - (b) favor transit accessible projects;
 - (c) avoid subsidizing the development of greenfields and infrastructure expansion;
 - (d) avoid subsidizing retail projects in areas that are not underserved by that type of business;
 - (e) require minimum job creation and salary standards of businesses and reclaim incentive funds upon failure;
 - (f) require construction to meet LEED standards of sustainability and waste reduction;
 - (g) offer alternatives to traditional incentives and abatements, which may include free services or flexible up-front loans;
 - (h) require developers to report project and employment information to authorities; and
 - (i) require projects receiving large sums of public funds to create community development councils.
- 6 Hold public hearings on Greater Ohio's "Anchors of Innovation" proposal to direct resources to geographic areas around regionally significant entities.**

This proposal would leverage additional gains from existing resources in cities by incentivizing development around urban universities, medical centers, military bases, and major employers with access to mass transit, as well as near Main Street communities. The proposal would also create the Local Development Incentive Planning Fund to offer economic development planning assistance to governments outside of hubs and in areas with below-average property value.
- 7 Hold public hearings on the creation of a Home Weatherization Revolving Loan Fund.**

Pursue legislation to create a revolving loan fund to provide up-front loans for the weatherization of homes, and to establish a repayment formula derived from utility savings. A public-private partnership should be sought to begin the fund.
- 8 Pass House Bill 166, legislation that would allow for the creation of Transportation Innovation Authorities.**

This bill would allow for the creation of up to 24 Transportation Innovation Authorities (TIAs) in Ohio, providing a tool for multiple jurisdictions to combine efforts and gather revenue for significant transportation projects, including roads, bridges, and rail. Additionally, the Compact calls upon the General Assembly to retain language that would preference the creation of TIAs where existing transportation (particularly multi-modal, inter-modal & rail), water, sewer, and other utility infrastructure is already present.

Compact with Ohio Cities Recommendations Continued...

Part 2 of 3

9	Hold exploratory public hearings regarding state maintenance of all state routes.
	Currently, Ohio's cities are responsible for the upkeep of state routes that pass through their jurisdiction. This is a significant expense and creates a competitive disadvantage for cities when compared to townships, which are not required to maintain state routes. The Department of Transportation is currently studying the viability of this proposal, and the Compact calls upon the House to study this matter following the report's completion.
10	Exploration by the Administration and Legislature of a state funding source for public transportation.
	The Ohio Department of Transportation's primary source of funds at the state level is not available to be used for public transportation projects or operations. Ohio dramatically underfunds these areas and a funding stream must be established or amended to allow for substantial state funding of multi-modal and mass transit projects.
11	Consideration by state and local officials of ways to address the conflict between parking availability and public transportation.
	Both parking and public transit are critical to the ongoing health of every city, but commonly work counter to one another. State and local officials should work to reconcile and further both needs in collaboration with transit and parking authorities.
12	Consider passage of House Bill 283, legislation that would make training grants available to employers in high demand, high-tech industries.
	House Bill 283 (S. Williams) would provide training grants to eligible employers to train workers in fields for which there is critical demand, such as in the bioscience/biotechnology industry.
13	Consider passage of upcoming legislation to expand the use of Ohio College Opportunity Grants.
	This legislation would permit Ohio College Opportunity Grants (OCOG) to be applied to both non-credit and credit courses at community colleges, and would require community colleges to award credit for career or technical certification programs and to apply that credit toward associate degrees in a related field.
14	Consider passage of upcoming legislation to use a portion of new Third Frontier funds to support training programs related to Third Frontier projects.
	A resolution will soon be introduced by Representative Sandra Williams to renew the Third Frontier program's bond component. In consideration of that resolution, the legislature should consider allowing some Third Frontier funds to support job training and equipment modernization.
15	Consider passage of House Bill 127, legislation that would allow each of Ohio's professional boards to determine what criminal offenses would prohibit an individual from being licensed by that board.
	House Bill 127 (S. Williams) would permit individual boards, commissions, and agencies to adopt rules to determine what criminal offenses are "substantially related" to their field, and to more accurately deny, revoke, suspend, or not renew certain licenses, permits, registrations, and certificates based on those rules. Current law broadly limits the employment options of many individuals, particularly in urban areas.
16	Consider passage of House Bill 273, and other upcoming liquor control legislation that seek to alleviate stresses created by the oversaturation of liquor permits in urban areas.
	House Bill 273 (S. Williams) would prohibit the transfer or relocation of a liquor permit or liquor store to a jurisdiction where it would exceed the permit allocation limits already in place. This is a common problem in urban areas, where there is a high density of liquor permits per capita, as a result of diminishing populations and outdated permit caps. Upcoming legislation from Representative Denise Driehaus and Senator Eric Kearny would enhance the ability of locals to influence the issuance, renewal or transfer of a liquor permit, make it a first degree misdemeanor to violate liquor control regulations, and expand the Liquor Control Commission to five members.
17	Consideration by local and state officials of existing regional collaboration efforts.
	Examples of regional cooperation, such as Montgomery County's ED/GE Program, the Northeast Ohio Regional Prosperity Initiative, and Southwest Ohio's Agenda 360 exist in this state, and they can serve as valuable starting points for discussion in every community.

Compact with Ohio Cities Recommendations Continued...

Part 3 of 3

18 Consideration by local and state officials of the Ohio Commission on Local Government Reform and Collaboration report.

The Ohio Commission’s report is anticipated to be finished no later than July 1, 2010.

19 Hold exploratory public hearings on regional cooperation with specific consideration of Greater Ohio’s Local Government Insurance Fund proposal.

These hearings will continue the House’s involvement in the ongoing dialogue on regionalism and create a common forum for localities to testify and share best practices. This proposal would allow for regional boards to be elected and utilize revenue pools that communities may call upon to fund economic development and transportation projects, and to draw down federal funds. Each fund would be repopulated by payments in lieu of taxes from recipient projects as well as other possible revenue streams.

20 Local governments should begin committed local dialogues with their neighbors to standardize and merge civil service testing, consolidate emergency service dispatching centers, and merge fire districts.

Additionally, locals should determine where healthy improvements can be made by coordinating or merging these services and expenses: recreation departments, parks, human resource services, animal control, property maintenance and abatement, demolition, trash collection and recycling, senior transportation and activity centers, health coverage, building and vehicle maintenance, jails and holding cells, and special response forces such as SWAT, Homicide, and HazMat personnel.

Meeting Overview

June 11, 2009 - *Introduction, Issues Facing Ohio, Local Government Bond Enhancement*

Presenters:

- Lavea Brachman, Co-Director, Greater Ohio
- Ray Headen, Bricker & Eckler

June 25, 2009 - *Municipal Recommendations, Emergency Services Consolidation, Parking Availability and Inter-Jurisdictional Competition, State Grants Program Overview*

Presenters:

- Mayor Jay Williams, City of Youngstown
- Jim Astorino, Northern Ohio Firefighters
- Deborah Feldman, Montgomery County Administrator
- Steve Shoney & William Murdoch, Ohio Department of Development

July 7, 2009 - *Building Weatherization, Energy Efficiency, Parking Authorities*

Presenters:

- Amy Hanauer, Executive Director, Policy Matters Ohio
- Deborah Feldman, Montgomery County Administrator

July 21, 2009 - *Transportation Planning, Rail in Ohio, Importance of Public Transportation*

Presenters:

- Jolene Molitoris, Director, Ohio Department of Transportation
- Matthew Dietrich, Director, Ohio Rail Development Commission
- Joseph Calabrese, CEO, Greater Cleveland RTA

August 5, 2009 - *Workforce Development, State Workforce Programs, Unemployment Statistics*

Presenters:

- Keith Ewald, Director, Labor Market Information, Ohio Department of Job and Family Services
- Bob Welsh, Assistant Deputy for Unemployment Compensation, Ohio Department of Job and Family Services
- Cheryl Hay, Director, Center for Workforce Development, Columbus State Community College
- Carla Wood, Program Manager, Workforce & Talent Division, Ohio Department of Development

August 19, 2009 - *Liquor Control Issues*

September 3, 2009 - *Land banks, Foreclosure*

Presenters:

- Kermit J. Lind, Clinical Professor of Law, Cleveland-Marshall College of Law on foreclosure prevention action and legislation
- Wade Kapszukiewicz, Lucas County Treasurer, on County Land Reutilization Corporations

September 17, 2009 – *Business Attraction, Project Costs*

Presenters:

- Bruce McConnell, Managing Director/First Vice President, CB Richard Ellis
- Dennis McAndrew, Founding Principal, Silverlode Consulting Corp.

September 24, 2009 - *Cooperation and Consolidation of Services, Regional Prosperity Initiative*

Presenters:

- Chester Jourdan, Executive Director, Mid-Ohio Regional Planning Commission
- Robert Lawler, Director of Transportation, Mid-Ohio Regional Planning Commission
- Jim Astorino, Northern Ohio Firefighters
- Mayor William A. Currin, City of Hudson
- Councilman Matt Zone, City of Cleveland

October 1, 2009 - *Parks and Recreation, Shrinking Cities*

Presenters:

- Charlotte Walker, Interim Executive Director, Ohio Parks and Recreation Association
- Lavea Brachman, Co-Director, Greater Ohio

October 29, 2009 - *Final Recommendations*

November 5, 2009 - *Final Recommendations, Transfer of Development Rights*

Presenters:

- Brian Williams from MORPC on Transfer of Development Rights

November 19, 2009 - *Final Recommendations*

Endnotes

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- ² Supreme Court of Ohio, “Court of Common Pleas General Division, 08 Report,” June 2009, 1 Dec. 2009
<<http://www.supremecourt.ohio.gov/publications/annrep/08OCS/sectionD.pdf>>.
- ³ First American CoreLogic, “The Negative Equity Report.” Nov. 2009, 1 Dec. 2009
<<http://www.facorelogic.com/newsroom/marketstudies/negative-equity-report.jsp>>.
- ⁴ Kobie, Timothy. “Residential Foreclosures’ Impact on Nearby Single-Family Residential Properties: A New Approach to the Spatial and Temporal Dimensions.” July 28, 2009. Cleveland State University.
- ⁵ U.S. Congress, Joint Economic Committee, “Impact of Subprime Foreclosures,” April 2008, 1 Dec. 2009
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- ¹¹ Policy Matters Ohio, “Committing to Commuters: Transit and Ohio’s New Energy Economy,” March 2009
<http://www.policymattersohio.org/pdf/OhiosCommuters2009_03.pdf>
- ¹² Surface Transportation Policy Partnership, “Transportation and Jobs Factsheet,” 1 Dec. 2009
<<http://www.transact.org/library/factsheets/jobs.asp>>
- ¹³ Ohio Department of Taxation, “Brief Summary of Ohio’s Taxes 2009; Motor Vehicle Fuel Tax” 2009, 1 Dec. 2009
<http://tax.ohio.gov/divisions/communications/publications/brief_summaries/2009_brief_summary/documents/motor_vehicle_fuel_tax.pdf>
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<<http://www.realtytrac.com/states/Ohio.html?ChartPage=1>>
- ¹⁷ SRI International, “Making an Impact: Assessing the Benefits of Ohio’s Investment in Technology-Based Economic Development Programs,” Sept. 2009, 1 Dec. 2009
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Addendum – “Restoring Prosperity to Ohio”

OHIO FARM BUREAU FEDERATION, INC. & GREATER OHIO

DRAFT

SPEAK OUT

September 2009

Restoring Prosperity to Ohio

Introduction

Farm families often rely on off-farm income, either to support on-farm activities or to provide family health insurance, which can be very costly. Traditionally, this off-farm income has come in the form of manufacturing and service jobs in our county seats and larger cities.

Unfortunately, as our economy continues to deteriorate we have seen a steady decline of good paying jobs that offer benefits. This decline has had a severe impact on the traditional farm family, such as what happened when Huffy Bicycles left Celina years ago and left hundreds of members of farming families unemployed.

Beyond a source of supplemental employment, cities also fill a number of other functions for the farming community. Indeed, farmers also typically want to have their adult children living close, down the road, on a neighboring farm -- just not in the basement! But the children need quality jobs, which are especially important for those children who went away to college. Companies are increasingly attracted to places that the "creative class" are attracted to, places with picturesque downtowns and walkable communities. While some struggle in this area, many county seats, such as Marietta, have been relatively successful in attracting the "creative class."

Greater Ohio

Greater Ohio is a nonpartisan, foundation funded, nonprofit organization that focuses on "smart growth" in Ohio.

It accomplishes its mission by actively promoting public policies that encourage economic growth and improve quality of life through intelligent land use. Greater Ohio was created five years ago as a campaign to inform --through research, education and grassroots organizing -- residents and elected officials about the important role that smart growth policies can play in making Ohio a more prosperous place to live.

Greater Ohio believes that the farming community has a strong interest in maintaining and revitalizing Ohio's cities as a way to preserve their way of life. As the state's "smart growth" organization, it is concerned with growing Ohio's economy and improving our quality of life through intelligent land use. Ensuring that our urban areas are lively places of the highest quality is a primary means to both growing our economy and protecting our agricultural assets.

Greater Ohio has identified four primary drivers of economic activity that must be leveraged to varying degrees if we are to revitalize Ohio's communities: Innovation; Workforce; Quality of Life; and

Infrastructure.¹ These four drivers of economic activity hold surprising relevance to the day-to-day routine of a farmer. In fact, a close inspection reveals the essential interconnectedness between these economic drivers, urban vitality and agricultural success.

Moving our state forward

It is well established that the survival of cities relies on external food sources cultivated by farmers. This creates a mutually beneficial relationship between farmers and cities. Urban areas provide a market for farmers' products; in turn, farmers consume a diversity of goods and services in the urban cores that do not exist in a rural setting, such as healthcare. In addition, attractive and vibrant cities act as critical nodes of population density, which function to limit the expansion of people into the surrounding countryside.

Conversely, unattractive and listless urban areas promote further outmigration of residents into surrounding suburbs and emerging exurbs, which typically consume productive farmland and transform it into low density residential housing. And this is where the four drivers of economic activity are intimately tied to the health and success of the farming community.

Urban areas that provide the best market for farmers' products, the most diverse array of products and services for farmers to use, and limit residential outmigration into surrounding farming communities are those that have strong and active economies. And strong economies are created by leveraging

the aforementioned drivers of economic activity.

For example, places that foster a spirit of innovation and create inventive products and practices attract more economic activity than places that are content with processes of the past. However, it is equally important that the local workforce is adequately trained and educated in order to participate in and take full advantage of emerging and innovative business sectors. Additionally, it is crucial that vibrant cities have sufficient infrastructure and capacity (e.g. transportation, telecommunication and energy distribution) to move goods, ideas and workers quickly and efficiently. Finally, it is essential that these urban areas are (re)developed and maintained in a manner that is physically and aesthetically appealing to ensure the maintenance and potential growth of the population currently residing in the area. Clearly, the four drivers of economic activity profoundly affect the overall quality of urban areas, which in turn, strongly influences the health of the farming community.

Progress in these drivers must be complemented by state and local governments embracing regional collaboration to allow communities to fully leverage their assets and advance prosperity to compete on a national and global scale. We no longer live where we work, live where we shop or even shop where we work. However, our local governmental funding system is predicated on residents conducting economic activity within 5 miles of where they live. In counties over 40 percent of their funding comes from sales tax revenue. Communities cannot fund the overall activity of local governments resulting in severe cuts to essential local services, such as fire and police protection; that is why your local sheriff is taking

¹ Greater Ohio's partner, the Brookings Institution, in its Restoring Prosperity to Ohio Initiative identified these "prosperity drivers" in its national blueprint for prosperity, and Greater Ohio has adopted these for Ohio.

patrol cars off the road - you are shopping in the big city, in some counties up to 60 percent of retail activity for those residents is going on beyond the county borders.

Action items

Below are some key suggestions that the state could implement to incentivize revitalization in our smaller towns and county seats that reflect the four key drivers discussed above.

1. Training and retraining workers in this new economy is going to require state support for our local community colleges. Thought should be given to training that capitalizes on current assets, including various markets for agricultural products, but also for the skills many farmers already have, such as welding.
2. Before companies approach local officials during their site selection process, they usually ask to see the local economic development plan; something rural counties often lack or are outdated. Greater Ohio has developed a proposal that would provide a funding source to aid in the creation of economic development plans for rural communities.
3. Rural Ohio needs the sharing of revenue to ensure that some of the money made in counties where farmers shop gets back to the counties where farmers live to support sheriffs on rural roads and other essential local services.
4. Attractive urban areas are critical for the farm family. Shopping is close by and spouses along with children have off-farm employment within an easy commute. Ohio's Main Street program currently serves 38 communities with Wooster being the longest serving program. This program functions as a local initiative to redevelop attractive downtowns and should be supported by communities that could benefit from this service.
5. The recently enacted Historic Tax Credit for Rehabilitation currently shows a 5 to 1 return for state and local governments. Many of the communities targeted by this program are in rural areas, such as St. Clairsville in Belmont County. By preserving this program, county seats and other urban areas have an incentive to revitalize historic buildings which makes these cities more appealing and may also attract and retain young people.
6. If you want to save farmland, you need to make our cities a more attractive place in which to live. In order to do so, abandoned industrial properties must be cleaned up quickly and programmatic changes at the state level need to be made for this to happen effectively. The Clean Ohio Fund is a tool in the state's tool box that could be used in connection with other state programs.
7. Rural elected officials are expressing concern over the separation between where individuals who need employment live and where suitable job opportunities actually exist. Surprisingly, transit issues in the rural sections of Ohio drive this issue, in addition to business location decisions and other site selection criteria.

Questions:

1. Picture back to a time when your county seat or nearby urban area was vibrant. Describe the qualities that made it prosperous.
 2. Why are young adults leaving our towns today? What has changed from the past to today that causes them to leave?
 3. In light of the changes of our 21st century economy, what do we need to change to make our county seats and urban areas vibrant and vital again?
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Information Sources:

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