

COUNCIL OF THE WHOLE MINUTES

Topic: Downtown Redevelopment Districts

October 10th, 2022

President Mazur opened the meeting, noted the topic of Downtown Redevelopment Districts (DRDs), and ceded the floor to Seth Baker, Chief Executive Officer of the Van Wert County Foundation (VWCF).

Baker introduced DRDs as a topic that the VWCF has been working on to help pay for future improvements for the Van Wert Forward (VWF) project, as well as any additional future projects. To that end, Baker introduced Nate Green of the Montrose Group LLC to further discuss this idea.

Green provided his background with the Montrose Group, and noted their work in other DRDs in the state. He explained DRDs as a mechanism that is, in some ways, similar to Tax Increment Financing (TIF) districts. In a DRD, as buildings are invested in and improved upon, and property values increase, then 70% of the increase in property taxes is taken and redirected to future investments and projects. It was noted that a DRD can last anywhere from 0 years to 30 years. It was also explained that DRDs are based in recognized historic districts, so for Van Wert, that would be the Van Wert Historic District recognized by the National Register.

Green also covered the uses of the DRD funds, which are typically used for public infrastructure. The goal for any DRD, according to Green, is to invest in buildings in a community, and then reinvest the funds from increased property taxes to further improve additional areas of the community for public use. Green then went into more detail on the DRD revenue generation process, and the size limits of DRDs.

Specifically for Van Wert, Green provided Council with a map of 6 potential DRD locations in the city's Historic District. It was noted that DRDs cannot exceed 10 acres in size, but there is no limit to the number of districts a city can have. The proposed areas for DRDs include buildings the VWCF owns and buildings the VWCF does not own. Green said it is projected that investments of \$93 million in these areas could generate an additional \$33.84 million in new tax revenues over 30 years.

Further explaining the process, Green stated that DRDs require the approval of school districts first, and he noted they have already met once with the superintendent of Van Wert City Schools, and have a second meeting scheduled. If the school district approves, then it moves to Council to approve. DRDs are a function of city government, according to Green, and not county or township governments. DRDs are enacted by legislation, which requires a public hearing to be held 30 days prior to the potential passage of any legislation. Additionally, notices are required to be provided to any property owners in a DRD, as well as public notice in the local media.

An economic development plan is also required for DRDs, and that plan must be made available to the public. This plan would be an account of how things would be managed and mapped out, as well as how the city receives and distributes these funds, per legislative agreement with the VWCF. Green then provided a brief description of the VWCF's current ideas on public improvements - \$8.5 million in total improvements - should this proceed.

The meeting then opened for questions from Council. Markward asked if a separate DRD fund would need to be created, or if Council approved funds. Green stated that state law puts this question into City Council's hands, but typically Councils appoint an operating committee that can check agreements and delegate funds. Markward also asked if the 70% in property tax increases going to the DRD funds would impact property values. Green stated this would not negatively impact property values.

Mazur asked if property taxes go to the county, even though the county isn't part of the process. Green confirmed the county isn't part of the process, but that property taxes would still go to the county, who would then send the DRD funds back to the city to be distributed. It was explained again that this was only 70% of property tax increases, so for example, if there was \$100 in property tax increase, then 70% goes to the DRD and 30% goes to where it would normally otherwise go.

Moving to questions from the public, Rick Sully, 444 South Ave., asked why his taxes should go to "bail out the foundation". Green stated that Sully's taxes wouldn't increase, and that DRDs only use monies from property tax increases of the buildings that are improved in a DRD. Sully asked how many grants the VWCF has received. Baker stated that the VWCF has applied for multiple historic tax credits, and have also applied for a Jobs Ohio Grant and a Paul Bunn grant from the state. Baker also explained that those grants are primarily used for private infrastructure, but that the DRD is for public infrastructure. Baker then detailed some of the public improvements they would target with DRD investments.

Baker continued that DRDs are a funding mechanism to help with some of the projects in the VWF downtown plan, parking issues within the city, and other public infrastructure. He reiterated that the point of DRDs is to serve public benefit, not the private infrastructure of the project.

Mark Davis, 402 S. Tyler St., clarified with Baker that the public aspects of the project would be the ones targeted with the DRD funds, and not private investment in buildings. He also asked whether it would be the operating committee, not the Foundation, that would designate where DRD funds would go. This was confirmed, although noted that Council could designate and form a new operating committee, or designate an existing committee as well.

Davis further asked, in order to clarify, whether the operating committee could designate that money to go toward major work, similar to the project that the VWCF had already asked for the city to fund (and subsequently table) recently. It was stated that it could, and also noted again that DRD funds can be used to address any public infrastructure work needed.

Matthew Perry, 245 W. 3rd St., asked if the eventual request from the city, in terms of funding to help the VWF project, could be close to the \$8.5 million number that was mentioned earlier in the meeting. Baker clarified that issue, noting that the \$8.5 million that had been discussed earlier was the total cost of some of the initial projects they would target with the DRD money, if that process was passed. It was not a total that they were requesting from the city. Baker also explained that the DRD districts don't represent phases of the VWF project, but instead are just DRD areas. He stated that they could "activate" DRDs and address projects within a single DRD first, and then activate others later, but the DRDs were different from the VWF phases.

Joe Jared, 113 W. Main St. & 233 Burt St., asked that the building his business was located in be excluded from any DRD. Green acknowledged Mr. Jared on that request, and thanked him for his input.

Markward asked if the revenue from a single district could be spent across all districts, or had to be reallocated within that district. Green explained that state law was "gray" (not specific) on this point, and that the Council would need to decide in their own legislation whether to be "ok" with spreading the funds across all districts, or mandating that it stay within a single district. Baker stated that the VWCF was working under the assumption that any DRD monies would be used across the entire Historic District. Hatcher noted this could be specifically worded and put into any city legislation.

Kevin Allen, 245 W. 3rd St., asked about the entirety of the VWF project, and what the total cost would be to the city. Green followed up by reiterating that DRDs do not cost the city anything, nor would it cost the taxpayers anything additional. He reiterated that the property value of buildings that are improved must increase in order for any money to be generated from a DRD. Hall Block, Property Manager for the VWCF, added that they do not have a complete number at this time, but they are still in the process of working on that figure.

Davis (4th Ward) gave another example for the public. He stated that if Building A initially had a \$10 million evaluation, but is invested in and improved, which results in a property tax increase, then 70% of that increase in property taxes would go to DRD funds. If the building doesn't increase in property values and property taxes, then no money is generated.

Mr. Sully opined that the city has been "dead" for 20 years, and asked what businesses would be brought in to help the community. He asked what plans are currently in place, or the numbers of units planned, to help with this.

Baker and Block stated that they have 36 residential units and 12 commercial units in the Phase 1 portion of the VWF project. They stated their goal behind the private portion of the project is to make the buildings economic generators for the city in terms of attracting tenants, restaurants, retail, etc. The DRD can then help generate additional investment and activity in the districts. Additionally, new market tax credits can help to “reset the market” and “reactivate the downtown”. Mazur followed up by stating that more businesses means more employment, which then increases tax income, which is then used to increase services for the public. If these investments aren’t made, and the buildings are allowed to continue to depreciate, then that decreases property value over time, and leads to less service and improvements for the public.

Davis (4th Ward) explained that, in his mind, the worst possible scenario is that the VWCF puts money into the buildings, and it only serves to “resolidify” the buildings so they don’t fall down and collapse like the Home Guard building. That “worst case scenario”, he continued, is still a good outcome. And he believed the ultimate outcome will be much more positive than that scenario.

Bowers stated that she has discussed building investments with different people over the years, and noted that those people state they have a tenant - residential or commercial - lined up for the building before renovation is complete. She asked Baker and Block whether the VWCF has anything currently lined up. Block stated that a third of the commercial units are already leased, and they are working on their strategy and marketing for the other units across all phases. He also stated that everyone they have worked with - architects, engineers, etc. - have stated that the time to have things lined up for residential pre-leasing is in the 3 to 4 months ahead of the finish of a project, as this is when most groups will be looking for their next location.

Moore stated that, as a business person herself, she is excited for this project and the future of Van Wert. She stated that improvements and projects, like the VWF project and the DRD concept, are needed in order to bring new business to Van Wert, and get young people to come in, or stay, around Van Wert.

Mazur adjourned the meeting at 6:28 p.m.


Clerk of Council
Andrew Bittner


Council President
Gerald T. Mazur

10/24/2022

Date