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Milkovich, Neal
+ Sommerville
abstained

Requested by the Department of Planning & Urban Development

Offered By: MAYOR HARRIGAN & COUNCILPERSONS FUSCO & MOSLEY-SAMPLES

Ordinance No. 122 - 2017, implementing sections 3735.65 through 3735.70 of the Ohio Revised Code ("ORC") and creating a Community Reinvestment Area ("CRA") within the City of Akron, by establishing and describing the boundaries of the CRA in Akron, designating a housing officer to administer the CRA program and creating a community reinvestment housing council, in order to incentivize new housing construction and housing rehabilitation/remodeling in the City of Akron; and declaring an emergency.

WHEREAS, the City of Akron recognizes that its local housing values are low and this in turn makes it difficult to encourage new construction and for property owners to invest in their properties; and

WHEREAS, the Mayor and Council desire to pursue all reasonable and legitimate incentive measures to assist and encourage development throughout the City, which has not enjoyed reinvestment from remodeling or new construction; and

WHEREAS, the City recently released its "Planning to Grow Akron" housing strategy report, which outlines the need for new investment in housing in the City and identifies strategies to promote new residential construction and rehabilitation of existing housing; and

WHEREAS, based upon its studies/reports and the success of similar tax exemption programs in other Ohio cities, Akron has decided to implement a residential property tax abatement program with the hope of incentivizing new residential construction and rehabilitation of existing housing; and

WHEREAS, the city-wide residential tax exemption program described in this ordinance will position Akron neighborhoods of all income levels to grow and will serve as a catalyst to make otherwise unaffordable housing construction in Akron affordable again; and

WHEREAS, the CRA program will create a welcoming environment for families and developers alike without detracting from the current property tax revenues, as the pre-existing value of properties subject to the program will continue to be taxed at their current levels; and

WHEREAS, the maintenance of existing and/or construction of new residential structures in the CRA will encourage economic stability, maintain real property values and generate new employment opportunities; and

WHEREAS, a survey of housing, which is currently on file in the office of the Clerk of Council, has been prepared for the area to be included in the proposed CRA; and

WHEREAS, the remodeling/rehabilitation of existing residential structures and/or the construction of new residential structures in this CRA constitutes a public purpose for which real property exemptions may be granted.

NOW THEREFORE, BE IT ENACTED by the Council of the City of Akron that:

Section 1: That the area designated as the City of Akron Residential Tax Abatement Community Reinvestment Area (the "Akron CRA") constitutes 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 2: That pursuant to ORC Section 3735.66, the boundaries of the Akron CRA are hereby established and generally include the City of Akron and its existing corporation limits and as bounded on the north by Bath Township and the City of Cuyahoga Falls, on the east by the City of Tallmadge, Mogadore and Springfield Township, on the west by the City of Fairlawn, Copley and Norton and on the south by the City of Barberton, Coventry Township and Lakemore; excluding two pre-existing Community Reinvestment Areas already within the City (Community Reinvestment Area #1 and the Arlington/Kelly Community Reinvestment Area).

The boundaries of the Akron CRA are more particularly described in the map attached hereto and incorporated herein as "**Exhibit A.**"

Section 3: That all residential properties identified in **Exhibit A** as being within (and not excluded from) the Akron CRA that comply with applicable zoning regulations are eligible for this incentive.

Section 4: That the construction of new residential structures and/or the remodeling/rehabilitation of existing residential structures in areas where the dwellings are in compliance with applicable zoning regulations within the Akron CRA are declared to be a public purpose for which exemptions of real property taxation, at 100% of the dollar amount by which the new construction and/or rehabilitation/remodeling increased the assessed value of the property, shall be granted in the following manner in accordance with ORC Section 3735.67:

The owner of any such real property in the Akron CRA may file an application with the Housing Officer (as described in Section 5 below) for an exemption from real property taxation for a period of 15 years for 100% of the increase in assessed taxes attributable to the new construction and/or rehabilitation/remodeling of existing residential structures, where construction or rehabilitation/remodeling costs are \$5,000.00 or more.

For the purposes of the Akron CRA, structures, including but not necessarily limited to apartment buildings/complexes, used for residential purposes, regardless of number of units, shall be classified as residential structures so long as said classification is consistent with applicable zoning restrictions.

Section 5: That to administer and implement the provisions of this ordinance and the activities described in ORC Section 3735.65 et seq. of the Revised Code, the Director of the Department of Planning and Urban Development for the City of Akron is designated as the Housing Officer for purposes of the Akron CRA (the "Housing Officer").

Section 6: That pursuant to ORC Section 3735.69, a Community Reinvestment Area Housing Council shall be created, consisting of two members appointed by the Mayor, two members appointed by the City Council, and one member appointed by the Akron Planning Commission. The majority of the members shall then appoint two additional members who shall be residents within the Akron CRA (the "Housing Council"). Terms of the members of the Housing Council shall be for three years. An unexpired term resulting from a vacancy in the Housing Council shall be filled in the same manner as the initial appointment was made.

Section 7: That pursuant to ORC Section 3735.68, the Housing Officer may terminate the tax exemption at any time after the first year of the exemption if he/she finds that the subject property is not being properly maintained or repaired due to the neglect of the owner. Once terminated, the tax exemption shall not be reinstated except for good cause shown.

Section 8: That the City Council reserves the right to re-evaluate the designation of the Akron CRA after December 31, 2018, and then on or before December 31st of every year thereafter that the Akron CRA exists, at which time the Council may direct the Housing Officer not to accept any new applications for exemptions as described in Section 3735.67 of the ORC.

Section 9: That the Housing Council shall make an annual inspection of the properties within the Akron CRA for which an exemption has been granted under ORC Section 3735.67. The Housing Council shall also hear appeals under ORC Section 3735.70.

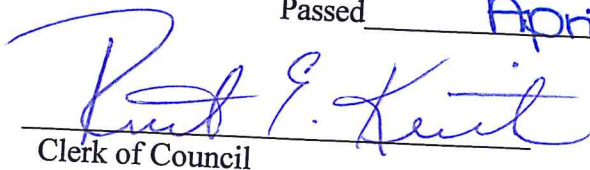
Section 10: That Council hereby finds and determines all formal actions relative to the passage of this ordinance were taken in an open meeting of this Council, that all deliberations of this Council and of its committees, if any, which resulted in formal action were taken in meetings open to the public, in full compliance with the applicable legal requirements, including Section 121.22 of the ORC.

Section 11: That the Mayor, Director of Finance, Director of Law, and other City officials, as appropriate, be and are hereby authorized to execute, certify and/or furnish other such documents and do all other actions as are necessary to create and implement the Akron CRA and which are incidental to carrying out the purpose of this ordinance.

Section 12: That this ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of public peace, health, safety and welfare for the reason that this legislation will promote rehabilitation of existing properties and will encourage new development within the Community Reinvestment Area, and provided it receives the affirmative vote of two-thirds of the members elected or appointed to Council, it shall take effect and be in force immediately upon its

passage and approval by the Mayor and upon confirmation by the Director of the Ohio Development Services Agency; otherwise it shall take effect and be in force at the earliest time allowed by law.

Passed April 24, 2017


Clerk of Council


President of Council

Approved , 2017

4/25/17


MAYOR

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Requested by the Department of Planning & Urban Development

AKRON CITY COUNCIL

Milkovich, Neal,
+ Sommerville
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Offered By: **FUSCO MOSLEY-SAMPLES**

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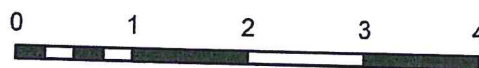
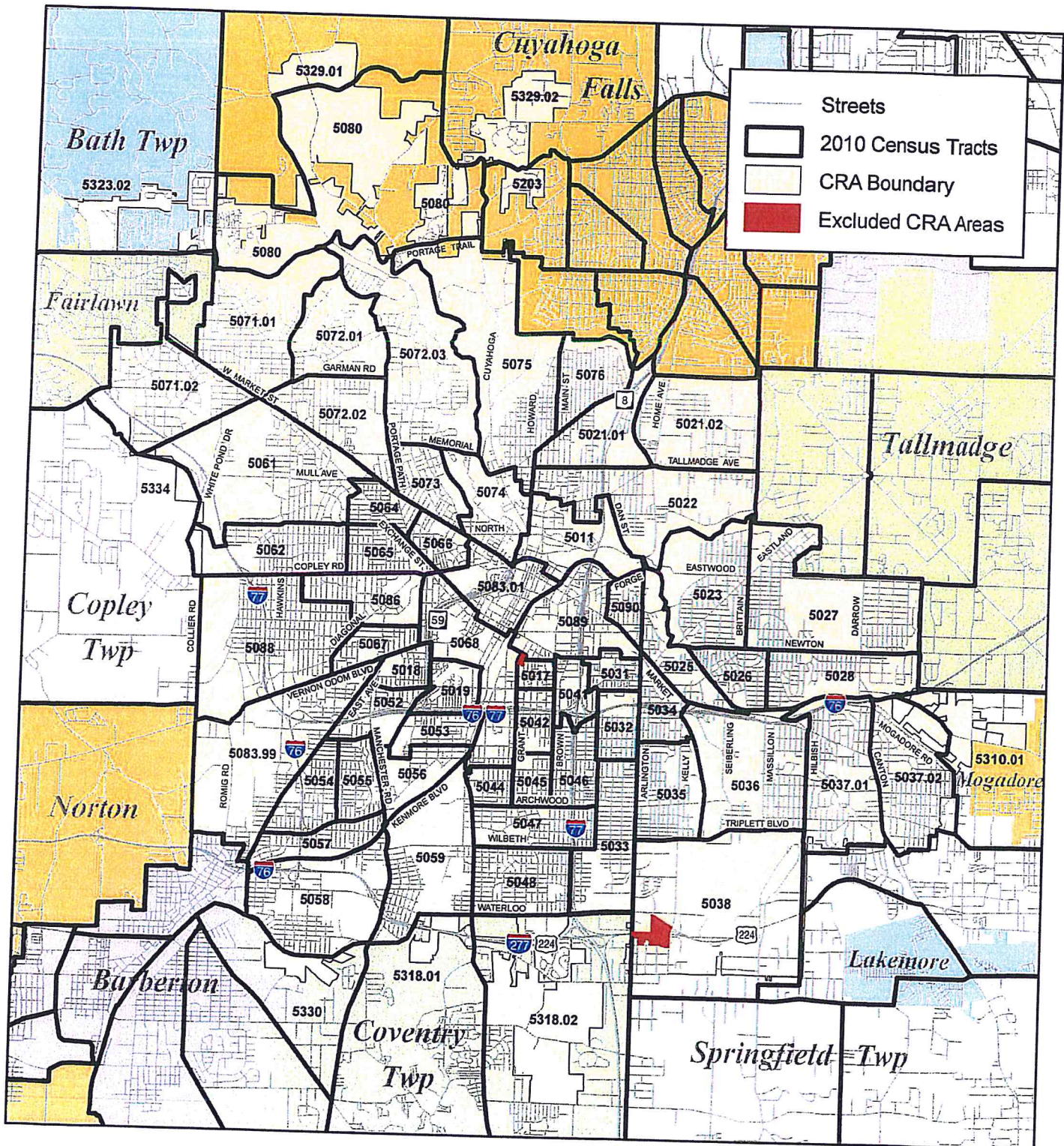
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Boundary Map



Miles



Department of Planning and Urban Development
City of Akron, Ohio

CITY OF AKRON COMMUNITY REINVESTMENT AREA HOUSING SURVEY



**City of Akron, Ohio
Dan Horrigan, Mayor**

**Department of Planning and Urban Development
April, 2017**

**City of Akron Community Reinvestment Area
Housing Survey**

TABLE OF CONTENTS

1. Purpose and Scope.....	1
2. General Demographic Characteristics.....	2
a. Population.....	2
b. Concentration of Low and Moderate Income Families.....	2
3. General Housing Characteristics.....	2
a. Historic Districts and Buildings.....	3
b. Age of Housing.....	3
c. Vacancy Rates.....	4
d. Condition of Housing.....	4
e. Value of Housing.....	5
f. Zoning.....	6
g. Major Industries.....	6
h. Vacant Land and Demolitions.....	7
4. Summary and Conclusions	

City of Akron Community Reinvestment Area Housing Survey

MAPS

Map A Boundary Map

Map B Low to Moderate Income Population by 2010 Census Tracts

Map C Median Household Income by 2010 Census Tracts

Map D Residential Parcels by Construction Year

Map E Median Year Structure Built by 2010 Census Tracts

Map F Residential Vacant Structures

Map G Akron Housing Division – Open Complaints

Map H Median Housing Value by 2010 Census Tracts

Map I Akron Zoning Map

Map J Vacant Residential Lots

Map K Housing Demolitions 2011-2016

City of Akron Community Reinvestment Area Housing Survey

1. Purpose and Scope

This report contains the housing survey for the proposed City of Akron Community Reinvestment Area (CRA) in the City of Akron, Ohio. The proposed CRA in the City of Akron contains 65 census tracts that cover the entire city (see Map A). Two existing Community Reinvestment Areas already within the city limits are excluded (Community Reinvestment Area #1 and the Arlington/Kelly Community Reinvestment Area). The purpose of this report is to determine whether the area shown in Map 1 should be designated as a new Community Reinvestment Area as defined by the Ohio Revised Code: Sections 3735.65-70.

This housing survey supports the establishment of a Community Reinvestment Area (CRA) by documenting that the 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” per Ohio Revised Code Section 3735.65 (B). The designation of the proposed CRA aims to encourage the revitalization of the existing housing stock and the development of new housing.

Akron is a City struggling to maintain both its population and the vitality of its neighborhoods. While particular areas of the City are especially hard hit, a lack of investment in new housing exists city-wide. The following data is evidence of the City’s struggles to maintain both its population base and the quality of housing:

- Akron experienced an 8.6% population loss from 2000 to 2015 based on census bureau estimates (16.37% decline between 1980 and 2015 and over 32% between 1960 and 2015).
- The median housing value in the City of \$81,200 (2011-2015 American Community Survey of the U.S. Census) is appreciably lower than the median housing value in Summit County (\$133,500), Portage County (\$150,900) and the State of Ohio (\$129,900).
- The median household income in the City of Akron of \$34,512 is appreciably lower than in Summit County (\$50,765), Portage County (\$52,552) and the State (\$49,429)
- 63.5% of the housing units in the City of Akron were constructed before 1960.
- The poverty rate in the City of Akron is 26.5% compared to 14.8% in Summit County and 15.8% for the State

* Note: The Akron MSA consists of Summit County and Portage County. Statistics for both counties will be addressed separately in this survey.

2. General Demographic Characteristics

Unless noted, statistical information in this housing survey is based on U.S. Census data estimates.

a. Population

Akron continues to lose population. Between 2000 and 2010 the population of the City of Akron dropped 8.3%, from 217,074 residents to 199,110 residents. During the same time period, the population of Summit County stayed relatively stable, dropping from 542,899 residents in 2000 to 541,781 in 2010, a loss of less than one-half of one percent. Over the same time period, Portage County grew by 6.2%, increasing from 152,061 residents in 2000 to 161,419 residents in 2010. 2015 estimates put the City of Akron's population at 198,329, a drop of another 781 residents since 2010.

Since the City's highpoint of 290,351 residents in 1960, Akron has lost nearly one-third of its population with a population drop of 31%.

b. Concentration of Low and Moderate Income Families

Akron's low to moderate income population is dispersed throughout the City. Only seven of sixty-five Census tracts city-wide have a low to moderate income population of less than 30% of the population. Even in these tracts, the low to moderate income population comprises at least 15% of all households within the census tract.

City-wide, 43 of 65 census tracts (66%) have low to moderate income populations exceeding 50% of the households. In 12 of these census tracts, the low to moderate income population exceeds 80% of the population in the census tract (see Maps B and C).

	State of Ohio	Summit County	Portage County	City of Akron
Median Household Income	\$49,429	\$50,765	\$52,552	\$34,512

The median household income in the City of \$34,512 is appreciably less than the household income in surrounding counties and the State.

3. General Housing Characteristics

For roughly 80 years, Akron was the center of the global rubber and tire industry. It was home to the headquarters of four of the world's five largest tire manufacturers – Goodyear, Firestone, B.F. Goodrich, and General Tire. Between 1910 and 1920, Akron was the fastest growing city in the entire nation, expanding from a population of 69,000 in 1910 to 208,000 in 1920. As a result, much of the city's housing was built in the 1910's, and is now 100 years old. This rapid growth created an urgent need for housing which was quickly met, often resulting in the overdevelopment of structures on small parcels and lax building standards. The city hit its peak population in 1960, expanding to

over 290,000 residents. Since 1960, the city has lost 31% of its population. Today it is home to approximately 198,000 residents. Despite losing 73,000 residents between 1960 and 2000, the number of households (90,000) remained consistent for 40 years, due to shrinking average household size. But since 2000, Akron has lost an additional 19,000 people and over 6,000 households. This has led to a growing problem with vacant and abandoned properties.

Through the 1970's, 1980's and 1990's the City utilized Federal funding for housing rehabilitation projects in specified neighborhoods that showed signs of deterioration but still had a relatively stable housing stock. The selected areas were relatively large (between 400 and 700 homes) and were generally located in the intermediate ring of housing between more deteriorated housing closer to downtown and more stable neighborhoods further out. Rehabilitation of existing housing often still did not encourage new housing to be built. While this housing strategy helped address blighting conditions in intermediate neighborhoods, property conditions in inner-ring neighborhoods continued to decline. Stop-gap measures (such as emergency repair programs) were available to address urgent needs, but these neighborhoods were not selected for rehabilitation assistance in targeted areas due to extensive deterioration that made rehabilitation of many homes financially infeasible.

The city contains approximately 97,500 housing units. The median date of construction for housing units in the City (houses and apartments) is 1952. 64% of the housing units were built prior to 1960. More housing was built during the Great Depression than has been built since 2000. On average, 400 houses are torn down every year and only 10 are built.

a. Historic Districts and Buildings

Akron contains seven historic districts listed in the National Register of Historic Places along with 38 individually listed properties. Ten additional properties and two additional districts have been listed as Local Landmarks by the City of Akron Urban Design and Historic Preservation Commission and City Council.

b. Age of Housing

Akron has an aging housing stock, with over a third of the City's existing housing units having been built prior to 1940 (34.9%) based on Census 2011-2015 American Community Survey 5-Year Estimates. As the chart below indicates, there have been less housing units built in Akron since the year 2000 than in any previous decade. The data also indicates the lack of new construction in Akron and the higher percentage of older homes in relation to the surrounding area (see Maps D and E).

Age of Housing	State of Ohio	Summit County	Portage County	City of Akron
Built 2010 or later	1.0%	0.5%	1.0%	0.3%
2000 to 2009	10.0%	8.0%	13.9%	4.1%
1990 to 1999	11.8%	11.4%	15.5%	4.5%

1980 to 1989	9.0%	8.2%	9.5%	5.5%
1970 to 1979	14.2%	13.1%	17.8%	9.9%
1960 to 1969	12.4%	13.5%	12.2%	12.2%
1950 to 1959	14.4%	17.4%	12.0%	18.2%
1940 to 1949	6.4%	7.7%	4.1%	10.4%
Built 1939 or earlier	20.8%	20.1%	14.1%	34.9%

c. Vacancy Rates

Foreclosures and vacant homes are continuing problems that need to be addressed. According to 2011-2015 American Community Survey 5-Year Estimates, 14.6% of Akron's 97,572 housing units are vacant. Vacancy rates are higher in Akron in relation to the surrounding area (see Map F).

	State of Ohio	Summit County	Portage County	City of Akron
Vacancy Rate (Housing Units)	10.8%	9.9%	10.1%	14.2%

d. Condition of Housing

The proposed CRA contains housing that is in need of considerable repair. Stagnant property values and vacant properties continue to hamper new investment. Housing complaints are processed through the Akron Housing Division of the City's Neighborhood Services Department. 2,350 open housing complaints were mapped. Complaints are spread throughout the City with a concentration in inner ring neighborhoods (see Map G).

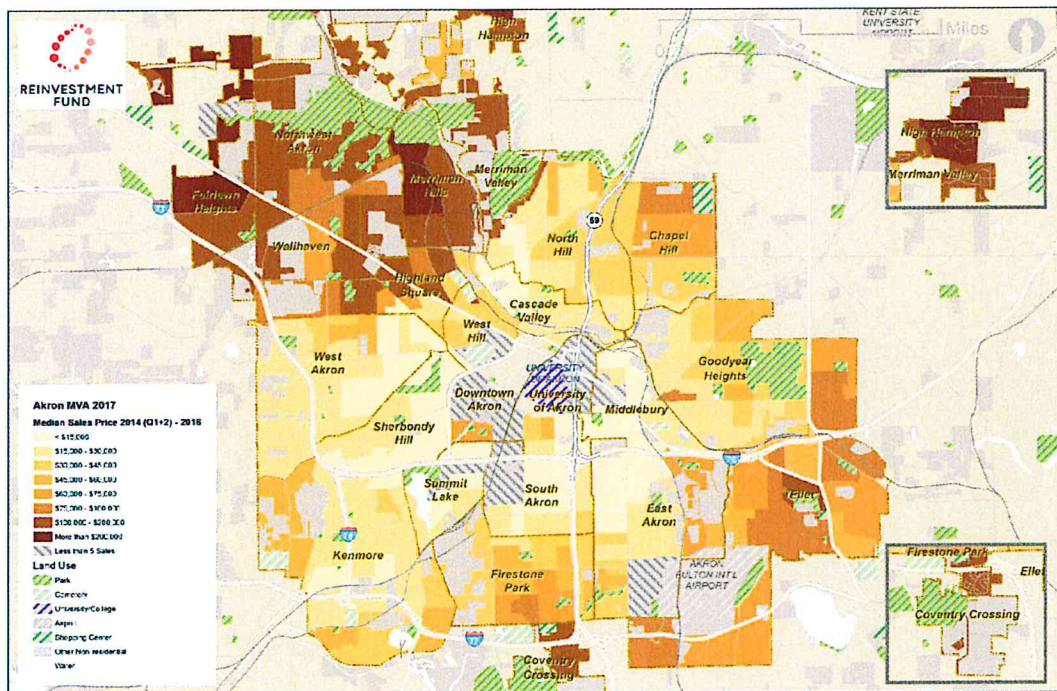
In 2015, the Western Reserve Land Conservancy's Thriving Communities Institute in partnership with the East Akron Neighborhood Development Corporation surveyed the entire City of Akron, parcel by parcel. Ten Akron residents were engaged as surveyors. Each property was surveyed from the street. Teams covered each street on foot using mobile devices to gather information and photograph each residential structure. Each property was assigned a condition rating, with buildings rated "A" representing buildings in Good condition, "B" representing buildings that need basic improvements (minor painting, weed removal, cleaning, etc.) and "C" and below needing more major work.

<u>Akron Total Structures</u>	<u>76,028</u>	
Rated A	48,521	63.8%
Rated B	22,636	29.8%
Rated C	4,097	5.4%
Rated D	664	0.9%
Rated F	110	0.1%

According to the property condition report contained in the Akron Vacant Property Report, approximately 64% of the homes surveyed were rated as “A” properties. Over one-third of the properties surveyed fell into categories “B”, “C”, “D” and “F”.

e. Value of Housing

Throughout the City, housing values are generally depressed. According to the 1st Quarter 2016 Housing Opportunity Index by Affordability Rank tracked by the National Association of Home Builders, 87.2% of Akron’s homes are affordable for median income families.



Akron places thirty-third nationally on the list of 236 metropolitan statistical areas and metropolitan divisions for affordability. Based on Census data, the median sales price for Akron homes in 2016 is \$60,000, with an average sales price of \$82,434. While these prices are affordable for homebuyers, new development is limited due to the low home values. The median value of an owner-occupied home in Akron is approximately \$81,200, significantly less than values in the surrounding counties and the State as a whole (see Map H).

	State of Ohio	Summit County	Portage County	City of Akron
Median Housing Value	\$129,900	\$133,500	\$150,900	\$81,200

f. Zoning

Overall, existing zoning within the City (and the proposed CRA) is primarily residential and allows for residential development in a majority of areas. Residential properties will need to be consistent with established Zoning requirements in order to utilize the tax abatement (see Map I).

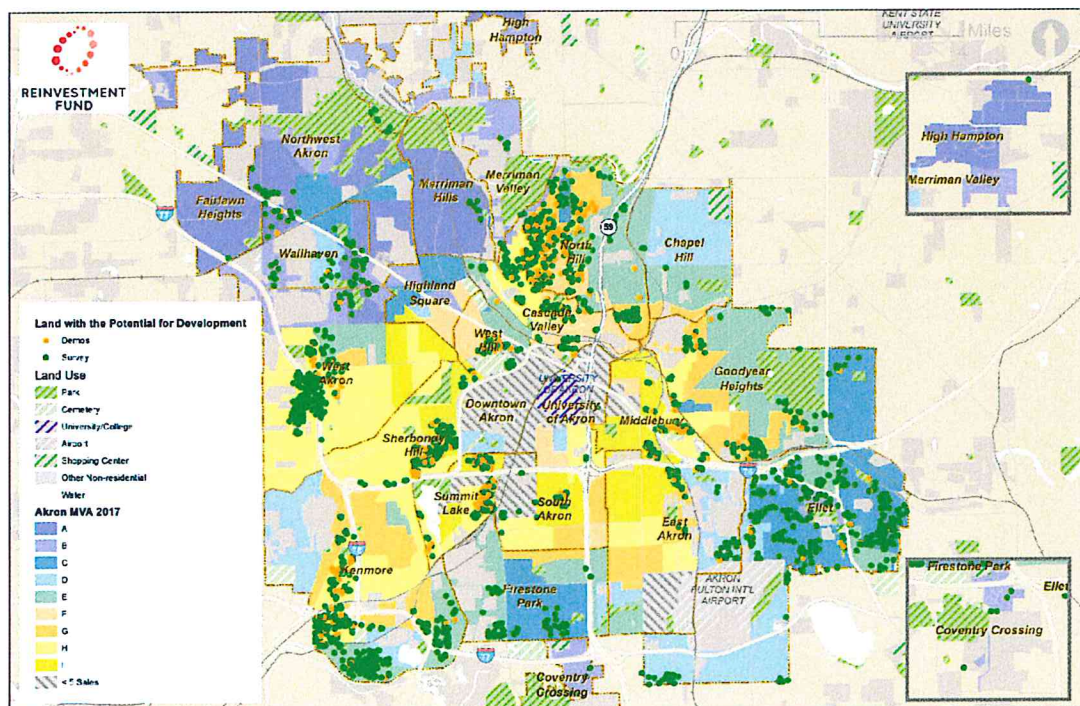
g. Major Industries

Akron is an industrial center with numerous industrial parks and industry clusters. The largest employers in Akron are primarily the hospitals, banking and the University of Akron but Goodyear is still one of the top five employers in the City with over 3,000 employees. Bridgestone/Firestone completed a new \$100 million technology center in Akron in 2012. Akron is quickly becoming known as a global hub of innovation, attracting international technologies and companies looking for the convergence of higher education, healthcare, and public and private sector organizations and government. Akron holds the largest concentration of plastics and rubber manufacturing plants, machines and materials in North America.

Distressingly, a new Market Analysis completed for the City in 2017 found that over 80% of the workers in Akron earning over \$40,000 in salary at their jobs live outside the City limits.

h. Vacant Land and Demolition

The city tears down approximately 400 homes a year city-wide. In most instances, this lot remains in private ownership.



According to the “Akron Vacant Property Report” prepared by the Western Reserve Land Conservancy’s Thriving Communities Institute in 2015, the City of Akron contains 17,450 vacant lots (excluding parking lots and public parks) (see Maps J and K).

4.. Summary and Conclusion

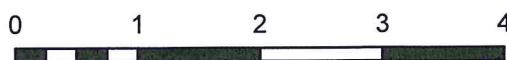
The selected area meets the required criteria of being “one in which housing facilities or structures of historical significance are located and new housing construction and repair of existing facilities or structures are discouraged.” 63.5% of the homes in the CRA were constructed before 1940. Housing values and incomes within the proposed CRA are very depressed compared to the surrounding region as a whole. The median housing value in the CRA is \$81,200 (compared to a county-wide value of \$129,900). The median household income within the proposed CRA is \$34,512, compared to a county-wide median income of \$50,765.

The proposed CRA contains housing that is in need of considerable repair. In many instances, structures are deteriorated to the point that clearance is the only option. Many homes were built on undersized lots that do not meet modern development standards and owner-occupancy rates are low. Over 500 homes a year are being demolished.

The City has determined that shrinking market demand, low owner-occupancy rates, housing values and housing conditions have discouraged new housing construction and the repair of existing homes in Akron. The City is utilizing Federal funds to try to offset blighting conditions, but the public is wary of investments in both new housing and substantial rehabilitation projects in the City, choosing instead to move to new developments in surrounding communities. Limited new housing construction is taking place, but nearly all of the housing projects that are not subsidized by the City are occurring on new allotments on the periphery of the City. These areas are not integrated into neighborhoods that would benefit from nearby new construction. Tax exemptions would provide an additional incentive in marketing properties and enticing new investment to occur within City neighborhoods.

The utilization of residential tax abatement would serve as an enticement to make the option of building and buying in the City a more attractive option.

Proposed City of Akron Community Reinvestment Area

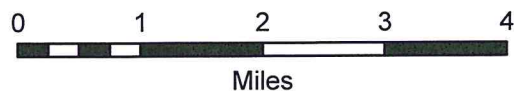
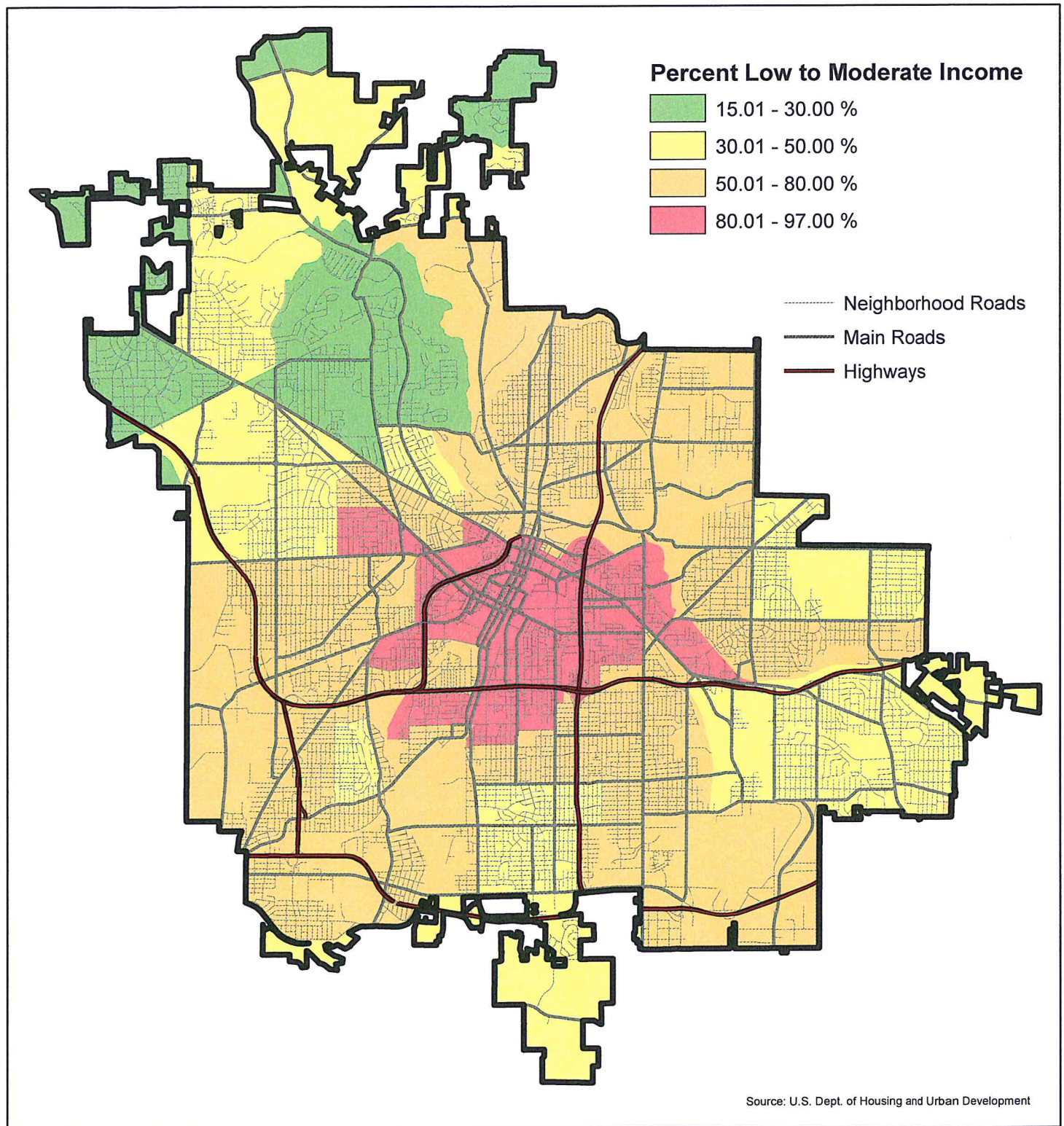
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Department of Planning and Urban Development
City of Akron, Ohio

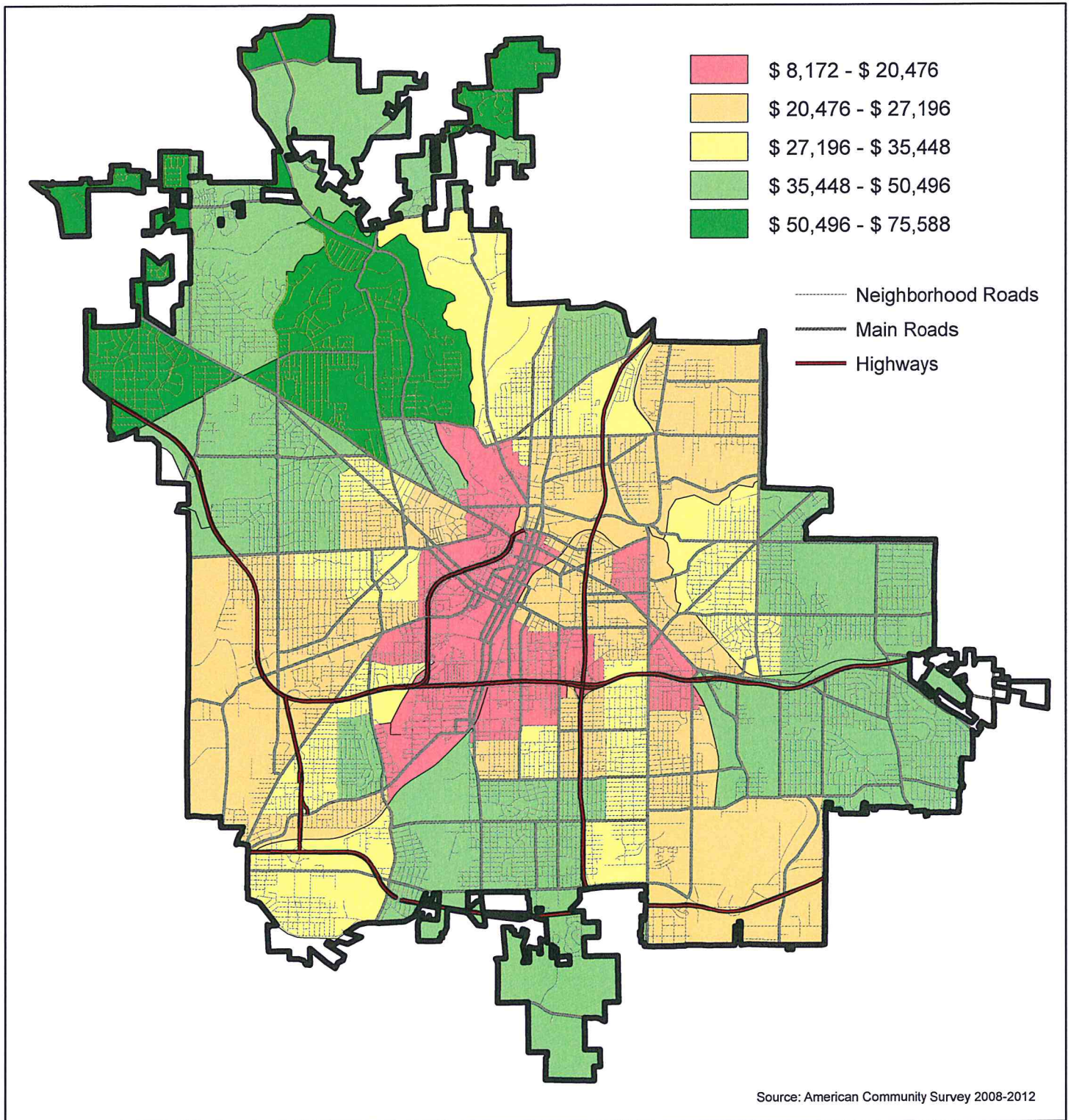
Map B

Proposed City of Akron Community Reinvestment Area

Low to Moderate Income Population by 2010 Census Tracts



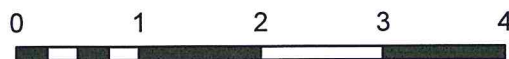
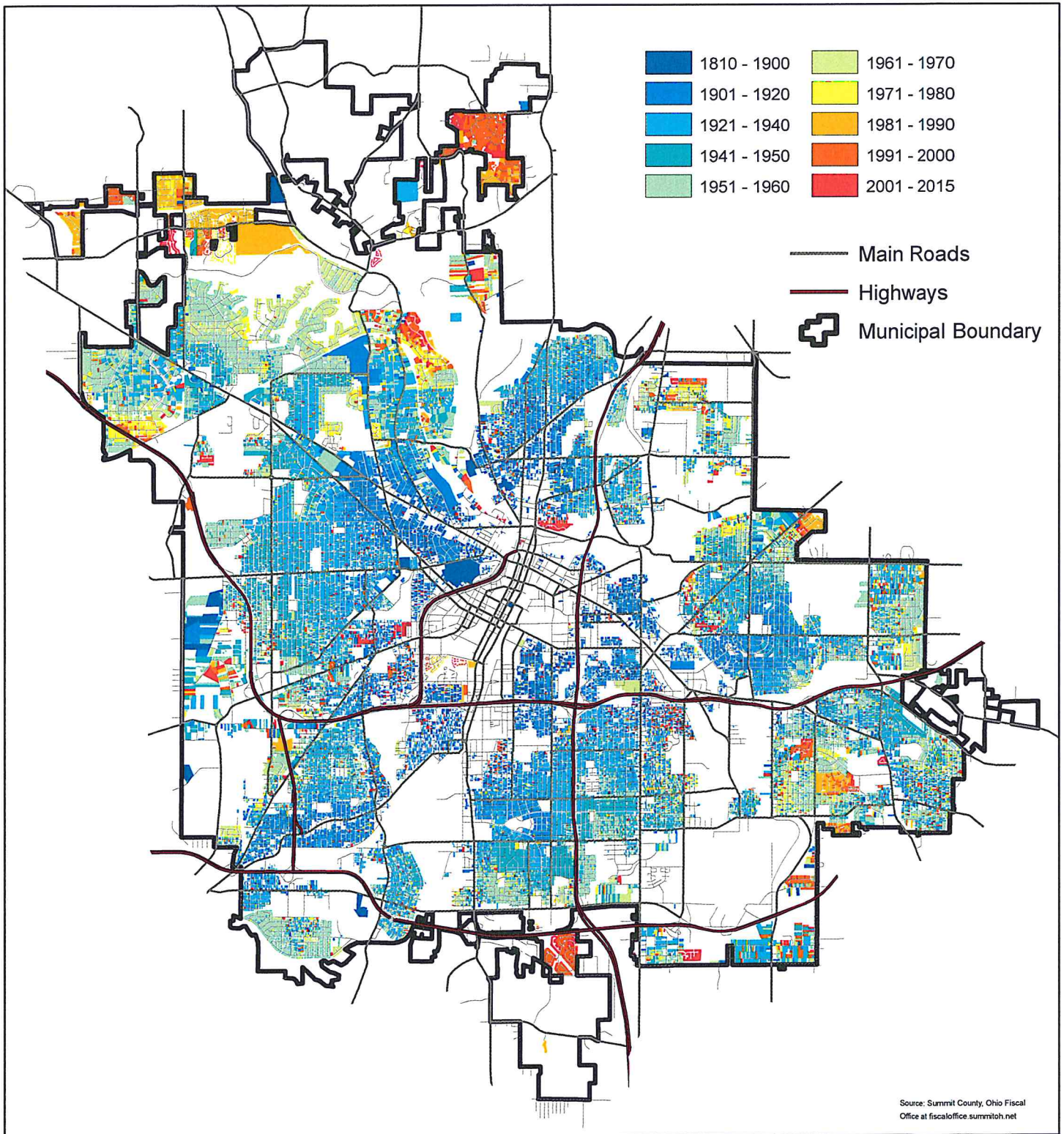
Median Household Income
by 2010 Census Tracts



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Residential Parcels by Construction Year



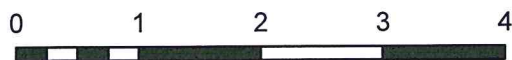
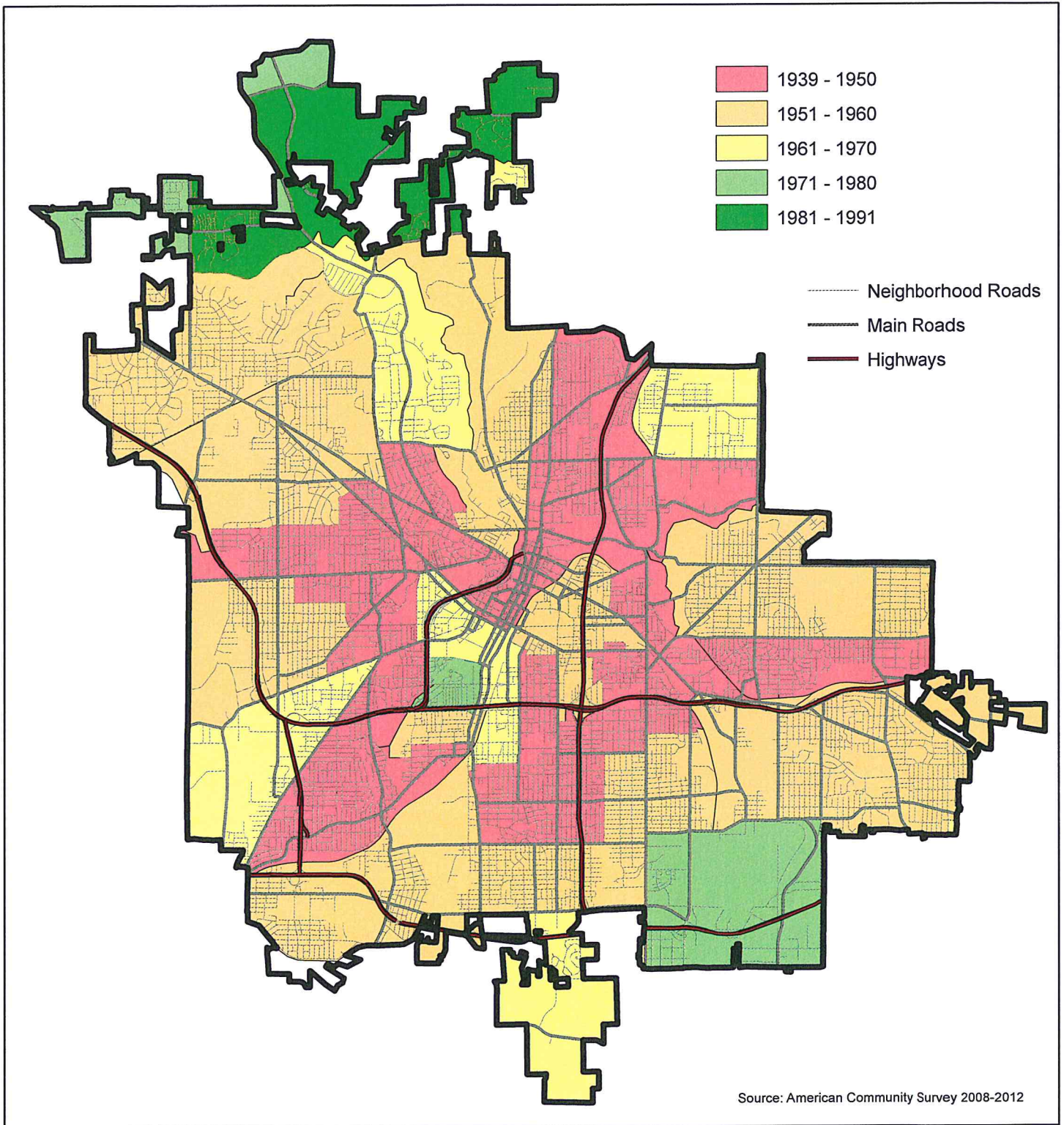
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Map E

Proposed City of Akron Community Reinvestment Area

Median Year Structure Built by 2010 Census Tracts

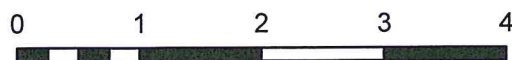
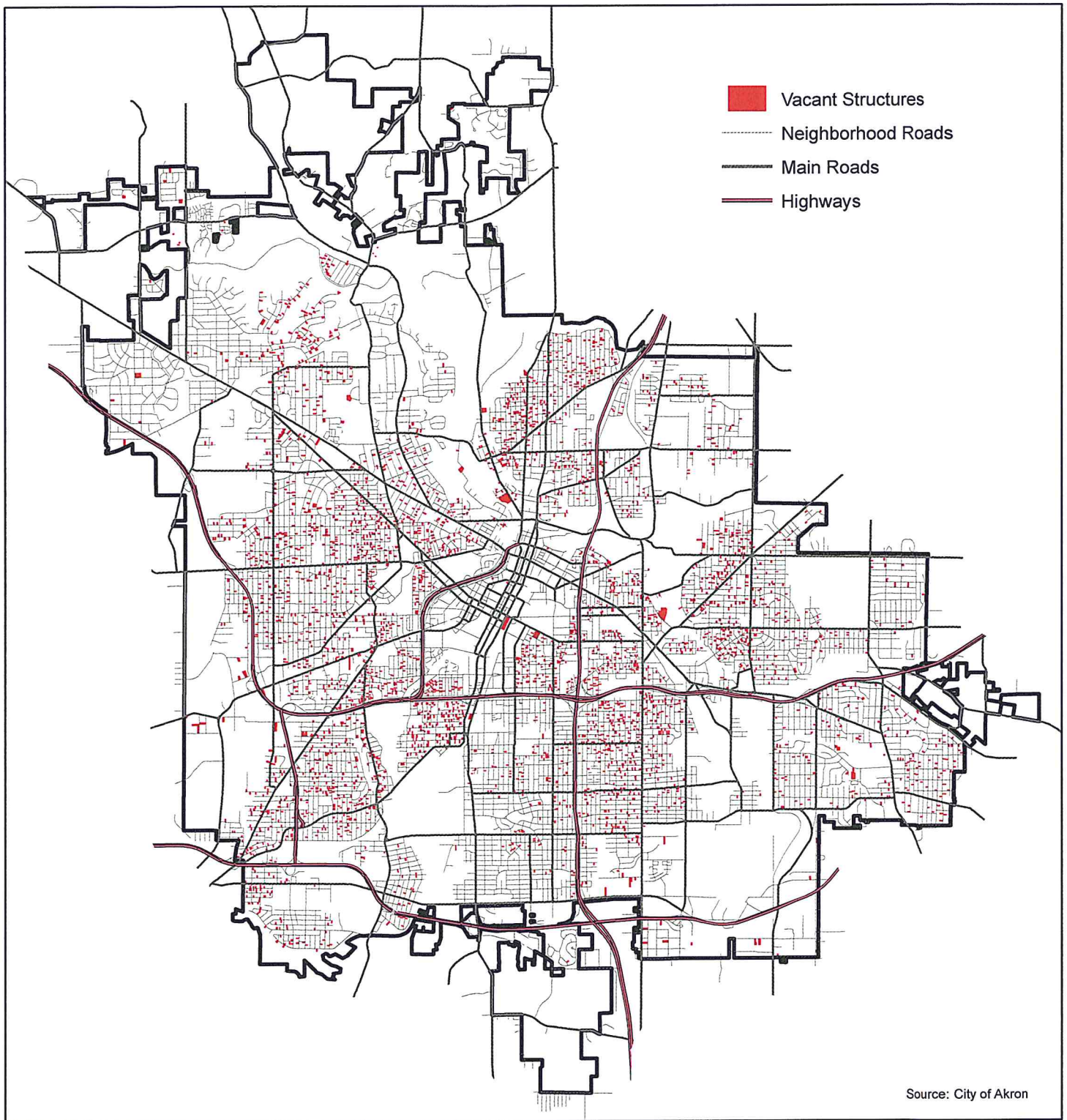


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Department of Planning and Urban Development
City of Akron, Ohio

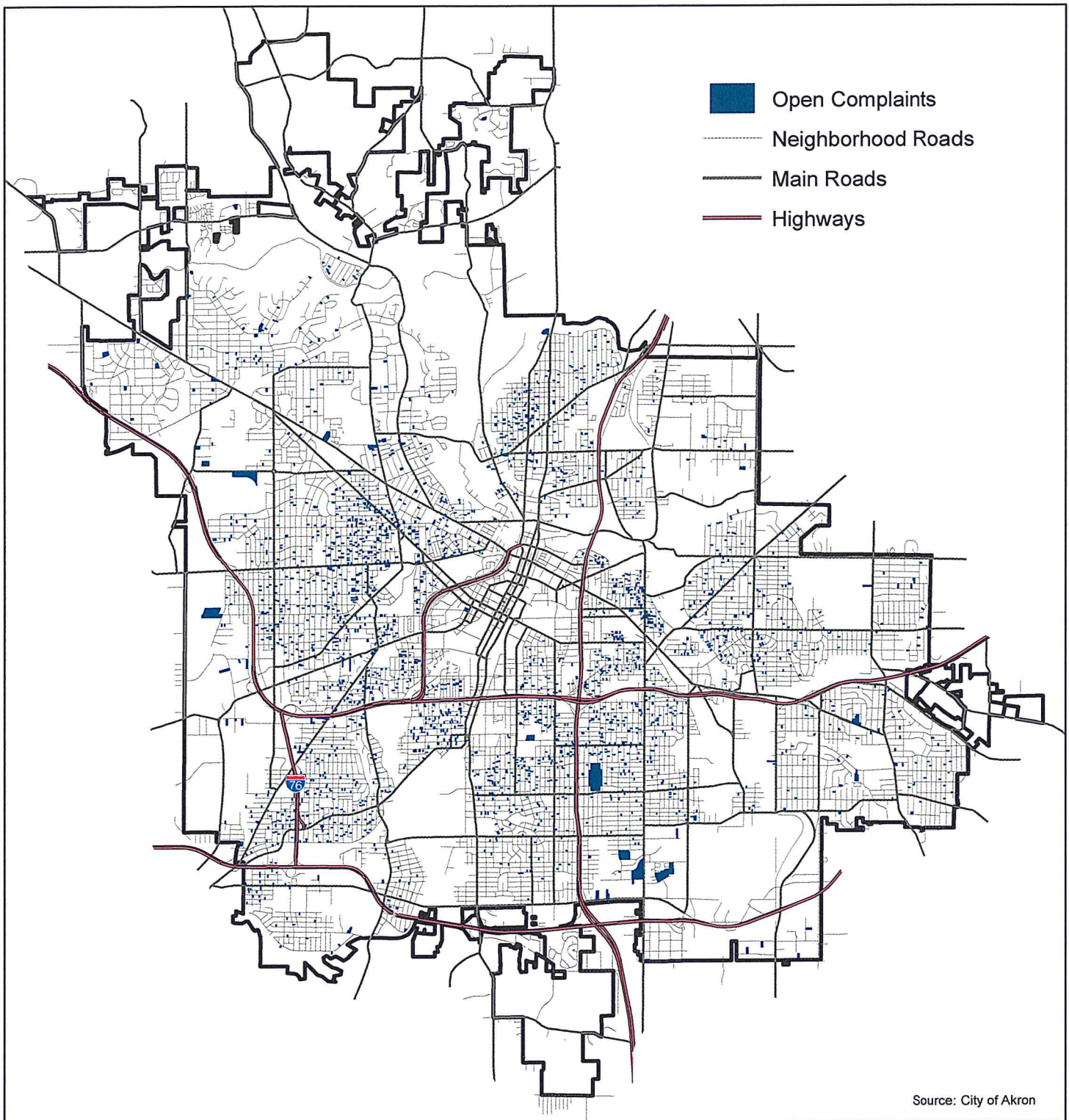
Residential Vacant Structures



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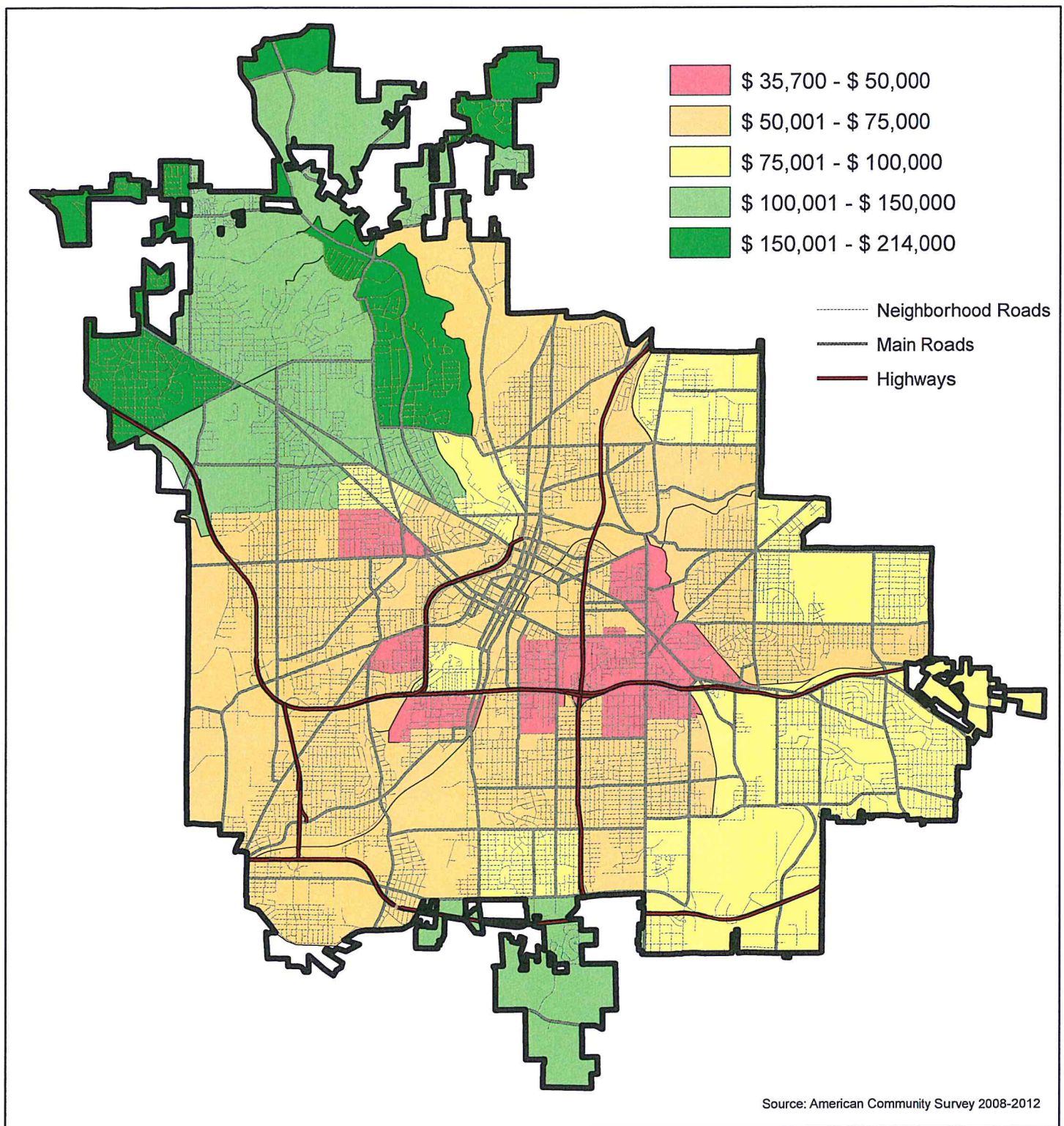
Akron Housing Division: Open Complaints



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Median Housing Value
by 2010 Census Tracts

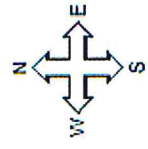
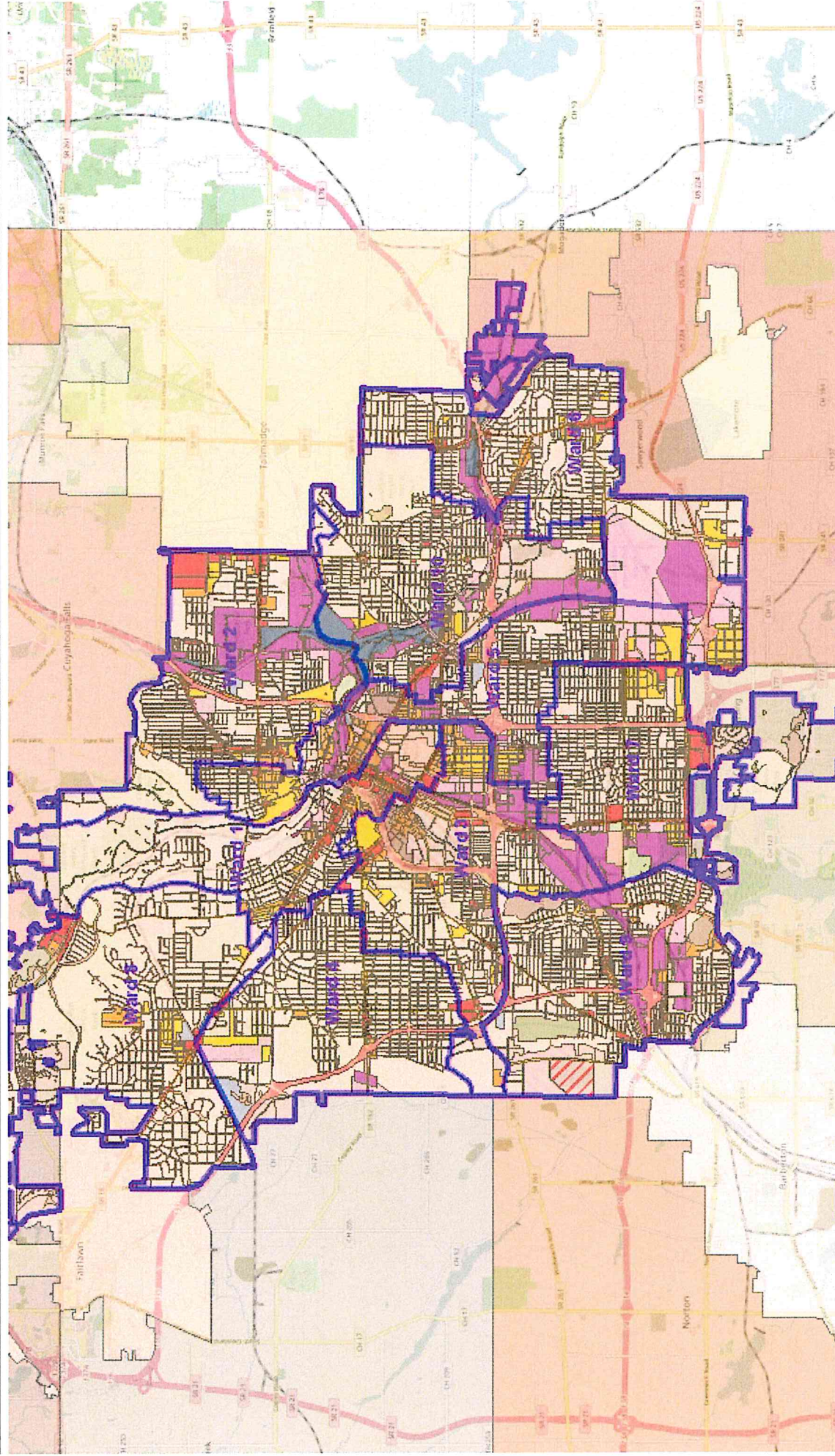


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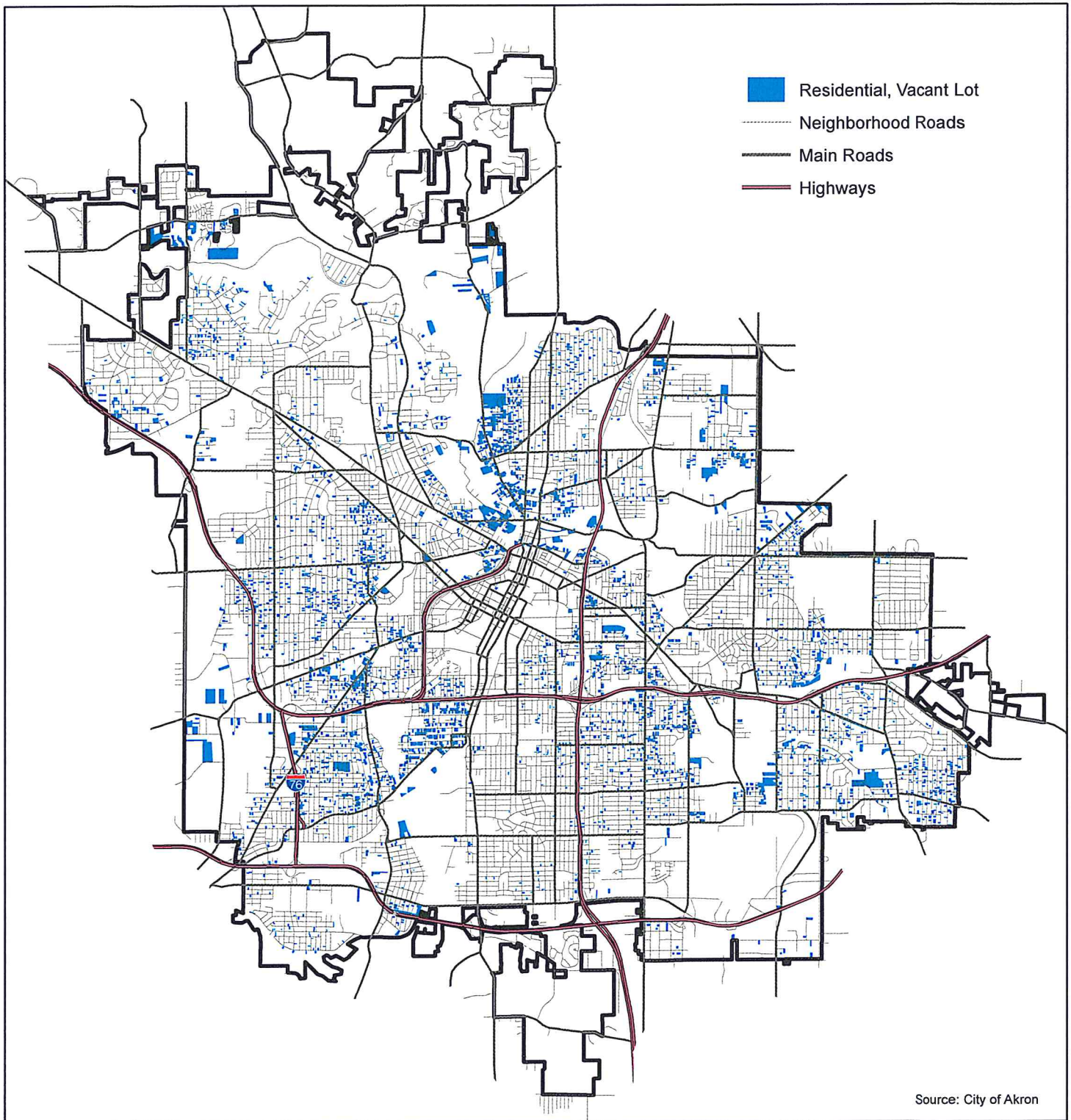
Map I - Akron Zoning Map



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Vacant Residential Lots



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Housing Demolitions: 2011 -2016

