

Economic Development Tools

Community Reinvestment Area (CRA)

Bridge Street District

Dublin City Council
April 13, 2015

Economic Development Tools

Examples of Economic Development Tools Available to Municipalities

Tax Increment Financing (TIF) 24 active TIF districts; 4 additional TIFs recently created

Payroll Incentives & Grants Over 40 companies have active EDA in place

Community Reinvestment Areas (CRA) Britton Parkway and Tuttle Crossing CRAs established in the late 80's/early 90's

New Community Authorities (NCA) Bridge Park NCA



Community Reinvestment Area (CRA)

Economic development tool established in 1977 and revised in 1994 to encourage the development of new structures and revitalization of existing housing stock through use of an exemption on real property

CRAs are frequently used for redevelopment where the costs are typically higher due to:

- Lost economic value of existing structures
- Demolition costs
- Infrastructure needs
- Dense, mixed use nature of the redevelopment projects

Ohio Revised Code Sections 3735.65 through 3735.70



Community Reinvestment Area (CRA)

Benefits of a CRA to the Property Owner

- Provides real property tax exemptions for property owners who construct new buildings, when agreements are executed with the local government
 - Property owners/developers can demonstrate to lenders predictability and a reduction in expenditures as a result of the tax exemption on the new construction
 - Makes redevelopment projects economically feasible – especially for redevelopment projects and more dense developments with higher initial costs
 - Banks are recognizing the property tax savings to project Net Operating Income, thereby providing higher leverage for project debt for projects with higher development costs



Community Reinvestment Area (CRA)

Benefits of a CRA to the Property Owner

- Use of a CRA in conjunction with an NCA
 - CRA impact: Real property tax exemption on new construction
 - NCA impact: Imposes a community development charge on the properties within the NCA
 - A community development charge proves a more immediate and predictable revenue stream that can be used to pay debt and other NCA eligible expenditures.



Community Reinvestment Area (CRA)

Benefits of a CRA to the City

- Provides an incentive to property owners to make meaningful investments (through new construction) in their property
- Redevelopment not likely without this and other incentives proposed

City's previous use of CRA

- Britton Parkway CRA (Established in 1994; Ordinance 130-94)
 - Applied to commercial office properties only
 - Tax exemption up to ten years with the % of the tax exemption on the increase in AV determined on a case-by-case basis
 - Provided to incentivize the developer to locate the office building in Dublin
- Tuttle Crossing CRA (Established in 1989, Amended in 1990, 1992)
 - 100% tax exemption for ten years on the value of all improvements constructed upon parcels of real property within the CRA
 - Part of negotiation to bring a portion of Tuttle Crossing into Dublin
 - General policy to discourage tax exemptions of new high-income residential developments or improvements which are not blighted or in threat of becoming blighted



Community Reinvestment Area (CRA)

93 active CRA agreements within Franklin County

(per Ohio Development Services Agency <http://development.ohio.gov>)

Bexley	New Albany
Columbus	Obetz
Gahanna	Upper Arlington
Grove City	Westerville
Groveport	Whitehall
Hilliard	Worthington



737 active agreements statewide



Community Reinvestment Area (CRA)

Creation of a CRA

- Local government conducts a housing survey
 - Area 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
 - The purpose of the housing survey is to:
 - Ensure the selected geographical area that is to comprise the CRA meets the statutory requirements
 - Inform Council, as the voting authority, of the composition and condition of the housing stock in the CRA along with other demographic and statistical data that establishes a context upon which the CRA area is needed or will be useful
- Status: Planning staff are completing the housing survey in the Bridge Street District area



Community Reinvestment Area (CRA)

Creation of a CRA

- Legislation is adopted
 - Adopts the housing survey
 - Must identify at least two residential properties experiencing disinvestment
 - Defines the boundaries of the CRA
 - Request has been made by multiple developers/property owners within the BSD to utilize a CRA
 - Considering an initial CRA geography beyond the needs of one specific project
 - Defines the incentives that can be provided within the boundaries of the CRA*
 - Up to 100% real property tax exemptions for a period of time not to exceed 15 years depending on the type of improvements (new construction, remodeling)
 - » City Staff will likely recommend a 15 year 100% exemption on new construction of residential/commercial/retail structures

* A separate, detailed CRA Agreement must be executed between the City and the property owner in order for the property owner to receive the incentive. These CRA Agreements would be brought forward for Council consideration at a public meeting.



Community Reinvestment Area (CRA)

Creation of a CRA

- Local newspaper publication once a week for two consecutive weeks after passage of the area ordinance
- Submit a Petition to the Ohio Development Services Agency for approval of the CRA
 - DSA has 30 days to approve the petition
- Property owner must enter into agreement with the City to claim property tax abatement – exemptions are not automatic
 - Each CRA agreement is subject to City Council approval



Community Reinvestment Area (CRA)

Impact to Dublin City Schools (DCS)

The use of a CRA is authorized under the Bridge Street District Cooperative Agreement Approved by City Council and Dublin City Board of Education in April, 2014

- No additional financial impact to the schools
 - **The fiscal impact of a CRA is no different than that of a TIF**
 - City has the ability to authorize real property tax exemptions
 - In exchange for the ability to authorize the exemptions (TIF, CRA), DCS receives \$1.5 million annually between 2014 – 2045; \$2.0 million in 2046 for a total of \$50 million
 - During the period of time of the CRA real property tax exemption (15 years) the schools receive no less revenue than they would have received if other exemptions were put into place (i.e. TIF)
 - The CRA simply provides an additional financing tool that helps address the specific needs of a project



Community Reinvestment Area (CRA)

Upcoming Steps

- 1st reading – April 27, 2015 (estimated)

- 2nd reading – May 4, 2015 (estimated)

- Council consideration to pass as an emergency
 - Submittal to Ohio DSA May 19 (after two week advertising)
 - Ohio DSA has 30 days to approve → Establishment of the CRA mid-to-late June

- Once approved by DCS, CRA agreements with property owners can be brought forward for Council consideration
 - Agreements would be reviewed and considered on a project-by-project basis
 - Only after approval of the CRA agreements would the CRA benefits be applied to the project

