

ORDINANCE NO. 17-3553

AN ORDINANCE AMENDING ORDINANCES NO. 08-3277 AND NO. 16-3507 TO MODIFY THE VILLAGE OF SILVERTON'S RESIDENTIAL COMMUNITY REINVESTMENT AREA TAX EXEMPTION TERMS THEREIN, IMPLEMENTING SECTIONS 3735.65 THROUGH 3735.70 OF THE OHIO REVISED CODE, AND DECLARING AN EMERGENCY.

WHEREAS, this Council of the Village of Silverton, Ohio (the "Village"), desires to pursue all reasonable and legitimate incentive measures to assist and encourage development in the Village, which has suffered from a lack reinvestment from remodeling or new construction; and

WHEREAS, this Council adopted Ordinance No. 08-3277 on December 18, 2008, establishing the Village of Silverton Residential Community Reinvestment Area (the "Original Ordinance") and providing for certain real property tax exemptions for the remodeling of eligible properties therein; and

WHEREAS, this Council adopted Ordinance No. 16-3507 on May 19, 2017, establishing the Village of Silverton Mixed-Use Community Reinvestment Area (the "Mixed-Use CRA") and providing for certain real property tax exemptions for eligible properties therein which reduced the size of the Residential CRA modestly; and

WHEREAS, pursuant to Section 3735.66 of the Ohio Revised Code, a survey of housing has been prepared and attached hereto as Exhibit A (the "2017 Housing Study") with respect to the conditions in the amended Residential CRA which has found new housing construction has been discouraged as evidenced by the fact that no new homes have been built in Silverton since 2006—prior to the establishment of the Residential CRA—even though between 19-21 vacant lots are available for purchase and have been for more than a decade; and

WHEREAS, the construction of new structures in the amended Residential CRA would serve to encourage economic stability, maintain real property values, and generate new employment opportunities in the Village; and

WHEREAS, this Council desires to amend the terms of the amended Residential CRA to enable 100% tax abatements for new home construction within the Residential CRA for up to 15 years; and

WHEREAS, the construction of new structures in the amended Residential CRA constitutes a public purpose for which real property exemptions may be granted.

NOW, THEREFORE, BE IT ORDAINED BY COUNCIL OF THE VILLAGE OF SILVERTON, HAMILTON COUNTY, OHIO, THREE-FOURTHS OF THE MEMBERS ELECTED THERETO CONCURRING:

SECTION 1. The findings of the 2017 Housing Survey without its referenced attachments are attached as Exhibit A and incorporated herein by reference.

SECTION 2. The area designated as the Residential CRA (as defined in the preambles hereto), as set forth in Ordinance No. 16-3507, dated May 19, 2016 (the "Amended Ordinance", and together with the Original Ordinance the "Residential CRA Legislation"), is hereby affirmed to be the amended Residential CRA is 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 3. Pursuant to Section 3735.66 of the Ohio Revised Code, the amended boundaries of the Residential CRA are depicted by the highlighted area set forth in Exhibit B, attached hereto and incorporated herein, and the classification of new single family homes are eligible for exemption in the amended Residential CRA are consistent with the applicable zoning restrictions for the area.

SECTION 4. All sections and provisions of the Residential CRA Legislation not specifically amended hereby shall remain in full force and effect.

SECTION 5. All properties identified in Exhibit B within the amended Residential CRA (the "Area") are eligible for real property tax exemptions, and this proposal is a public/private partnership intended to promote and expand conforming uses in the Area. A part of it, the Village intends to undertake supporting public improvements in the Area.

SECTION 6. With the Area, the percentage of the tax exemption on the increase in the assessed valuation resulting from new single family home construction and the term of those exemptions shall be negotiated on a case-by-case basis before new home construction begins according to the rules outlined in ORC 3765.67. The results of the negotiation as approved by Council, shall be memorialized in writing in a CRA Agreement as outlined in ORC Section 3765.71. For residential property, a tax exemption on the increase in the assessed valuation resulting from the improvements as described in ORC 3765.67 shall be granted upon application by the property owner and certification thereof by the Housing Officer for the following periods:

(i) Not to exceed fifteen years for the construction of new single-family dwelling units, and with the exemption being not to exceed 100 percent for each of the fifteen years.

(ii) Not to exceed ten years for the construction of new two-family dwelling units, and the exemption being not to exceed 100 percent for each of the ten years.

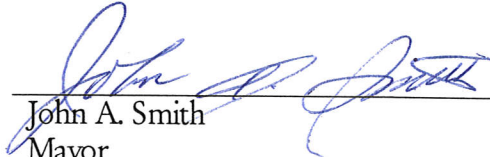
SECTION 7. That the Village Manager is hereby directed and authorized to petition the Director of the Ohio Development Services Agency to confirm the amendment of the Residential CRA and the findings in this Ordinance.

SECTION 8. That it is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including Section 121.22 of the Ohio Revised Code.

SECTION 9. That this Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, welfare, and safety of the inhabitants of the Village, which requires the immediate amendment of the Residential CRA in order to facilitate economic development in the Village, all in accordance with and in furtherance of the current development plan of the Village. The Ordinance shall take effect immediately upon adoption.

ADOPTED: June 1, 2017.

CERTIFIED:

Signature: 
Printed Name: John A. Smith
Title: Mayor

Signature: 
Printed Name: Meredith L. George
Title: Clerk of Council

Approved as to form only:

Signature: 
Printed Name: Bryan E. Pacheco
Title: Village Solicitor



Village of Silverton Community Reinvestment Area
2017 Housing Survey
Background and Findings

Rationale for the Housing Survey

This housing survey has been undertaken as part of the documentation required to participate in the Community Reinvestment Area (CRA) program offered by the Ohio Development Services Agency (ODSA). Within CRA districts, property owners are eligible to receive tax exemption for making real property improvements within specified program guidelines.

CRA's

The CRA program permits municipalities in Ohio to designate areas where investment has been discouraged. A CRA is meant to encourage revitalization of the existing housing, existing commercial buildings, and the construction of new structures. Evidence must demonstrate that there has been a disinvestment in the proposed CRA. State statute holds that a CRA can only be designated if the area in question "is one in which housing facilities or structures of historical significance are located and new housing construction and the repair of existing facilities or structures are discouraged."

Impetus for 2017 Housing Study

The Village Manager's Office began looking at the investment levels of new residential construction in the residential CRA created in 2008, and amended in 2016, to determine if the Village has a surfeit of vacant lots that could serve as new home construction sites. Silverton's last new housing permit was issued in 2006, just over 11 years ago. It is conceivable that Silverton has an opportunity to encourage new housing options within the village limits if an inventory of in-fill vacant lots exist within the community. While the 2008 residential CRA permits tax abatements for home expansions and remodels, it does not offer a tax abatement for new home construction.

Foundations for 2017 Study

This study builds on a solid foundation of Silverton reports, studies, plans and ordinances undertaken in the 2006-2009 time frame. In 2007, Silverton commissioned a residential marketplace study which is attached to this report. This May of 2007 residential housing study was the basis for the establishment of Silverton's residential CRA in 2008. Also in

2008, the City of Silverton¹ undertook a Comprehensive Plan, one aspect of which addressed Silverton's housing supply and demand. The 2008 Comprehensive Plan found:

1. "Silverton is a city whose housing growth is held in check, not by its household makeup or location... .but by its aging and typically one-dimensional housing stock" (Page 55).

Many of Silverton's homes were built in the decade immediately following World War II. They are well-built and attractive, though not ideal for today's more demanding buyer. A good number of homes are much older, having been built in the original neighborhoods of the community closer to the turn of the twentieth century.

2. "Above \$140,000, there are few choices (for single family homes, page 55)."

A recent study conducted by the City of Wyoming in 2015 noted that many communities in Southwest Ohio had not yet seen home values returned to pre-recession levels. Since then, there has been upward pressure on sales prices as demand has generally outstripped supply for existing homes. Still, anecdotal evidence gleaned from recent sales data supports the notion that most homes in Silverton are still at or below \$140,000 in value. Thus, this is an attainable community for working families to buy a home in, but Silverton does not offer much housing stock at or above median home value in the Cincinnati region (which is \$157,450 according to Zillow on May 9, 2017).

3. There was an identified goal of creating an incentive for in-fill development among vacant lots within the community (page 66).

The publication of Silverton's first-ever Comprehensive Plan in 2008 was completed just as the world economy began a major economic downturn. That year, the United States housing market collapsed, and financial shockwaves reverberated through the entire world economy. This has become known as "the Great Recession" because it was the largest financial crisis since the Great Depression. Like many municipalities in our nation, Silverton was forced to focus less on shaping its future and more on sustaining the municipal government since 2008. While the recommendations, goals, and strategies identified in 2008 are still valid, it is not surprising that little progress has been made implementing changes to the Village's housing given the economic conditions in the intervening years.

CRA's in Silverton

Silverton established two district CRA's in 2008 that together cover the entirety of the Silverton corporate limits. One dealt with the commercial portions of the community and the other dealt with Silverton's more substantial residential sections. Both commercial and residential CRA's incentivized remodeling and expansion, but neither contemplated new construction.

¹ In 2011, Silverton converted from city status to village status because the publication of the 2010 Census indicated that Silverton's population had dropped below 5,000.

In 2016, Silverton Council amended its CRA map to add a mixed-use CRA tax abatement designation. The ODSA approved this amendment to Silverton's CRA last summer that contemplated new construction tax abatements in a specific, limited portion of the community. A current map showing Silverton's three CRAs is attached to this report.

Area of Study in 2017

Over the last two years, the Village Manager has received numerous telephone calls by a listing agent trying to sell six vacant homes on Hedge Avenue in Silverton. This area is a cul-de-sac with seven home lots platted in 2004 and sometimes referred to as Andrew Acres. Only one of the seven lots has had a new home built on it, a home built in 2006 at 6024 Hedge. The lots have been continuously listed for sale since at least the 2006 time frame. Lillian Avenue also has five vacant lots near its intersection with Woodford, an area of special focus for the Village of Silverton in 2007 as the Village plans to mill and resurface Woodford, Lillian, and Walker this quarter.

These clusters of vacant lots on two streets in Silverton are redevelopment opportunities for a different type, style, and price point of homes in our community. The fact that these lots have been undeveloped for so many years caused the Village Manager's Office to complete an inventory of buildable, vacant lots in our residential CRA district. This housing study was started in April of 2017.

Methodology and Background Research

The area of this study includes all areas in the residential CRA as amended in 2016. It thus excluded the commercial CRA and the mixed-use CRA areas.

The study was done in two-steps. First, all the vacant parcels within the residential CRA district were identified and analyzed using data from the Hamilton County Auditor. The table below lists these known vacant lots within the residential CRA.

Street or Street Address	Hamilton County Parcel ID	Auditor's Valuation	Notes
Hedge	602-0006-0236-00	\$17,000	Andrew Acres
Hedge	602-0006-0235-00	\$17,000	Andrew Acres
Hedge	602-0006-0234-00	\$17,000	Andrew Acres
Hedge	602-0006-0232-00	\$17,000	Andrew Acres
Hedge	602-0006-0231-00	\$17,000	Andrew Acres
Hedge	602-0006-0230-00	\$17,000	Andrew Acres
Lillian	602-0006-0229-00	\$13,920	East side of Lillian
6010 Lillian	602-0006-0204-00	\$22,400	East side of Lillian
Lillian	602-0006-0238-00	\$9,000	This parcel may be difficult to develop because of a storm water pipe bisecting it. West side of Lillian
Lillian	602-0006-0239-00	\$9,000	West side of Lillian
Lillian	602-0006-0215-00	\$9,000	West side of Lillian
6705 Highland	602-0002-0043-00	\$23,980	One or two buildable lots apart from the existing home at 6705 Highland Avenue
4121 North	602-0008-0085-00	\$25,480	Owner owns home adjacent to this lot.
6949 Silverton	602-0008-0154-00	\$21,460	Village owns this lot.

6955 Silverton	602-0008-0124-00	\$15,200	Village owns this lot; has been used as community garden plot
6743 Alpine	602-0002-0141-00 602-0002-0142-00 602-0002-0143-00	\$15,000	Three “shotgun” parcels could be consolidated into one legal lot for new home construction.
6300 Elwynne	602-0004-0017-00		13.60 acre site with steep slopes. Two single family home lots were contemplated in 2015-2016.
6806 Elwynne	602-0004-0039-00	\$21,060	Owned by home owner to the north

Second, after this database was gathered and analyzed, a comprehensive windshield survey and photographic documentation of the conditions of all known vacant residential lots in the residential CRA district was completed on May 8th. The results of the windshield study and this report is to be presented to Village Council in an open meeting on May 18, 2017.

Findings

The results of the housing survey fulfill the State of Ohio’s requirement that the proposed CRA districts be ones where “new housing construction and the repair of existing facilities or structures are discouraged.”

The findings of the Housing Survey confirm that between 19 and 21 vacant lots worth at least a combined \$287,500 of real property valuation are available inside Silverton. If each lot had a new home worth \$150,000 in new construction value, Silverton could add between \$2,850,000 and \$3,150,000 of new housing value. This would generate approximately 75 new residents, and could contribute to the arresting of the gradual loss of population Silverton has been experiencing over the last five decades since the 1960 Census.

More than half of these vacant lots are owned by developers and have been actively listed for sale for years. Several others are owned by an adjacent home owner; upward pressure on the price of land might be enough of an incentive to encourage these property owners to endure the inevitable hassle of having a new home construction site adjacent to their property.

Existing, vacant, in-fill lots represent a hidden value to: add to Silverton’s population, create construction jobs, encourage new home starts, and attract a new generation of homebuyers to our community.

Proposal for New Residential Construction CRA Abatement

The Village administration proposes that City Council pass legislation to amend the residential CRA, generally known as CRA A.

Staff proposes a tax exemption of 100% for residential property within the Community Reinvestment Area A for new residential construction. Newly constructed residential property would be offered an exemption for not to exceed fifteen (15) years. The exemption is to be applied to the improved value of a property. There is no minimum investment requirement for newly constructed residential property to qualify for an exemption.

Cincinnati Public Schools is the primary school system serving Silverton. However, it should be noted that portions of Silverton along Thornton, Gardner, and Superior are in Deer Park Schools, and this amendment to the residential CRA could thus also impact Deer Park schools as well. This is theoretically the case even though at this time none of the vacant lots in Silverton are located within the Village's three streets served by Deer Park Schools. Accordingly, in the abundance of caution, this report will be shared with both Cincinnati Public Schools and Deer Park Schools.

Next Steps

If Council wishes to follow staff's recommendation and amend the residential CRA to enable tax abatements for new home construction, the following steps outline the process to be followed:

- Prior to May 18th meeting, send notice CPS and DPS notifying them of impending plan to amend the CRA to include residential new construction.
- May 18th, 7 p.m. Present Housing Study to Council.
- June 1, 7 p.m. Adopt CRA amending legislation which includes the housing study, necessary maps showing Village boundaries, zoning map, vacant land, and boundary of affected school district.
- June 2. Publish CRA legislation in newspaper of record for two consecutive weeks.
- Week of June 19th. Submit plans to ODSA.

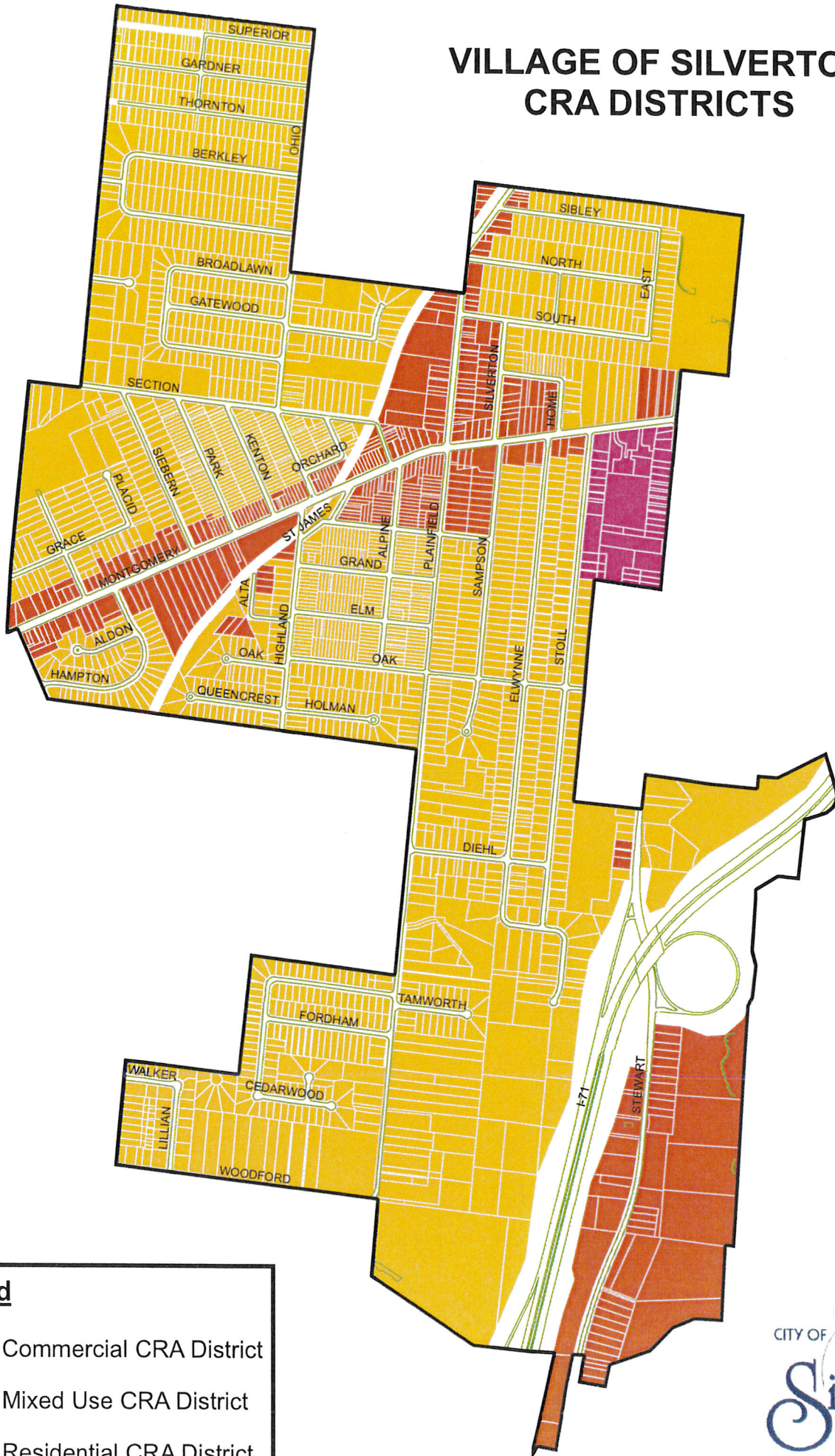
Once the necessary steps are taken and the plan is submitted to ODSA, the state has 30 days to accept or reject our petition to amend the residential CRA.

Recommendation




This report is for informational purposes only. No action is needed on May 18th. If Council concurs with the findings, staff will generate necessary legislation for the June 1st Council meeting following the May 18th presentation.

Attachments: 2016 CRA Map boundaries
2007 Residential Marketplace Study for the City of Silverton

VILLAGE OF SILVERTON CRA DISTRICTS



Legend

-  Commercial CRA District
-  Mixed Use CRA District
-  Residential CRA District