

Economic Development Committee Minutes

Honorable Council
City of Newark, Ohio
May 7, 2024

The Economic Development Committee met in Council Chambers on May 6, 2024 with these members in attendance:

Bill Cost Jr. - Chair
Michael Houser – Vice Chair
Jonathan Lang
Mark Labutis
Bradley Chute sitting in for Dustin Neely

We wish to report:

1. **Resolution No. 24-50** A RESOLUTION REVISING AND DESCRIBING THE BOUNDARIES OF “THE FLATS COMMUNITY REINVESTMENT AREA NO. 6” IN NEWARK, OHIO.

Mark Mauter, Director of Development – Thank you, Mr. Chairman. Good evening. What we are doing this evening is amending the resolution that created the CRA here recently on the north end of town. Within the CRA, there have to be established boundaries that are created by a map. When this is created, and voted on and approved, CRA is in effect. It was later discovered by the Thomas J. Evans Foundation that four of their properties were contained within the CRA. Their four properties have always been their intention to be used for educational and recreational projects. That being said, there is no anticipation that there is going to be any residential or commercial development that will take place on those properties. If that’s the case, there is no need for a tax abatement which a CRA (inaudible). The other thing is, the type of projects that would use is the public projects, and those would be non-taxable anyway. So, they asked us to remove those properties from the CRA. That’s what this is accomplishing here. Now the other part of the CRA, because it involves casting a net if you will, over an area of a number of properties, which there has to be residential properties included within a CRA. In the CRA language of a housing survey that companies (inaudible), the words blighted and dilapidated are used within that housing survey document. Councilman Lang, Councilman Marmie have received calls from people who were somewhat concerned their properties were being included or mentioned within legislation that mentioned blighted and dilapidated properties. Now, in real life the way it works, because you did create a map area you’re going to have both properties that are well maintained, and some that are not maintained. That’s just the nature of how this occurs. But, because there was concern, we addressed that and

we removed the photographs that were in the CRA housing survey. People's property pictures were removed from that document. We also eliminated any language that referred to blighted and dilapidated properties. So, I think we amended this resolution for the CRA number 6 to meet the concerns that were brought up since it's been voted on and created. That's where we are today. In closing, I'll say tax abatements are extremely good economic development tools for the property owners. I think the Evans Foundation was kind of an exception. Certainly not the rule. We wanted to make sure we got that through.

Mr. Lang – I just wanted to speak to the specifics about the removal of references to blighted and dilapidated. I think some of the concern was perhaps the mischaracterization that that was a requirement of the CRA to begin with. My understanding is that you don't have to have dilapidated and blighted, however you want to describe it. There's no requirement for type of properties that are contained within the CRA. You just need to designate an area that includes residential.

Director Mauter – You certainly need to designate the area. I got an attorney to help grasp the legislation for us. Chris, can you speak to that?

Chris Conley, Taft Law Office – You are correct. There are such rules where there is a "blight" requirement. You have to make a finding of blight, which is a pretty stringent standard. There are programs that require it. There is a very statutory process for declaring something "blight". That is not required here. It was arguably a little misleading to have that in the housing survey. It was obviously read in a way that was not intended to apply for specific properties. You are correct. There's no legal requirement to be defined as blight.

Rochelle Volen-Smith – I would suggest for the property where North Elementary School had been, which is a school zone, perhaps can be an indoor building that can be like a community center.

Mr. Marmie – As I indicated to Director Mauter, since this already passed and CRA was created and we're making an exception to the Evans Foundation, I don't know if they could have done derestriction to get what they want. Where it's only used for certain uses vs. having to make us reverse this. All I want to do is make sure that everybody on the committee and council realize that if we make this exception, if another property owner comes to us and requests the same thing, we should oblige them as well. We would be opening a door for that if that does happen down the road. Will they, don't know. Here's the other thing, there's not a requirement for notification in a CRA. We go through our process here, which I understand, but requirements are minimum standards. That doesn't mean we can't exceed them. So, my recommendation, especially once the Evans Foundation say then we should possibly go above and beyond sometimes and give that notification. I think there was a lot of miscommunication with this one. The CRA that's happening in the downtown area, there's business owners. It's a little bit different. Everybody has been involved a little bit more. Where a lot of residences up in that area, they're not in tune. And so maybe we have to look at some kind of notification process that we could at least tell them that we're going to be discussing it. I will be in support if another property owner comes and requests they be removed. I'm going to have to oblige because we want to be consistent. Property owner

rights are something we have to be consistent. If we're allowing it for one, then we should allow it for another.

Director Mauter – Yes, Councilman, I agree with you. The comments. I think you all do a wonderful job of being fair, impartial, and consistent in your duties here. What I do want to make sure is very, very clear is a community reinvestment is a tax abatement. It's hard to think of a situation where it would not be a benefit to a property owner. For example, you put in a three-car garage, put a room addition on, your taxes would increase due to those improvements. In this case, the CRA is going to abate those for probably 15 years on a new construction project. As I mentioned in an email, CRA tax abatements are such a great benefit. The City of Columbus City Council recently created legislation for the entire city of Columbus to CRA tax abatement area. That tells you how popular they are. Councilman, I agree with you being fair and impartial. Consistency is extremely important. Thank you.

Mr. Chute – To follow up, on Councilman Marmie's logic, this exception is because the Evans Foundation is already tax exempt, correct? The abatement does not have an effect on them?

Director Mauter – The tax exemption, I believe, would come with the title project.

Mr. Chute – How does this affect them practically? Do they just prefer not to be a part of it, or is there a practical implication for them? It's somewhat redundant. Is there another concern?

Director Mauter – There are Liberty, Legend schools. Evans Athletic facility. The ground of the property that is in this, is flat, it's in a very desirable location, it has all the city infrastructure, water, sewer. In my opinion, it would be the ideal property for an investor or developer. Because of that, and because investors and developers are always looking for opportunities, and one of them is the CRA tax abatement. It's a great property benefit. That put those properties on all the developers'/investors' radar, and they were called in to the Evans Foundation. They were getting unsolicited calls on that very desirable piece of property. That was an ancillary reason.

Mr. Houser – Is there any possible way this is a negative to the property owners?

Director Mauter – Not that I'm aware of.

Mr. Lang – I think we did see a scenario where somebody was getting a lot of phone calls. I think there is a lot of interest in the city given everything moving west from Intel, so I think people are already getting a lot of phone calls. I could see people not being happy with the increase of calls. I think at the end of the day, it was a lesson learned for us when it comes to a CRA. We may need to give some consideration to a charitable foundation like the Evans Foundation, and what property owners are within this that have no desire for their property to be used for commercial/ residential use. And consider at least notifying them of the option to opt out, and so they don't get the phone calls they started getting. Personally, I think there was oversight on all our parts. I'll apologize for my part to the Evans Foundation. I know it's been a pain in their butt. I'm in favor of moving this forward so we can them removed. I also agree with Councilman Marmie. If there are others that want to opt out for some reason, we would need to be consistent there.

Motion to send to full Council by Mr. Lang, Second by Mr. Houser. Passed 5-0.

Economic Development Committee stands adjourned

Bill Cost Jr., Chair