

ORDINANCE 18-16

AN ORDINANCE IMPLEMENTING SECTIONS 3735.65 THROUGH 3735.70 OF THE OHIO REVISED CODE, ESTABLISHING AND DESCRIBING THE BOUNDARIES OF A COMMUNITY REINVESTMENT AREA IN THE CITY OF PORT CLINTON, OHIO, DESIGNATING A HOUSING OFFICER TO ADMINISTER THE PROGRAM, AND CREATING A COMMUNITY REINVESTMENT HOUSING COUNCIL AND A TAX INCENTIVE REVIEW COUNCIL.

WHEREAS, the council of the City of Port Clinton (hereinafter "Council") desires to pursue all reasonable and legitimate incentive measures to assist and encourage development in specific areas of the City of Port Clinton that have not enjoyed reinvestment from remodeling or new construction;

WHEREAS, as required by Ohio Revised Code (ORC) Section 3735.66, a survey of housing, a copy of which is attached hereto as Exhibit A, and is also on file in the office of the Port Clinton City Auditor (the "Survey"), has been prepared for the area to be included in the proposed Community Reinvestment Area (the "CRA");

WHEREAS, the maintenance of existing and construction of new structures in such area would serve to encourage economic stability, maintain real property values, and generate new employment opportunities; and

WHEREAS, the remodeling of existing structures or the construction of new structures in this Community Reinvestment Area constitutes a public purpose for which real property exemptions may be granted, and

WHEREAS, The Survey shows the facts and conditions related to existing residential facilities and undeveloped lands in the CRA, including, among other things, evidence of deterioration and lack of new constructions or repair or rehabilitation of substantial portions of the CRA, and

WHEREAS, this Council finds and determines that the findings of the Survey should be and hereby are incorporated into this Ordinance.

NOW THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PORT CLINTON, OTTAWA COUNTY, OHIO, THAT:

Section 1: The area designated as the Port Clinton Downtown Community Reinvestment Area constitutes an area in which housing facilities or structures of historical significance are located, and in which new construction or repair of existing facilities has been discouraged:

Section 2: Pursuant to ORC Section 3735.66, the Port Clinton Downtown Community Reinvestment Area, is hereby established in the following described area:

- A. The South boundary line is the northerly right-of-way of the Norfolk and Southern Railroad Property running through the city.
- B. The East boundary line is the centerline of Adams Street extended from its point of intersection with the South boundary line north to the centerline of Perry Street, thence

west in the centerline of Perry Street to its point of intersection with the centerline of Jefferson Street, thence due north to Lake Erie.

- C. The West boundary line is the centerline of Jackson Street, extended from a point of intersection with the South boundary line north to the centerline of the Portage River, thence westerly in the centerline of the Portage River to the point where it intersects the currently established west City corporation line, thence north following the contours of the west City corporation line to the shore of Lake Erie.
- D. The North boundary line is the shoreline of Lake Erie running from the point where the West boundary line intersects the shore of Lake Erie, to the point where the East boundary line intersects the shore of Lake Erie.

The Community Reinvestment Area is approximately depicted as the crosshatched area on the map attached to this Ordinance (see Exhibit B) and by this reference incorporated herein.

Only residential, commercial and/or industrial properties consistent with the applicable zoning regulations within the designated Community Reinvestment Area will be eligible for exemptions under this Program.

Section 3: All properties identified in Exhibit B as being within the designated Community Reinvestment Area are eligible for this incentive. This proposal is a public/private partnership intended to promote and expand conforming uses in the designated area. As part of the project, the City of Port Clinton intends to undertake supporting public improvements in the designated area.

Section 4: Within the Community Reinvestment Area, the percentage of the tax exemption on the increase in the assessed valuation resulting from improvements to commercial and industrial real property and the term of those exemptions shall be negotiated on a case-by-case basis in advance of construction or remodeling occurring according to the rules outlined in the ORC Section 3765.67. The results of the negotiation as approved by this Council will be set in writing in a Community Reinvestment Area Agreement as outlined in ORC Section 3735.671. For residential property, a tax exemption on the increase in the assessed valuation resulting from the improvements as described in ORC Section 3735.67 shall be granted upon application by the property owner and certification thereof by the designated Housing Officer for the following periods.

- a. Ten (10) years, for the remodeling of every residential dwelling unit containing not more than two housing units and upon which the cost of remodeling is at least \$2,500, as described in ORC Section 3735.67, and with such exemption being one-hundred percent (100 %) for each of the ten (10) years.
- b. Ten (10) years, for the remodeling of every residential dwelling unit containing two or more housing units and upon which the cost of remodeling is at least \$5,000, as described in ORC Section 3735.67, and with such exemption being one-hundred percent (100 %) for each of the ten (10) years.
- c. Up to, and including, ten (10) years, and up to, and including, one-hundred percent (100%) for the remodeling of existing commercial and industrial facilities and upon which the cost of remodeling is at least \$5,000, as described in ORC Section 3735.67, the term and percentage of which shall be negotiated on a case-by-case basis in advance of remodeling occurring.
- d. Up to, and including, fifteen (15) years, and up to, and including, up to one-hundred percent (100%) for the construction of new commercial or industrial facilities, the term and

percentage of which shall be negotiated on a case-by-case basis in advance of construction occurring.

If remodeling qualifies for an exemption, during the period of the exemption, the exempted percentage of the dollar amount of the increase in market value of the structure shall be exempt from real property taxation. If new construction qualifies for an exemption, during the period of the exemption the exempted percentage of the structure shall not be considered to be an improvement on the land on which it is located for the purpose of real property taxation.

Section 5: All commercial and industrial projects are required to comply with the state application fee requirements of ORC Section 3735.672(C) and the local annual monitoring fee of one percent of the amount of taxes exempted under the agreement - a minimum of \$500 up to a maximum of \$2500 annually unless waived.

Section 6: To administer and implement the provisions of this Ordinance, the City Zoning Inspector is designated as the Housing Officer as described in Sections 3735.65 through 3735.70.

Section 7: That a “Community Reinvestment Area Housing Council” (the “Housing Council”) shall be created, consisting of two members appointed by the Mayor of Port Clinton, two members appointed by the Council of the City of Port Clinton, and one member appointed by the Planning Commission of Port Clinton. The majority of the members shall then appoint two additional members who shall be residents within the CRA. Terms of the members of the Housing Council shall be for three years. An unexpired term resulting from a vacancy in the Housing Council shall be filled in the same manner as the initial appointment was made. The Housing Council shall make an annual inspection of the properties within the district for which an exemption has been granted under Section 3735.67 of the ORC. The Housing Council shall also hear appeals under Section 3735.70 of the ORC.

A Tax Incentive Review Council (“TIRC) shall be established pursuant to ORC Section 5709.85 and shall consist of three representatives appointed by the Board of Ottawa County Commissioners, two representatives of the City of Port Clinton, appointed by the Mayor of Port Clinton with the concurrence of the Council, the county auditor, or his/her designee and a representative of each affected Board of Education. At least two members of the TIRC must be residents of the City of Port Clinton. The TIRC shall review annually the compliance of all agreements involving the granting of exemptions for commercial or industrial real property improvements under Section 3735.671, of the ORC and make written recommendations to the City Council as to continuing, modifying or terminating said agreement based upon the performance of the agreement.

Section 8: The City Council reserves the right to re-evaluate the designation of the Port Clinton Downtown Community Reinvestment Area annually, at which time the City Council may direct the Housing Officer not to accept any new applications for exemptions as described in Section 3735.67 of the ORC.

Section 9: The Mayor of the City of Port Clinton is hereby directed and authorized to petition the Director of the Ohio Development Services Agency to confirm the findings contained within this Ordinance.

Section 10. A copy of this Ordinance shall be forwarded to the Ottawa County Auditor, and a copy of this Ordinance shall also be published in a newspaper of general circulation in the City once a week for two consecutive weeks, or as provided in Section 7.16 of the Revised Code, immediately following its passage.

Section 11: The Council hereby finds and determines that all formal actions of this Council and of any of its committees concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council, that all deliberations of this Council and of its committees, if any, which resulted in formal action were taken in meetings open to the public, in full compliance with the applicable legal requirements, including Section 121.22 of the ORC.

Section 12: That this ordinance shall take effect and be in full force from and after the earliest period allowed by law and upon confirmation by the Director of the Ohio Development Services Agency of the findings in this Ordinance

Passed: _____, 2016

President of Council

Attest: _____
Clerk of Council

Approved: _____, 2016

Mayor

EXHIBIT A



City of Port Clinton
Community Reinvestment Area
Housing Survey

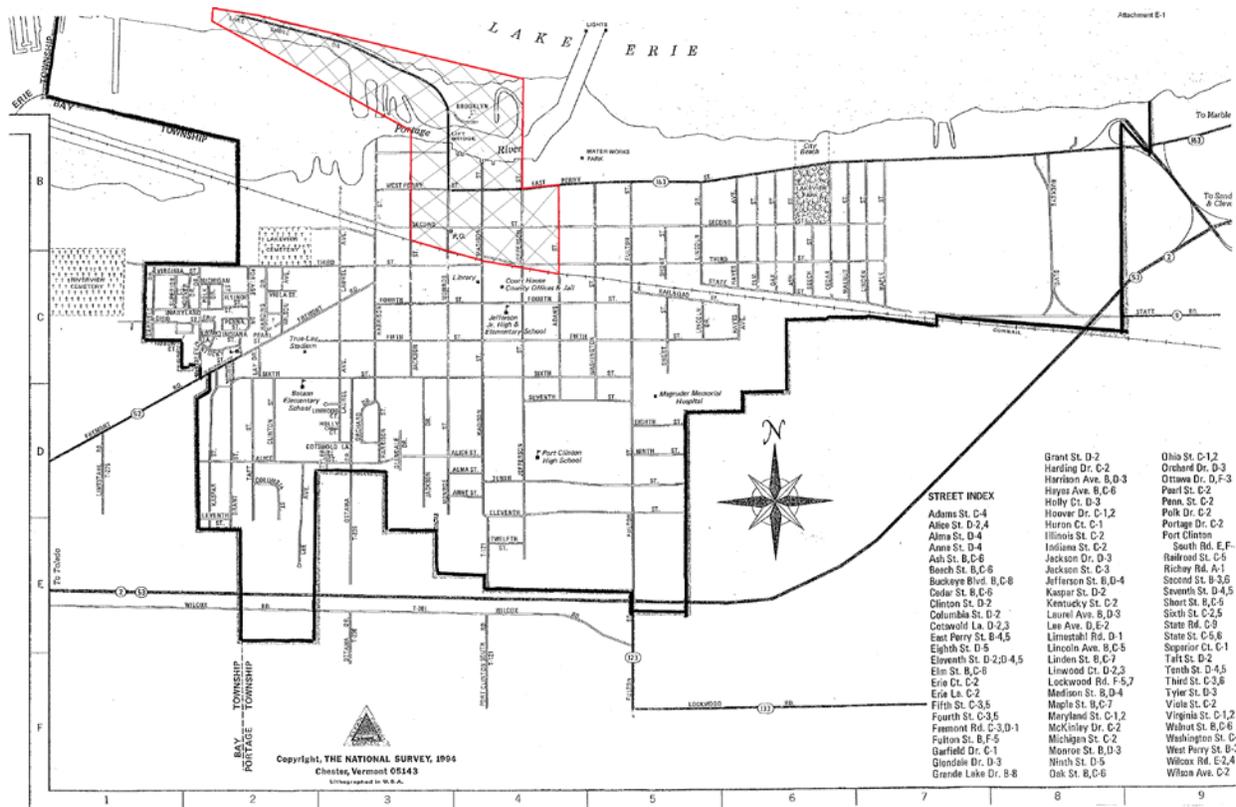
Prepared by: Cole D. Hatfield, Auditor

June 2016

Purpose and Scope

The purpose of this report is to determine whether the area shown in *Figure 1* should be designated as a community Reinvestment Area (CRA) as defined by the Ohio Revised Code (ORC) Sections 3735.65-3735.70. The survey and proposed CRA area is entirely made up of both commercial and residential properties, and incorporates the Port Clinton Downtown Area. Within this area there are 348 total properties. In order to meet the CRA criteria for eligibility, the area must consist of "housing facilities or structures of historical significance are located and new housing construction and repair of existing facilities or structures are discouraged." By establishing a CRA program, the City of Port Clinton, would be better able to encourage development and improvement throughout the community.

Figure 1: City of Port Clinton, Proposed Community Reinvestment Area



City of Port Clinton Characteristics

The City of Port Clinton, with a current population of 6,033, was established in 1828 and covers 2.28 square miles. The city was established as a Lake Erie community and is approximately 47 miles east of Toledo, Ohio and 78 miles west of Cleveland, Ohio. It is a primarily residential community with an older core of retail and office. The City is within the Port Clinton City School District.

Port Clinton is a community of modest homes that is suffering the fate of many small rural based communities in Ohio with loss of revenues, increasing city expenses, and declining rates of home ownership. During the long-range planning process, Port Clinton indentified economic redevelopment as a key goal. Several strategies have been implemented including infrastructure improvements and complete renovations of the Port Clinton Downtown area.

General Demographic Characteristics

The best indicators to use to describe and identify past conditions and trends in the community are the demographic and socio-economic characteristics provided by the Census Bureau. The following statistical information unless noted, was derived from the 2010 census reports published by the U.S. Census Bureau. Errors in the data are possible based on the way census data is collected. Much of the data presented in the report is based on sample data and not 100% reported data, therefore sampling errors may occur. These discrepancies do not negate the usefulness of the census data to conduct the analysis.

Population

The City of Port Clinton's population is on a decline. The following population changes have occurred.

Table 1. Population Change from 2000 - 2010	
Total Population	City of Port Clinton
2010	6,051
2009	6,127
2008	6,143
2007	6,200
2006	6,234
2005	6,281
2004	6,303
2003	6,305
2002	6,302
2001	6,340
2000	6,385

The population has declined 5.23% according to the latest census data. Estimates indicated that the population has decreased an additional 1.60% from 2010 to 2015, with the latest population estimate being 5,957.

According to the 2010 U.S. Census, the percentage of Port Clinton residents over the age of 60 years is 17.6%, under the age of 5 years is 5.8%, and under the age of 18 years is 22.1%. The median age of Port Clinton residents has increased from 37.3 years in 1990, to 39.3 years in 2000, to 41.5 years in 2010. This increase is consistent with the national trend of baby boomers growing older. Approximately 68.4% of the City's total population is over the age of 35. Because of the large and growing elder population in residents, the City will have a further stressor thrust upon it. The local government which is already facing increasing financial challenges will be facing even greater challenges in the future due to the physical and social environments as well as services to support the needs of older adults.

The City of Port Clinton knows that by creating an incentive for entrepreneurs to build and renovate the housing stock, the City will be able to meet the needs of the booming aging population when the time comes.

Social Characteristics

The most recent median income in the City of Port Clinton is \$46,529.00. The income is below Ottawa County's average of \$53,599.00. 13.5% of the entire community population is considered Low to Moderate Income households.

Table 2. Social Characteristics	Port Clinton	Ottawa County
Median Age	41.5	46.3
Education Attainment: % High School Grad of Higher	90.3%	92.3%
Median Household Income	\$46,529.00	\$53,599.00
Individuals Below Poverty Level	13.5%	10.1%

City of Port Clinton Housing Stock Characteristics

The proposed CRA contains housing stock that is in need of considerable repair. In some instances, demolition and redevelopment may be the most appropriate. According to the 2010 U.S. Census, there are 96 housing units within the proposed Community Reinvestment Area.

The U.S. Census Bureau does not normally report on the exterior physical condition of housing structures. The City of Port Clinton had a study conducted by the Main Street Port Clinton and Port Clinton Chamber of Commerce to assess housing conditions throughout the Village.

Findings of the study concluded that some 70 commercial and residential properties scattered throughout the proposed Community Reinvestment Area were in need of roof, exterior wall, window/door, and ground repair needs. A second study was done and approximately 25 properties were identified as needing additional exterior wall, garage, porch/step, and grounds repair.

Over half of Port Clinton's properties, within the proposed Community Reinvestment Area, were constructed prior to 1950 and only 3.4 percent has been built since 1980. With such limited space, Port Clinton is essentially built out, with aging infrastructure, and a diminishing tax structure.

Age of Property Stock

Age of housing stock is useful measure of potential historical significance as well as if new construction has been 'discouraged.' Approximately, 56.7% of properties built within the proposed Community Reinvestment Area were built between 1930 and 1959 (with the majority 20.4% being between 1950 and 1959). Below is a table showing the comparison of the City property-building by year, followed by a table indicating the property occupancy rates for the Community Reinvestment Area.

Table 3. Property Aging	Port Clinton	
	Number	Percent
Total Housing Units	348	
2010 or later	0	0.0%
2000 to 2009	0	0.0%
1990 to 1999	7	2.0%
1980 to 1989	5	1.4%
1970 to 1979	31	8.9%
1960 to 1969	37	10.6%
1950 to 1959	71	20.4%
1940 to 1949	49	14.1%
1939 or earlier	148	42.5%

Table 4. Occupancy Rates	Port Clinton	
	Number	Percent
Total Properties	348	
Occupied Units	310	89.1%
-Owner-Occupied	145	46.7%
-Renter-Occupied	165	53.3%
Vacant Units	38	10.9%

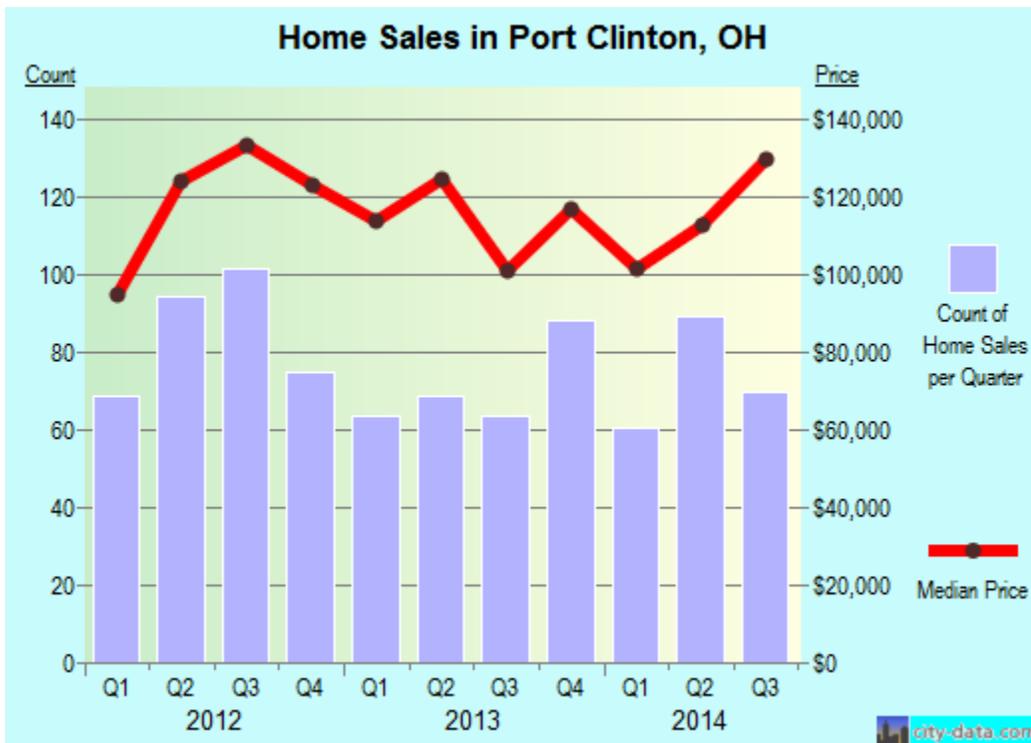
Property Stock Values

The medial value of owner occupied housing unit is \$133,300.00. In order for the City to maintain the housing value there needs to be new construction and renovation of properties in the proposed Community Reinvestment Area.

Port Clinton Property Market

Property sales have been active over the last decade generally ranging between \$95,000 and \$130,000 per unit. With the market struggling since 2008, Port Clinton has experienced a substantial number of foreclosures.

Property Sales in Port Clinton 2012 – 2014



Commercial Opportunities

The City of Port Clinton is in close proximity to larger communities that have grown considerably in recent years however; the City has not experienced that substantial development. Although the community reinvestment program is not a traditional economic development tool, the City of Port Clinton believes that creating incentives for business development and expansion will facilitate growth and improve the marketability of the City to enable it to compete for jobs with many of the smaller communities in the region. The City of Port Clinton has set the following goals that are in line with the CRA proposal:

- 1) Create opportunity for new, quality commercial office/industrial developments within the City and redevelopment of underutilized and marginal land and buildings;
- 2) Work to retain existing businesses and promote the strategic regional and location advantages of the City for future quality developments;
- 3) Identify opportunities to maintain and expand the City's tax base and reduce the burden on existing homeowners;
- 4) Attract private investment for commercial expansion and redevelopment;
- 5) Improve the appearance of the Downtown Area, including gateways and associated industrial area.

Conclusions

The data provided within this report suggests that the proposed CRA is an area that has significant older housing, higher rates of vacancy/foreclosure, and are showing signs of deterioration. There also has not been any significant reinvestment or new investment to date.

Therefore the proposed CRA does meet the criteria for a Community Reinvestment Area as defined by the Ohio Revised Code as the CRA "...is one in which housing facilities or structures of historical significance are located and new housing construction and repair of existing facilities or structures are discouraged."

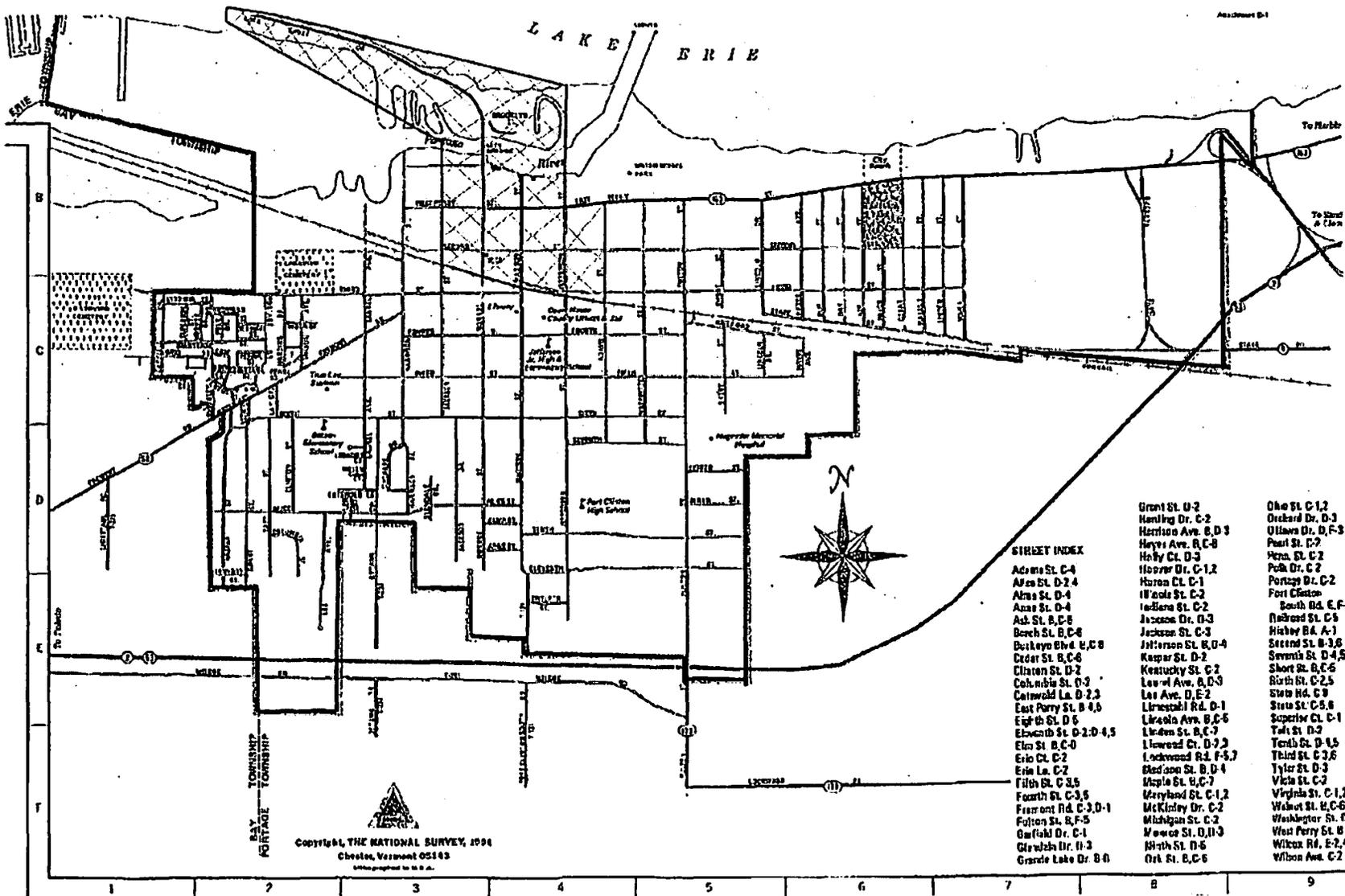


EXHIBIT B