COMMUNITY DEVELOPMENT ● 1140 Terex Road ● Hudson, Ohio 44236 ● (330) 342-1790

DATE: May 27, 2025

TO: Mayor Anzevino and City Council

FROM: Greg Hannan, Community Development Director, Emily Fernandez, Community Project Planner

CC: Thom Sheridan, City Manager, Jeff Knoblauch, Asst. City Manager, Brian Griffith, Asst. City Manager, Nick Sugar, City Planner, Katie Behnke, Economic Development Manager

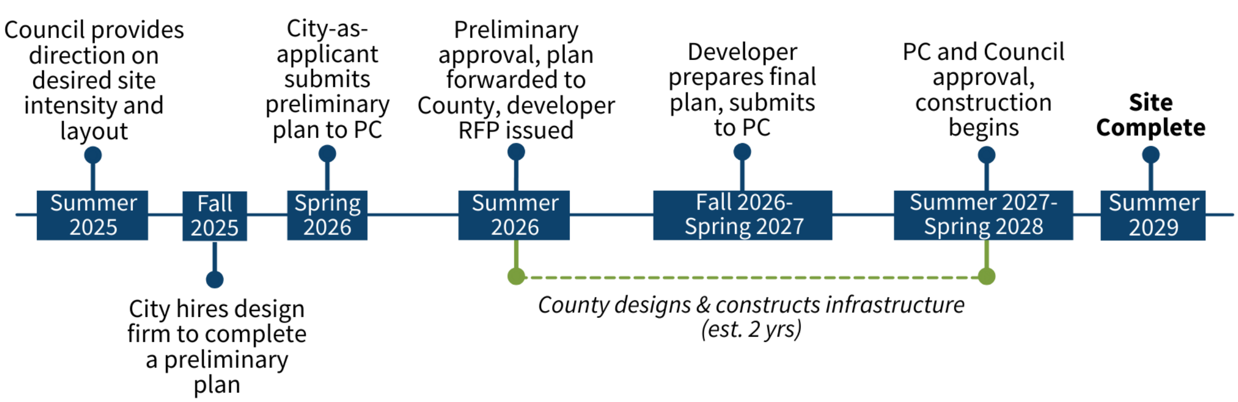
SUBJECT: Downtown Development

Background

Staff presented several downtown site concepts at the April 22, 2025 Council Workshop. Council requested that staff return with additional explanation of the sanitary sewer infrastructure, additional explanation of the community facility, and financial analysis of how much tax revenue generation would be required to break even on existing debt at the property.

Sanitary Sewer

Summit County has advised they will design an appropriate sewer system once the City confirms the anticipated layout and intensity of development, as this will impact the type of system needed. Staff suggests City Council continue to guide the site concept toward a preliminary plan that would be presented to Planning Commission as a staff-led submittal. Staff will stay in communication with Summit County and, once a plan receives preliminary approval, staff would forward it to Summit County to allow infrastructure installation to commence. Staff anticipates that this would allow adequate time for buildout, as the County could design and implement the sewer system within the 2-year timeline that is typical for a preliminary plan to reach start of construction. The developer would submit and present a final site plan to Planning Commission.



The City manager has been in contact with Summit County DOSS as of May 2025 and received confirmation that the City of Hudson would not bear the cost of the sewer infrastructure; the cost, which is estimated at $2.75M, would be split between the County and the developer.

Land Sale

The downtown property was appraised at $3.7 million in 2019 under a far more intensive development scenario. The property is anticipated to have a lower market value based on the current proposed development scenario that includes less housing and more public space. Previous proposals included over 100 housing units, many of which were townhome style, and over 100,000 square feet of office and retail space. The current proposed scenario would include: about half as many houses, which would all be single-family homes; less than half as many square feet of non-residential development; non-residential development dedicated to semi-public space instead of private space. Any proceeds from the land sale would most likely be applied to offset costs the City may incur for preliminary design and consultant work. The City could consider selling the land to a developer at nominal cost to incentivize the developer to contribute further to infrastructure.

Community Space Considerations

The site plans that were presented in April showed various types of community space, from open green space, to a community-owned venue, to a market hall. Council requested insight on the type of development that would allow the City to break even on the debt at the site.

Development Type	Public Capital Cost	Public Operational Cost	Public Revenue Generation	Outcome
Publicly-Owned Green Space	Lower-Med	Lower-Med	None	Debt amount is forfeited as sunk cost
Publicly-Owned Venue	Higher	Higher	Lower	Debt increases due to capital investment
Privately-Owned Venue (w/ public access)	Lower	Lower	Higher	Debt is repaid by new tax revenue

Staff recommends pursuing a privately-owned, semi-public facility on the southern acreage in order to repay the City's debt through new tax revenue. A market hall is one example of a community facility that could respond to financial needs. A market hall could include additional tax-generating uses such as co-working space or a community event hall. However, the details of the facility would need to be determined as part of the preliminary plan and developer selection steps.

Financial Analysis

Current Debt Expense

The northern and southern properties were analyzed separately due to the Comprehensive Plan guidance that calls for public/residential use at the north and public/semi-public use at the south. The northern property also has an existing TIF while the southern property does not. Staff assumed that a non-school TIF would be implemented on the southern property; the schools would retain their full share of property tax, and the remaining share would be applied to the downtown property.

The total debt for the site is approximately $10.6M. Staff calculated the amount of tax revenue that would be needed to repay the debt on each side of the property, then estimated the appraised value of development that would generate the necessary level of revenue. The chart below shows the debt separated by the northern and southern properties, and the value of development needed to repay the debt at each property (see 'Break-Even Analysis' for details):

	Northern Property	**Southern Property**
Debt	$8,830,000	$1,770,000
Est. Appraised Value Needed to Break Even	$48,600,000	$15,200,000
Example Project to Reach Value Level	54 housing units valued at $900k ea.	A market & event hall valued at $15.2 M

The above levels of taxable value would allow the City to target breaking even on the current debt at each property. The noted projects are only examples of developments that would achieve the necessary level of taxable value; any project that generates the same value could be considered. For example, if the houses were valued lower, more houses would be needed to reach the same overall value on the northern property (ex. property tax revenue is approximately equal from 54 units at $900k or 50 units at $1M). The break-even analysis assumes that $900k is a reasonable estimate of what units at this property may sell for based on the current community housing market.

Past Expenses

Approximately $2.5M of site expenses have been absorbed into previous years' operating budgets (ex. debt interest, appraisals, traffic studies, environmental studies, etc). This amount is separate from the current debt amount and is not captured within the break-even analysis. The break-even values noted above would only cover the debt. If there is desire to recover past expenditures in addition to repaying current debt, Council could consider pursuing higher-value developments than those listed above (i.e. additional houses at north, larger market or co-working facility at south, etc).

Discussion

Staff requests City Council's direction on the desired level of return on investment so that staff may advance a preliminary plan for a development that could generate the necessary level of revenue. With Council's confirmation, staff will issue an RFP for a design firm to assist with developing a preliminary site plan. Council could complete interviews to select a firm, similar to the process for selecting the Comprehensive Plan consultant.