<u>Panel of Central Ohio Governments</u> Senate Select Committee on Housing – September 26, 2023

Introduction By: Joe Garrity (MORPC) Mayor Scheffler (City of Lancaster) Councilmember Dorans (City of Columbus) Mayor Kessler & R.C. Wise (Village of Gambier)

Chair Reynolds, Vice Chair Johnson, and members of the Senate Select Committee on Housing, thank you for the opportunity to join with local leaders from Central Ohio to testify on the critical importance of zoning in the development of affordable housing in our communities and the key role that zoning plays in connecting workforce to economic development. My name is Joe Garrity, I am the Senior Director of Government Affairs & Community Relations for the Mid-Ohio Regional Planning Commission (MORPC).

MORPC is a regional planning organization and regional council representing more than 80 local governments and partner organizations across 15 Central Ohio counties. Our communities span urban, suburban, and rural areas, comprising a broad cross-section of Ohioans, and our work encompasses numerous programs and services for our members related to transportation, land use, data, sustainability, and economic and community development. Among those services we have developed a Regional Housing Strategy detailing concrete recommendations for our members to explore, and we provide home weatherization services to low-income families to help them stay housed where they already live.

Ohio holds a wealth of potential, but with these opportunities also come great challenges. Ensuring Ohio remains a vibrant and accessible place to live, work, and raise a family will require us to continue making meaningful investments in our communities, particularly by fostering a climate that encourages affordable housing for our families and workforce that attract employers to locate in our region and throughout Ohio.

Joining me today are Columbus City Councilman Rob Dorans, Village Administrator R.C. Wise of the Village of Gambier, and the Mayor David L. Scheffler from the City of Lancaster. Each of these communities, both large and small, all share the desire to improve their communities with the help of zoning reform and we appreciate the opportunity to explain why zoning reform matters.

With your permission, Chairwoman Reynolds, I'd like turn it over now to the first witness in our "Central Ohio Zoning Panel" – Mayor Scheffler.

<u>I.</u> <u>Testimony of David Scheffler – Mayor of Lancaster</u>

Good morning, my name is David Scheffler and I am the Mayor of the City of Lancaster.

Lancaster, the county seat of Fairfield County, is approximately 30 miles southeast of downtown Columbus. We have a population of over 41,500 residents and are anticipating continued robust growth of workforce moving into the city in the coming years with Intel's announcement of a semiconductor chip complex less than an hour north of my city. We have been visited by several Intel suppliers and anticipate that Lancaster will be chosen as a site for some of these plants.

However, even before the Intel announcement, City of Lancaster officials knew that our zoning ordinances were nearly 25 years old and antiquated. There was a lack of interest from developers in constructing new housing due to the zoning code's density limitations for multi-family projects and restrictions on residential structures taller than 35 feet.

To address these concerns, the City undertook a couple of actions. First, we re-designed our entire zoning code which took approximately one year to complete. It went into effect early this month. Due to our lack of in-house expertise, the City engaged outside consultants to assist us with the zoning reform process.

Secondly, City Council enacted a citywide Community Reinvestment Area (CRA) to allow for real estate tax abatement of up to 100% for 15 years for multi-family developments. Each project must have an affordability component in order to realize the full credit. What we settled on, as a minimum, is that 10% of the housing units have to be affordable for a family earning 60% of Area Median Income (AMI) and 10% of the units must be affordable at 80% AMI, which is the same as the City of Columbus requires for CRA abatements.

These efforts have already yielded benefits as there are currently five or more multi-family housing construction projects in some stage of development under the new rules. Last evening, City Council had first-reading on an ordinance to annex a parcel for a multi-family development. Without the new zoning code and the CRA abatement, these projects would not be happening in my city.

We are proud that the recent steps the City has taken appear to be yielding results to meet the challenges of the housing shortage and will help meet the increased demand for housing that we are expecting in the coming years. The City of Lancaster hopes to serve as a model for other communities around the state and we appreciate the Ohio Senate providing this opportunity to tell our story as you work to find solutions to this statewide challenge.

II. <u>Testimony of Councilmember Dorans – City of Columbus</u>

Good Morning - and thank you Chair Reynolds for the opportunity to speak here today.

My name is Rob Dorans and – in my capacity as a member of Columbus City Council – I am the current Chair of the Council's *Building and Zoning Policy* and *Zoning* committees. This means most everything "zoning related" in the city of Columbus must somehow land on my desk.

It's gotten quite busy these days - and I wish to briefly tell you why.

Our Zoning Code

A lot of us think of Columbus as a "modern city," but the fact is: the base of our zoning code is over 70 years old. I don't think any of you are 70 years old, but if you can maybe stop and think about that with me. Think of how much the world has changed in 70 years. And, now – if you will – think about how much the world might change in the *next* 70 years.

For example, our current zoning code has a 35-foot height build limit across the city. This means, any project over two stories will require an applicant to come before City Council for a height variance. Even with our Department of Building & Zoning Services working at a breakneck pace, this will mean at least 6-18 months of delay before an applicant can put shovels in the ground. A holistic revaluation of our code and zoning districts will allow a more proactive approach to where we believe increased height and housing density makes sense; and remove much of the bureaucratic red tape that comes with a Council variance request which is the primary driver of the 6–18-month delay. As Columbus continues to grow, and our housing needs become even more pressing, we must embrace housing density and not put needless red tape into our development process on a project-by-project basis that results in delay and increasing housing costs.

By taking a proactive approach on reforming our zoning code, we have the opportunity to remove these project-by-project delays caused by rezoning and variance requests. Instead, by engaging with our residents and land use experts, we can make more holistic decisions on where we believe that our community can support more housing development.

This is not some academic exercise, every single year we have thousands of variances and rezoning requests come before City Council. In addition, because of the complexity of the zoning code, most need to hire a lawyer to navigate it. We have over 60 zoning districts in Columbus – which fill the spectrum from rural to manufacturing. Because of this reality, we have less diversity in development as smaller housing providers may not have the means to hire a lawyer to go through this lengthy process.

Given these hurdles, one can see why housing development has not matched our population growth.

Last year, 15,000 new jobs were created in Columbus. We are proud of that and are excited about the continued growth of our city. Unfortunately, only 6,000 new housing units appeared during that same time. According to a recent study by the Building Industry Association of Central Ohio, we are now 54,000 housing units short of the demand and nearly every year we are losing ground. This is not more complicated than the basic economic theory of supply and demand. Here in Columbus, there is surging demand for housing, and the supply is no where near matching that demand.

We know we **must** do something about this if we want Columbus to continue to be a thriving Midwestern city.

A Proposed Solution

In response to this demand increase, approximately one year ago, the city began what some of you may have heard as the "ZoneIn Initiative." The goal was to look at this 70-year-old code and – big picture – see "what is incentivizing growth and what is hampering growth?" This is an ongoing process, and we are trying to be very transparent with our residents during this process. We've held numerous townhall

meetings with a variety of constituencies across Columbus. I've been excited by the response of many of our residents that are hungry for change.

We have also been working with experts in the area of Zoning Law. And, time will tell where we ultimately land. However, to give you a little update on conversations that have occurred, I want to share that I don't think anyone is proposing to change the code so that anyone can come in and just build a 10-story high building anywhere. But, we do need to strategically look at *where* in the city adding height and density may make sense. An example of this appears along the transportation corridors. Building higher and denser in areas where we're planning to develop bus rapid transit with the Central Ohio Transit Authority will link people to grocery stores, jobs, and necessities. And, it makes for more efficient transit routes – which also saves time and taxpayer dollars.

There are also many places where storefronts sit empty, but floors above them are filled. Why? Because of old law impacting commercial zoning on first floors. We need to look closely and see – is this something we need to keep across the board?

A final example deals with the reality that we are losing once beautiful historic buildings due to parking minimums. It's cheaper for many to tear them down and rebuild than it is to deal with a parking variance. Perhaps, that doesn't make sense. We are looking at it closely.

Conclusion

I wish to be respectful of your time, but I hope my testimony has helped convey to you – in a more concrete way – some of the realities we are faced with as regarding zoning codes. There is a lot that goes into reviewing them, but I am optimistic that this zoning reform process will reap immense benefits for the City of Columbus – and all of us in Central Ohio.

I'm happy to answer any questions you may have.

III. <u>Testimony of Mayor Kessler and RC Wise (Gambier)</u>

Good Morning, it's a pleasure to join you all today. My name is R.C. Wise, and I am the Village Administrator for the Village of Gambier.

By way of background for those who may not know, Gambier is a village located in Knox County about an hour northeast of the Ohio Statehouse. In the 2020 Census, our population count was 2,213. Kenyon College is located in Gambier - and the college's Middle Path serves at the village's main pedestrian artery. Faculty, students, and other Gambier residents get to know each other as citizens of this unique community.

Housing is one of those perennial national issues often discussed in abstract terms related to social and economic justice and impact but is best understood at the local level where nuance and complexity can be observed and addressed. Here in Gambier, we face unique forces driving the desirability, cost, and difficulty in acquiring living space and the solutions require not just broad national and statewide decisions but the input and buy-in from local partners.

Gambier being the home of Kenyon College means that there is a constant demand for housing by both faculty and staff who want to be close to where they work and a culture that assumes a level of community engagement along with the duties required by the positions. In addition, many graduates and retired faculty and staff remain in Gambier or return which leads to increased demand. More recently we've also seen non-residents purchasing properties to use as second homes, vacation properties, short term rentals, and investment vehicles. This last category has caused concern from both full-time residents and those who desire to live full-time in the village.

Compounding some of these concerns is the difficulty in building new or denser housing options. The college is the largest landowner and has recently prioritized increasing student housing over providing housing for faculty and staff although historically they have done so with the McIlvaine apartments. In the last decade, Gambier has seen more housing lost either to college construction projects or being repurposed as student or activity space without further building to replace them. Private individuals have built a handful of new homes but not at a replacement level.

To address these concerns, Gambier in partnership with the Knox County Foundation put together a Strategic Plan and subsequently began a process of updating the Zoning Code. The new code which was adopted in May of 2023 loosened restrictions on the type of housing that can be built with a particular interest in allowing multi-family housing, courtyard style apartments, mixed-use housing, etc. It also addressed short-term rentals and limited the ability of both residents and non-residents to take up our limited housing stock with these sorts of properties.

I know these changes may not seem like a big deal to big towns, but we are trying incrementally to increase density in a town that is largely land-locked by design. We are proud of the work that went into these changes, and we are hopeful that they will allow our village to thrive well into the next century and beyond.

Going forward, the village would like to encourage investment and development and would also welcome state and national resources to help with that encouragement. One controversial area that has been explored is the state limiting local control to handle density and housing issues or local ability to regulate short-term-rentals and we urge caution in overriding Ohio's history of home rule. Top-down approaches, while popular in the abstract, can cause unnecessary confusion and fail to address local concerns particularly if they fail to secure local, on-the-ground support.

If we can assist this committee – or other municipalities struggling to find zoning reform options that allow them to address their role in combating the very real housing shortage – we are happy to serve as an example and resource of what can be done. Thank you for your time.

[End of Panel Testimony.]