

**REPORT OF THE SUBCOMMITTEE ON
GROWTH & LAND USE**

Ohio House of Representatives

County & Township Government Committee

December 27, 2004

Representative Larry Wolpert, Chairman

The Following are Observations and Recommendations
Of the Subcommittee Chairman

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Subcommittee Background and Mission

In early 2003, at the suggestion of the Ohio House of Representatives County and Township Government Committee Chairman Larry Wolpert and with approval of the Speaker of the House Larry Householder, a subcommittee of the County and Township Government Committee was formed to investigate the current status of Ohio's cities, townships, and farmland. The committee was charged with submitting its findings to the Ohio General Assembly and to suggest strategies for advancing and preserving our cities, townships, and farmland.

The subcommittee has categorized Ohio into five broad geographic categories: the urban core, first ring suburbs, growing suburbs, exurban areas and rural areas. While these categories are by necessity expansive, they are to be viewed as generalizations necessary in order to accurately gauge and assess the different types of growth occurring across the state.

The subcommittee held eight hearings across the state to better understand the issues in the different regions and to listen to the concerns of community leaders and citizens alike. Hearings were held in the following locations:

Columbus: Dealing with the views of land use from national experts.

Cleveland: Issues affecting the urban core.

Highland County: Rural sprawl.

Warren County: Rapid suburban and township growth.

Toledo: City and township cooperation.

Delaware: Rapid township and city growth; mineral sites.

Huron County: Lake Erie watershed and township growth.

Kent: Township, county, and city issues.

The subcommittee heard testimony from over one hundred witnesses. These witnesses ranged from mayors, to councilmen, commissioners, trustees, experts in various land use fields, and private citizens concerned with the direction that growth and land use are taking in Ohio.

The Status of Ohio's Cities, Townships, and Rural Areas

For the purposes of this report we will be using the terms **'urban core', 'first ring suburbs', 'growing suburbs', 'exurban areas' and 'farmland'**. Ohio's urban core consist of the large eight industrial cities - Toledo, Cleveland, Akron, Canton, Youngstown, Columbus, Dayton and Cincinnati. The first-ring suburbs are cities generally about one hundred years old that are near to the urban core and have little if any room for growth. Growing suburbs are near rural areas and are gaining population quickly. Exurban areas are communities that are in townships but are not employed in agriculture. Rural areas are characterized as communities that are based in agriculture.

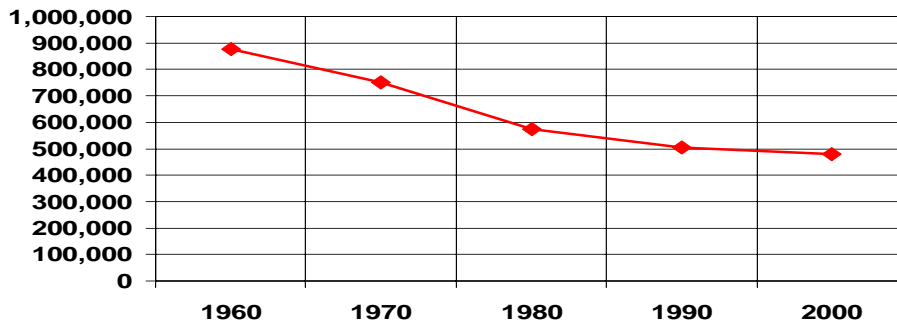
Exodus from the Urban Core

In 1925, 42.9% of Ohio's population lived in the urban core. In the early part of the last century Ohio's large cities were centers of the nation's industrial revolution. Ohioans left the farms and moved to the cities to obtain jobs in the high-paying manufacturing industries. This is not the case today. Only 22.9% of Ohioans now live in the urban core. One of the hardest hit urban core cities is Cleveland.

Fifty years ago, around 900,000 people called Cleveland home. The current population is around 490,000, with a loss of about 100,000 people per decade. All of the urban core cities have had a similar decline in population, including the state capital of Columbus. If you examine the 1956 population figures for Columbus, there has been a loss of almost 100,000 people from the city. It should be noted that Columbus controls the sewer and water in Central Ohio which permits it to annex rural areas. This combined with an exemption from the General Assembly called "win-win" permits newly annexed land to remain in a suburban school district. Roughly 200,000 of the 700,000 people that live in Columbus live in suburban school districts. Most of Columbus's growth in the '70s, '80s, and '90s was in the "win-win" areas. Without controlling the sewer and water and the "win-win" agreement, Columbus would have had the loss of population like the other seven urban core cities.

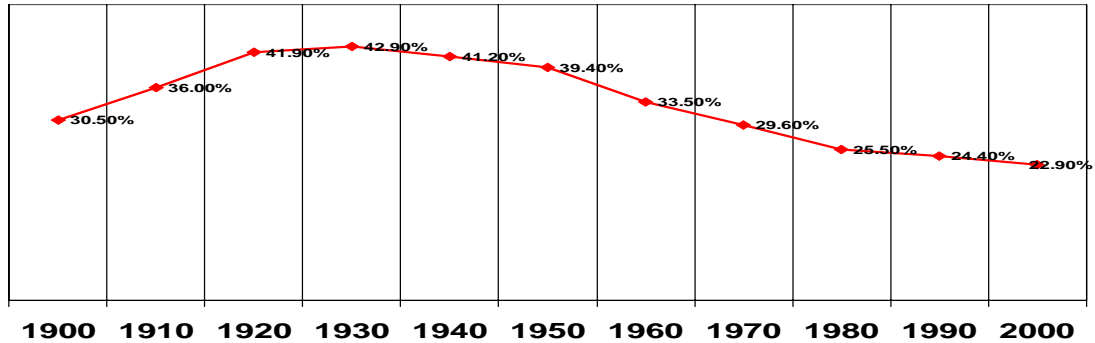
Population trends in Cleveland 1960-2000

Source: The Buckeye Institute for Public Policy Solutions



Central Cities Share of State Population: 1900-2000

Source: The Buckeye Institute for Public Policy Solutions



Besides having a declining population, Ohio's urban core cities are facing many social challenges. The urban core cities have an out-of-wedlock birth rate that ranges from 48% to 66% depending on the city. In 2002, the city of Cleveland had a 68% out-of-wedlock birth rate. It was not always that way. In 1960 the out-of-wedlock birth rate for Cleveland was 8.3%. Overall in Ohio, the out-of-wedlock birth rate has gone from 2.8% in 1950 to 35% in 2002, but the real epidemic is in the urban core. Out-of-wedlock birth rates are a good predictor of poverty, crime and underperformance in schools.

Urban core cities; out-of-wedlock birth rates (Ohio Department of Health)

	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Akron	5.90%	16.60%	29.90%	43.60%	48.70%
Canton	6.10%	12.80%	28.30%	45.90%	55.60%
Cincinnati	8.30%	19.80%	37.10%	50.10%	58.20%
Cleveland	8.30%	22.70%	43.90%	61.80%	66.20%
Columbus	7.00%	15.00%	27.20%	37.40%	45.20%
Dayton	11.10%	21.10%	43.60%	55.40%	63.50%
Toledo	5.60%	14.10%	27.10%	45.00%	48.10%
Youngstown	5.20%	16.80%	36.40%	55.90%	65.40%

All of the urban core school districts are in academic emergency or academic watch - the lowest ratings on the state report card. However, they receive more revenue per student than most suburban schools. School district revenues (per student) in 2003 ranged from \$9,990 in Toledo to \$12,846 in Dayton. The graduation rates for the urban core school districts are far below the state average. They range from 39% for Cleveland to 74% for Akron.

Major Metropolitan Graduation Rates, 2003

Source: Ohio Department of Education

Cleveland City Schools	39.5%
Canton City Schools	52.5%
Youngstown City Schools	52.9%
Dayton City Schools	54.1%
Columbus City Schools	58.4%
Cincinnati City Schools	60.1%
Toledo City Schools	70.4%
Akron City Schools	74.8%

The growth and wealth of our urban core cities accumulated in the first half of the last century. What caused this growth was our economy shifting from an agricultural economy to a manufacturing economy. Ohio's great cities (except for Columbus) developed around the manufacturing of steel, automobiles, machine tools, and rubber. In this century our economy is shifting from a manufacturing economy to a knowledge economy. The loss of population in the urban core cities can be correlated to the loss of Ohio manufacturing jobs. In 1940 about 41% of Ohioans lived in urban core cities and about 42% of Ohioans worked in manufacturing. In 2000 about 22% of Ohioans lived in urban core cities and about 18% of Ohioans worked in manufacturing. The global and knowledge based economy has had a tremendously negative impact on our urban core cities.

First Ring Suburbs Challenged

First ring suburbs generally are not growing and have an aging infrastructure. Their status varies across the state. Generally if the first ring suburb's school system is perceived to be a quality school system, crime rates are low and zoning codes are enforced, the population of the suburb will likely be stable. There might be a slight decline in population as children grow and move on to college and careers. There are some first ring suburbs that have noticed a

significant drop in population. These suburbs share many of the same social and economic demographics as an urban core city. Overall, financial challenges are the biggest problems for first ring suburbs. Since they cannot grow because they are generally landlocked and have aging infrastructure, city revenues may not be sufficient to meet the city's re-development needs.

Growing Suburbs Trying to Keep Up

Most growing suburbs have good school systems and low crime rates. This has caused many Ohioans to choose to live in a growing suburb. Most growing suburbs are located in Central Ohio. In other regions of the state the growth is in townships, which will be discussed later. Development in the growing suburbs has been so rapid in many cases that it has caused significant problems for suburban schools and infrastructure. It is hard to believe that 4 out of the state's ten largest school systems are suburban districts. Thirty years ago these districts were just small to midsize bedroom schools districts. Hilliard City Schools, the ninth largest in the state adds on average 400 to 500 new students a year. This growth requires the school boards to constantly be on the ballot requesting more operating funds and funds to build new schools. These growing suburban school districts generally do not receive significant funding from the state, because the state bases its support on property valuation per student. Many would argue that these districts are under as much financial stress as many of the low-wealth school districts. Many low-wealth school districts are receiving state funds for construction of new schools while the population of the school district declines while the children in a growing suburban school system are attending school in mobile classrooms.

Many of the fast-growing suburbs find it difficult to keep up the demand for new infrastructure - highways, sewer, parks and recreation. Most experience traffic congestion and it may take years to afford the necessary improvements.

Exurban Growth Changing Ohio

Exurbanites are residents of townships, but they are not generally employed in the field of agriculture. When Ohio was formed, Ohio's 1320 townships were holding areas for agriculture. When a property was to be developed, the land would be annexed into the city. This is not the case anymore. In the 1990's Ohio's township population increased by 240,000. In Ohio more people now live in townships than in the eight urban core cities. Exurban living generally offers a good school system, low crime and larger lots. Another advantage of living and working in exurban area is that one is not subject to a city income tax. This could save the resident several thousand dollars a year in taxes. If the county or township has a centralized sewer system, one will find large planned

developments in the exurbs. However, a significant amount of exurban growth has been on 5.01 acre lots. Under state law prior to 2005, if a lot was over five acres, the lot was not subject to local regulations for development. This massive exurban growth has put pressure on the township government. Originally, a township government was set up to take care of needs in an agricultural community. In many cases the township form of government does not have the tools to handle all the urban growth and development.

Rural Areas in Ohio are Less Rural

Rural areas are devoted to agriculture. With exodus from Ohio's urban core cities to growing suburbs and exurbs, there has been significant pressure on Ohio's rural areas. Since 1950 Ohio has lost seven million acres of farmland. That is an area equivalent to 23 counties. On average Ohio, loses 84.7 acres of farm land per day to development. In the 1990's, Ohio was number eight out of fifty states in the conversion of undeveloped land to developed land. However, when compared to the percent of growth in population other states, Ohio ranked 44 out of 50 states in the percent increase in population. With the consumption of farmland for exurban and suburban growth, one would expect to see a decline in agriculture production. This is not the case. The reason is technology. Fifty years ago, an Ohio farmer could expect to average 50 bushels per acre yield on corn. With the use of modern technology such as herbicides, insecticides, fertilizers, genetic engineering and planting techniques a farmer can expect to average 130 bushels of corn per acre, almost three times the yield of 50 years ago. A similar increase in production would also apply to the other grains and livestock production.

Recommendations for Ohio's Future

Urban Homestead Zones (UHZ)

In the 1860s, Congress passed the Homestead Act. It encouraged the settlement of lands in the American west by pioneers. Urban Homestead Zones encourage the resettlement of our Urban Core cities. In this country you have the right to live where you desire. For the last 40 plus years we have seen a significant number of Ohioans choosing to leave the Urban Core cities. The two major reasons why people leave are the quality of the public schools system and crime.

Urban Homestead Zones is an innovative concept. It would permit the eight urban core cities, through their legislative body, to create a UHZ in blighted areas where there has been a significant decline in population and an increase in poverty and crime. If an urban pioneer makes an investment by building a new home or rehabilitating an existing home in a UHZ, then they would be eligible for a full school voucher. The UHZ would also have its own private police force paid for by residents through property tax. The police would be present in the zone 24/7 walking and patrolling the streets. There would also be eligibility for a partial scholarship to a State university pending a long-term residency in the UHZ. The residents in the zone would also have the authority to enforce the municipalities' zoning codes.

New Funding Source For Agriculture Easement Purchases

Since the Agricultural Easement Purchase Program was established, development easements were purchased on approximately 10,000 acres in 17 counties. This is a small amount of land when considering applications were received to purchase 156,000 acres. There have not been sufficient funds in the program to meet the demands to purchase agriculture easements. A new source of funding for the program would take a "cause and effect" approach. The loss of farm land is mostly due to the construction of new homes. At the closing on a newly built home, there would be a one-time \$100 "Farm Land Preservation" fee that would go to the state Agricultural Easement Purchase Program. It is estimated that this one time fee would generate approximately \$7 million per year.

Impact fees for Counties and Townships

Ohio's municipalities currently have the right to levy an impact fee. This ability

needs to be extended to counties and large townships. An impact fee is a “cause and effect” means to allocate new costs for government services. With the growth in Ohio’s exurban areas, this is a much desired tool in the tool box for county and township local government.

Impact fees for Public School Districts

Ohio’s population has shifted from the urban core to suburban and exurban areas. This has greatly increased the financial stress of public school districts to build new facilities. Many school districts must build a new school every year to keep up with the growth. Public school districts should have limited impact fee powers or “in-kind” impact fees to help offset the construction cost for new schools. This is another “cause and effect” approach to address the impact of changing land use.

Expanding Transfer of Development Rights

Cities and home rule townships currently have the ability to transfer development rights (TDR). The program permits developers to have higher density projects for the trade-off of purchasing development rights on undeveloped land. This ability needs to be expanded to all of Ohio’s 88 counties and all townships because of our state’s massive exurban growth. Permissive authority to trade the development rights with all political subdivisions in the Metropolitan Statistical Area (MSA) should also be granted.

Planned County Status

Most cities and some townships have land use plans for future development and infrastructure requirements. Many times these plans of adjoining political subdivisions are not cohesive, increase of infrastructure costs, and have contiguous, non-compatible land uses. Communities need the ability to work together in planning for growth. Permissive authority should be made available for a county to be a Planned County. Planned Counties exist where all the political subdivisions within a county have agreed to a comprehensive land use and infrastructure plan for development. While it may be unlikely that the municipalities and townships could come to an agreement on such a plan, some agreement by the majority of cities and townships within a county can be assembled. As an incentive for a county to be a Planned County, the state would give a higher priority for transportation dollars and other infrastructure assistance.

Reauthorization of the Clean Ohio Fund

The Clean Ohio Fund is a four year \$400 million bond program to preserve green space, build recreational trails, revitalize brownfields and preserve farmland. The current program will expire in 2006. The program has been successful and merits reauthorization in the 2005 legislative year.

Township Land Use Plans

In order to help townships better plan for growth, townships with populations of 5,000 or more should be required to develop a land use plan. All indications are that the exurban growth will continue making township land use plans necessary. Coordination with county and other regional plans should be encouraged.

Township Subdivision Regulation

Home Rule Townships are generally very large townships with rapid growth. Some of these townships have populations of 50,000 or more. To help plan and enhance the quality of the growth they need to adopt and enforce their own subdivision regulations. This function is currently controlled by the county government.

Township Zoning

Current law requires township zoning to first be voted and approved by the electors of the township. Because townships are no longer just agricultural holding areas, they need zoning tools like cities. That is, they need the ability to permit the board of trustees to enact zoning by resolution subject to a referendum.

State Tax Credits for Historic Rehabilitation.

The federal government currently provides a 20% income tax credit for substantial rehabilitation of certified historic structures. A version of this concept could be applied for private historical residences in the urban core cities. This would help preserve many of our historic structures, and would also add another incentive for re-development in the urban core. (The federal tax credit does not apply to private residences.) With the status of the state budget, this concept may not be possible at this time.

Equalizing CRA Tax Breaks for Rehabilitation

Property that is located in a Community Reinvestment Area (ORC 3735.67) receives a 15-year tax break for new construction and 10-12 years for rehabilitation. The tax break for rehabilitation should equal the number of years for new construction. This would take some of the economic incentive away for the demolition of older buildings.

More Accessible Financing for Rehabilitation and Infill Developments

Private lending institutions have traditionally been reluctant to approve lending for rehabilitation developments. Ohio should model our current linked deposit programs and partner with private lenders to assist with financing rehabilitation and infill projects.

Zoning for Aggregate Facilities

It is becoming extremely difficult to site new aggregate facilities in Ohio as the exurban population grows. Aggregate is a valuable resource that is required for the economic development of our state. Aggregate facilities can only be located where there is a viable deposit of minerals. Aggregate facilities should be zoned under the conditional use permit process. This will streamline the process and provides a more formal hearing with sworn testimony and cross-examination. It would also provide better regulation of local specific conditions applied to the zoning. Any interested party would have the right to appeal the conditional use decision.

Protect our Farmland

County and township zoning laws should be amended to specifically allow rural zoning to be enacted for the specific purpose of preserving agriculture and agribusiness. While technology has given farmers the ability to produce more crop from less land, our rich soil needs to be protected as a vital and precious resource.