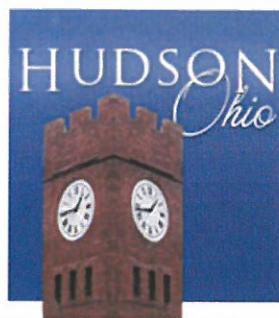


# Hudson Economic Growth Board Report to City Council

*Community Improvement Corporations*



## Overview of Presentation

- ▶ Overview of CICs & Survey Results
  - Selected activities of local CICs
  - Transactions
  - Funding
  - Advice to City of Hudson
- ▶ Possible Hudson CIC
  - Vision of a Hudson CIC
  - Board of Directors
  - Timeline
  - Next steps

## **What did the Economic Growth Board do?**

- ▶ Reviewed Ordinance No. 72-75 (Passed December 4, 1972).
- ▶ Conducted a survey of selected cities that have CICs.
- ▶ Considered whether a CIC would be worthwhile for the City of Hudson.

## **What did the Economic Growth Board conclude?**

- ▶ The conclusion of the Economic Growth Board is that a CIC could be a useful tool for the City of Hudson to effectuate its economic development goals.

## *How can a Community Improvement Corporation help the City of Hudson?*

- ▶ Be a partner in effort to stimulate investment & economic activity.
- ▶ Provide assistance to businesses in a way that a municipality cannot.
- ▶ Can work to assemble properties & solicit desirable developer interest.



## What is a Community Improvement Corporation?

- They are non-profit corporations that are organized for the purposes of “advancing, encouraging, and promoting the industrial, economic, commercial and civic development of a community or area.”  
*See generally* R.C. 1724.01(B)(1).

## What can a Community Improvement Corporation do?

### With Board Approval

- Borrow money
- Lend money to persons or entities.
- Acquire real or personal property, including leased property, goodwill, stock or other assets of persons or entities.

## Continued...

- Assume the liabilities of a person or entity.
- Acquire real property for business or industrial development.
- Serve as the agent of one or more political subdivisions.

*See generally* R.C. § 1724.02 (A)-(O).

## Records of Community Improvement Corporations

- ▶ Financial and proprietary information, including trade secrets, submitted to a community improvement corporation regarding a business's relocation or improvement is **confidential information** that is not subject to public disclosure under Revised Code 1724.11(A)(1).

## Survey of Community Improvement Corporations in Northeast Ohio

- ▶ Stow
- ▶ Twinsburg
- ▶ Canton
- ▶ Shaker Heights
- ▶ Westlake
- ▶ Cuyahoga Falls
- ▶ Barberton
- ▶ North Canton
- ▶ Louisville

### Survey Results: Activities

#### **Stow**

1. Updates the strategic Economic Development Plan.
2. Assists companies in obtaining state programs.
3. Provides development assistance grants to growing companies.

*Survey Results: Activities*

**Twinsburg**

Current focus is on the development of the town square.

*Survey Results: Activities*

**Canton**

1. Puts together incentive packages
2. Helps businesses with site location & works with realtors to let them know when space opens up.
3. Works on Brownfield remediation and finding end-users for sites.

**Survey Results: Activities**

**Barberton**

1. Has evolved from primarily lending money to now being a developer.
2. Provides loans in the range of \$10K to \$150K.
3. Leases a piece of property acquired through the Barberton Community Foundation and the lease revenue services debt and provides income.

**Survey Results: Activities**

**North Canton**

- ▶ Attracts businesses to relocate through loans or grants.

**Louisville**

- ▶ Administers loans to companies in rural areas.



### *Survey Results: Activities*

1. Shaker Heights – raising awareness, fundraising, and building relationships.
2. Cuyahoga Falls – inactive because there was no money available.
3. Westlake – used briefly to produce marketing materials for the city's bicentennial celebration.

### *Survey Results: Major Transactions*

- ▶ Stow – Awarding development assistance grants in the \$2,500-\$25,000 range.
- ▶ Canton – Creating city “stakeholder” meetings between city officials and businesses; developed a 26-acre Brownfield.
- ▶ Shaker Heights – Built the board and created the strategic plan; hired an Executive Director.

### Survey Results: Major Transactions

- ▶ North Canton – Purchased and leased industrial equipment as part of an incentive relocation package for a business and provided a grant to Stark State to build out a training department.

### Survey Results: Funding

- ▶ Bed tax
- ▶ General fund
- ▶ Seed money
- ▶ Endowment funds
- ▶ Funds from community organizations
- ▶ Profit from the sale & rehab of buildings
- ▶ Alternative funding, i.e. administrative fees for the CIC's work, tickets to community events, etc.

**Survey Results: Advice to the City of Hudson**

1. Have a specific purpose and stick to it.
2. Be patient and think long-term.
3. Be tolerant when working through projects.
4. Make sure bylaws reflect the city's needs.
5. Manage the size of the board.

**Survey Results: City's degree of satisfaction**

- ▶ Highly satisfied (Stow)
- ▶ High degree of satisfaction (Twinsburg)
- ▶ Council is happy (Canton)
- ▶ Council is happy (Barberton)
- ▶ Satisfied and not many drawbacks (North Canton).

## The City's vision for 2025

- ▶ The Comprehensive Plan notes several goals for the City of Hudson:

*“Support the recruitment of new employers and expansion of existing businesses by establishing a close working relationship throughout all design, permitting, and construction phases.”*

*“Maintain excellent relationships with major employers to support their retention and expansion in Hudson.”*

*“Support the attraction and retention of a healthy mix of businesses that can contribute to the energy of Hudson.”*

## Comprehensive Plan's List Economic Development "Tools"

- ▶ *Tax Increment Financing ("TIF")*
- ▶ *Façade & Site Improvement Program*
- ▶ *Foundation & Specialized Grants*
- ▶ *Ohio Historic Preservation Tax Credits*
- ▶ *Community Reinvestment Act ("CRA")*
- ▶ *Foreign Trade Zone ("FTZ")*
- ▶ *Job Creation Tax Grant Program*
- ▶ *Community Improvement Corporation ("CIC")*

## What would a Community Improvement Corporation look like for the City of Hudson?

1. A mission statement (in keeping with the City of Hudson's Comprehensive Plan).
2. Goals & projects (short and long term) that are in line with the goals of the Council, the City Manager, and the Economic Development Director.
3. An engaged board of directors who *report periodically* to Council.

## Board of Directors Statutory Requirements

- ▶ At least **two-fifths of the governing board** must be composed of either the mayor, members of city council, or other appointed or elected officials.
- ▶ Membership on a CIC does not constitute “holding public office” or employment within the meaning of the Ohio Revised Code.
- ▶ Membership on such governing boards shall not constitute an interest, either direct or indirect, in a contract or expenditure of money by any municipal corporation, township, county, or other political subdivision.
- ▶ No member of such governing boards shall be disqualified from holding any public office or employment, nor shall such member forfeit any such office or employment, by reason of membership on the governing board of a CIC. *See generally* Revised Code 1724.10(B)(1).

## Possible Board of Directors

  
Statutorily Mandated  
Members

- City Manager
- Economic Development Director
- [Council Liaison]
- [Council member]
- [Public member]
- [Public member]



  
Citizen Appointees

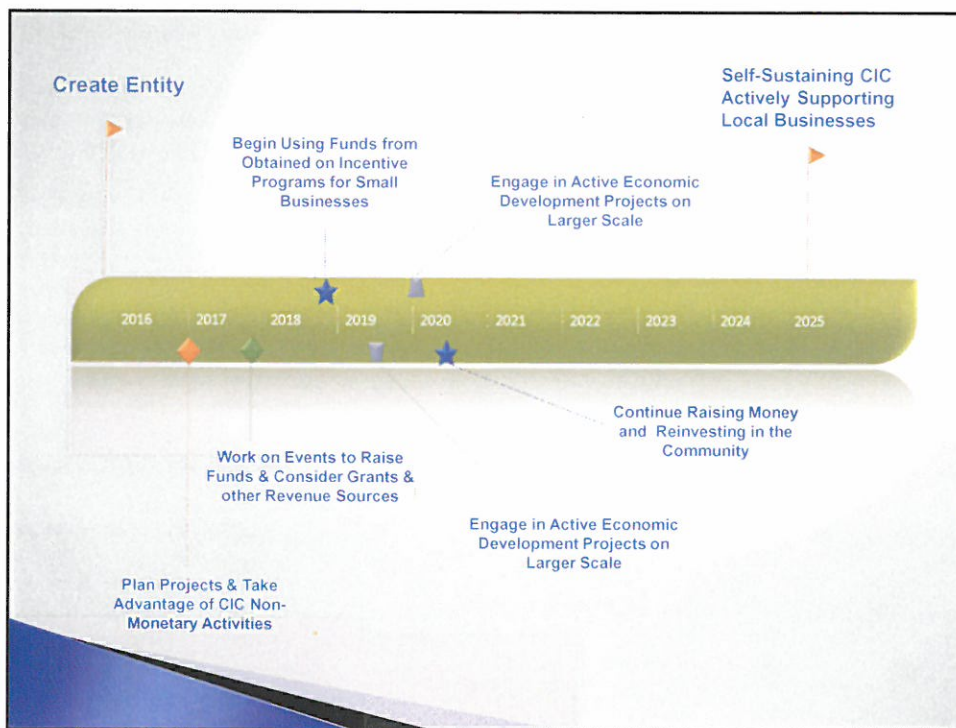
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### ***How would it be funded?***

- ▶ No initial requests for funding would be needed, but the CIC could look into opportunities for donations, gifts, grants, and fees for services.
- ▶ In the future, Council could consider funding from bed taxes the general fund with respect to certain projects.
- ▶ Goal would be to create a sustainable revenue stream down the road, i.e. through fees for services or small-business loans.

### ***Even with no funding...there are benefits.***

- ▶ Ability to maintain confidentiality of businesses.
- ▶ Ability to function as an agent for the City of Hudson with respect to property management.
- ▶ Ability to accept donations and enable tax credits for donations.
- ▶ Ability to apply for and administer grants.



## Next Steps:

- ▶ Review of ORD 72-75 by City Solicitor (is it valid?)
- ▶ Recommendation as to whether Council should pass new authorizing legislation and/or create/republish existing legislation?
- ▶ Research statutory and tax obligations and outline CIC's legal obligations.
- ▶ Begin to strategically think about the composition of the CIC's board and how it should be filled.
- ▶ Begin to work on statutory obligations regarding the preparation and approval of a plan for the CIC.



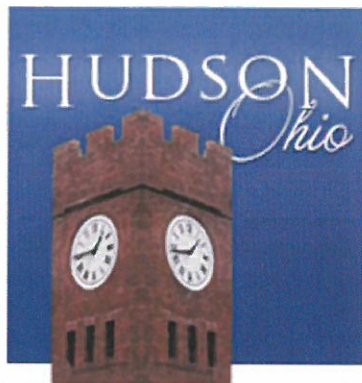
## ***Risk/Benefit Analysis:***

No risk to creating a CIC, but it will require some effort and sweat equity.

- ▶ Benefit long term (as illustrated in the timeline) shows that the benefits appear to outweigh the investment of effort – this is a long-term project aimed at assisting the City of Hudson with its strategic planning goals and vision.
- ▶ A committed board could create and maintain a viable and useful CIC that provides benefits to businesses (which in turn benefits residents).

## **Growth Board's Conclusion...**

- ▶ The conclusion of the Economic Growth Board is that a CIC could be a useful tool for the City of Hudson to effectuate its economic development goals.



**City of Hudson  
Economic Growth Board**

Ed Devlin, *Chair*  
William Wooldredge, *Council Liaison*  
Ryan Beam  
Matthew Beesley  
Jonathan Bell  
Keith Curley  
Michael Haritakis  
Kerri Keller  
Keri Zipay