

Community and Economic Development Needs

This section summarizes the City of Toledo’s programs and efforts that address community and economic development needs, including programs related to capital improvements, neighborhood revitalization and redevelopment, housing, downtown, and business and economic growth.

Overview

The City of Toledo Department of Neighborhoods and Department of Development oversees a number of activities using CDBG and other funding sources to stimulate neighborhood revitalization, economic growth and other aspects of community development.

The City’s Development Department identifies several strategies to stimulate economic growth and enhance the City’s quality of life:

- Proactively work with developers to outline, up front, expectations for development and offer, when applicable, input regarding economic context for the proposed development(s) so that both the City and private sector can benefit from enhanced synergies. The City wants to complement existing commercial development, and wants to coordinate future development with existing momentum.
- Inform developers of what incentives they may expect and what design standards they must adopt. Again, proactively stating expectations will underscore a positive dialogue with developers, promoting a reputation for Toledo as a “developer-friendly” place to do business.

Capital Improvement

This section describes the city’s planned capital improvements, as identified through its Capital Improvement Plan.

The City of Toledo’s Capital Improvement Program (CIP) Budget for Fiscal Year 2009 is \$116,850,965 and a total funding of \$628,615,226 for FY2009 to 2013. The FY2009-2013 CIP includes capital expenditures from a variety of funding sources, including utility and transportation funds. Exhibit V-1 shows the “Traditional” income tax funded portion of the CIP for the City Department of Neighborhoods and Department of Development for neighborhood and business revitalization.

Exhibit V-1 Funded Capital Improvements for Department of Neighborhoods and Department of Development, FY2009-2013

Capital Improvement Project (Neighborhood)	Total Funding FY2009-2013
Business Development Incentive Pool	1,600,000
Developer Incentive Pool	968,000
Total	2,568,000

Source: Toledo Ord. 227-09

The Business Development Incentive Pool provides infrastructure, demolition and road construction improvements to developers willing to make capitalized investments in projects that will create jobs. This pool is administered by the Department of Development.

The Developer Incentive Pool provides infrastructure, demolition and site improvements to developers and non-profits willing to provide mixed income housing. This pool is administered by the Department of Neighborhoods.

City wide capital improvements related to ADA compliance will receive \$1.3 million in CIP funds in FY2009-2013. The funding will provide reconstruction of barrier free ramps.

Targeted Areas

Neighborhood Stabilization Program (NSP)

Toledo contains 13 targeted central city and tipping point neighborhoods with the highest percent of homes financed by subprime mortgage-related loans. Neighborhoods were designated under HUD’s Neighborhoods Stabilization Program (NSP). NSP was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. The priority central city neighborhoods include the four New School New Neighborhoods, designated blocks within the Chase, Garfield, Sherman and Stewart Elementary School districts. All are areas where there are existing revitalization plans, making it easier for proposed activities to tie into current development.

NSP is a component of the Community Development Block Grant (CDBG). The CDBG regulatory structure is the platform used to implement NSP and the HOME program provides a safe harbor for NSP affordability requirements.

NSP grantees develop their own programs and funding priorities. However, NSP grantees must use at least 25 percent of the funds appropriated for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of the area median income. In addition, all activities funded by NSP must benefit low- and moderate-income persons whose income does not exceed 120 percent of area median income. Activities may not qualify under NSP using the “prevent or eliminate slums and blight” or “address urgent community development needs” objectives.

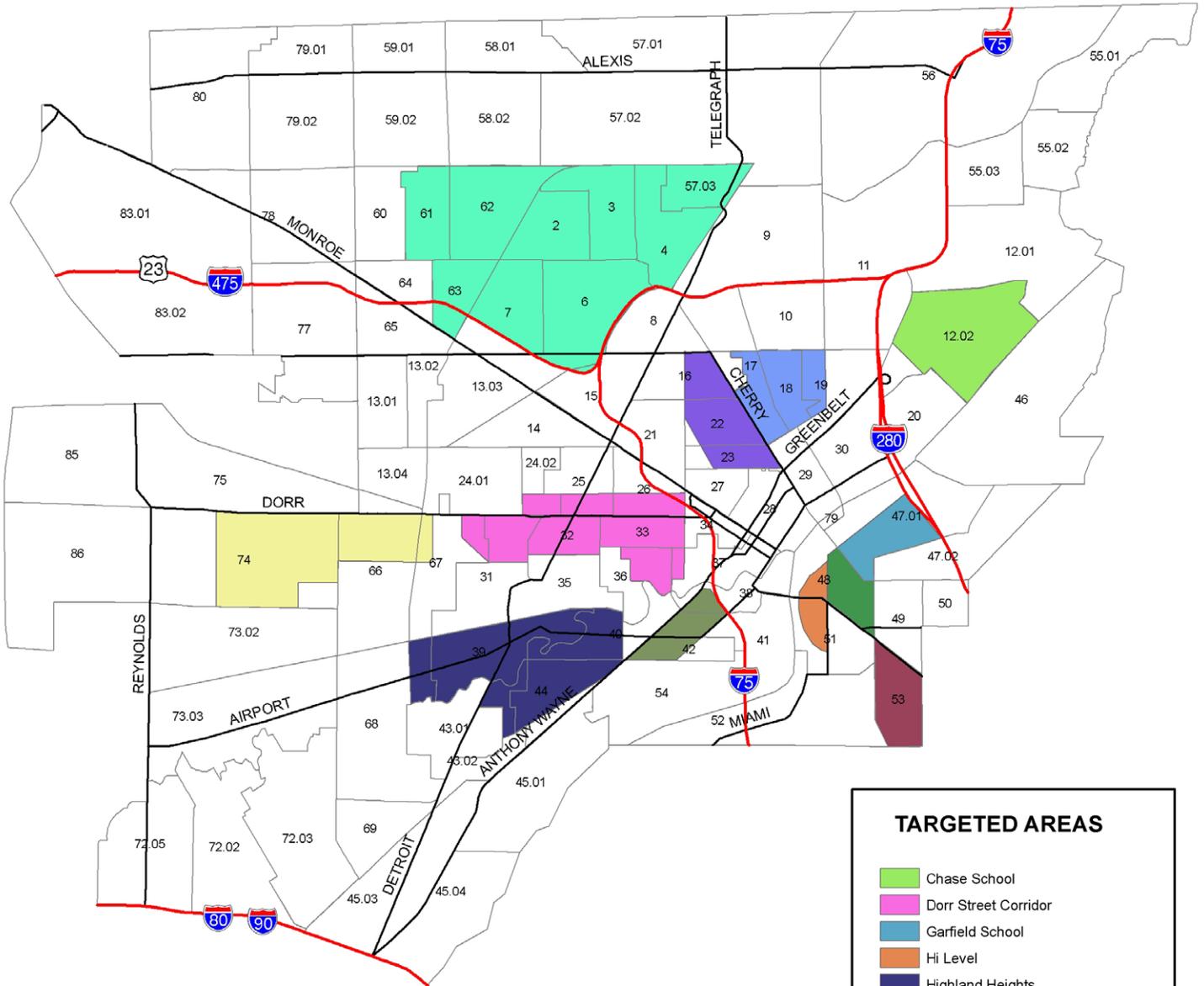
The city is leveraging its NSP dollars by providing gap financing to developers (both nonprofit and for-profit) in the form of soft second mortgages to cover 20 percent down payments. The development agreement will specify properties to be assisted and financing arrangements. The city will pay a development subsidy fee to cover total project costs (acquisition, construction, developer fee, insurance and other soft costs) that exceed the after-rehab appraisal performed.

The location and coverage of these targeted areas are shown on the map Exhibit V-2.

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Exhibit V-2 NSP Target Areas, Toledo



TARGETED AREAS

- Chase School
- Dorr Street Corridor
- Garfield School
- Hi Level
- Highland Heights
- Ironwood
- La Onda
- Library Village/Chase Park
- Secor Garden/Sleepy Hollow
- Sherman School
- St. Vincent Legacy Neighborhood
- Victorian Hill Coalition/Prentice Park

City of Toledo

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Housing Need Assistance

The Department of Neighborhoods oversees a number of programs to assist qualifying low-to-moderate-income households conduct home repairs and pay for homes. Some programs are available only in eligible areas in the city.

Owner-Occupied Rehabilitation Program

This program assists owner-occupied housing within designated blocks that are immediately adjacent to either a Toledo Public Schools (TPS) school, previous Community Housing Development Organization (CHDO) housing development projects or future CHDO housing development projects, or that is currently on the City of Toledo Owner-Occupied Housing Rehabilitation Program waiting list.

Program guidelines set forth the guidelines of the rehabilitation program available to income-qualified citizens. The Owner-Occupied Housing Rehabilitation Program may be funded with HOME and Lead Based Paint Hazard Control Grant Program funds. The maximum loan is \$25,000 and maximum lead hazard grant is \$18,000.

Downpayment Assistance Program

This First-Time Homebuyers Program assists homebuyers with downpayment and reasonable closing costs. Grant amount will be based on the purchase price or appraised value; whichever is less, and the Census Tract in which the property is located.

Housing Development Fund Program

This program provides developer's Gap Financing. Financing is limited to gap financing. Financing will be in the form of loans for rental projects and owner-occupied housing projects developed by private developers. Grants may be provided to owner-occupied housing projects or rental projects when the owner, general partner entity that owns at least 51% of the general partnership or the managing member or managing partnership is a community housing development organization (CHDO) certified by the City of Toledo or an established non-profit organization with an IRS issued 501(c)(3) designation for certain HUD projects.

LOCAL RESOURCES

Land Reutilization Program

Initiated in 1991 in accordance with State of Ohio Law, the City of Toledo's Land Reutilization Program allows the City to acquire unproductive land that was foreclosed upon due to delinquent property taxes, and then transfer the property to productive end users. The goal is to return the "unproductive" property back to a tax-producing status, create new revitalization opportunities through affordable housing sites, commercial developments, brownfield reutilization, and neighborhood enhancements and retain the property for a beneficial public use, i.e. parks and recreation. Property is acquired by the city from three sources: foreclosure proceedings, forfeited land, and gift of deed in lieu of foreclosure.

Business and Economic Growth

The Department of Development administers programs designated to create and retain local jobs. It helps businesses take advantage of state programs designed to encourage job growth, and connects them with other economic development organizations and programs that assist businesses.

TAX INCENTIVES

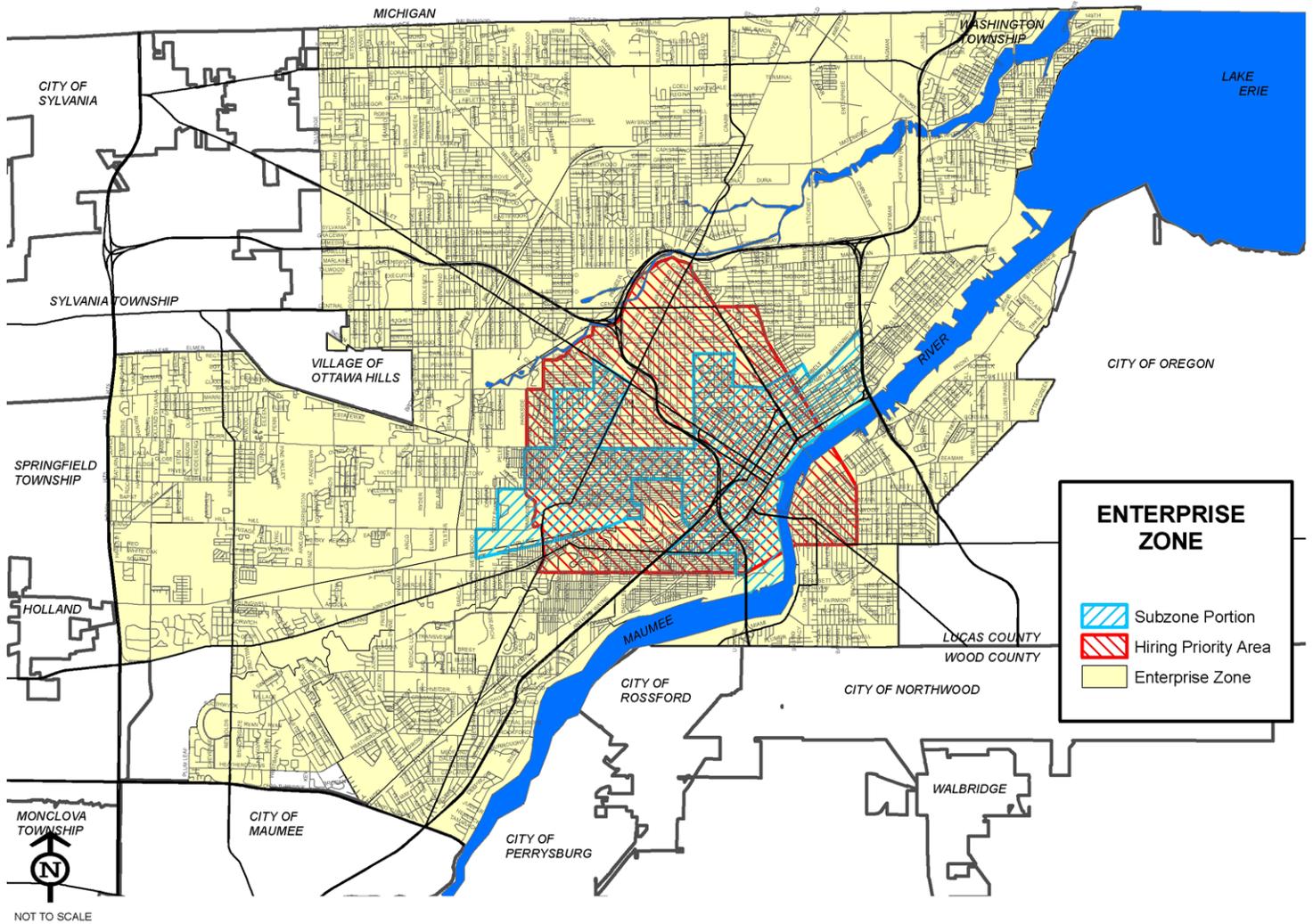
Enterprise Zone Tax Abatement

Toledo's Enterprise Zone (EZ) Tax Abatement provides a ten-year real and personal tax exemption to businesses making capital investment within the Enterprise Zone. These businesses are required to create or retain employment. The net tax abatement to the business is 55 percent (or 65 percent if the project location is in a sub-zone) with a payback to the school district. The City's EZ zones are shown in Exhibit V-3.

SECTION V

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Exhibit V-3 Enterprise Zones, Toledo



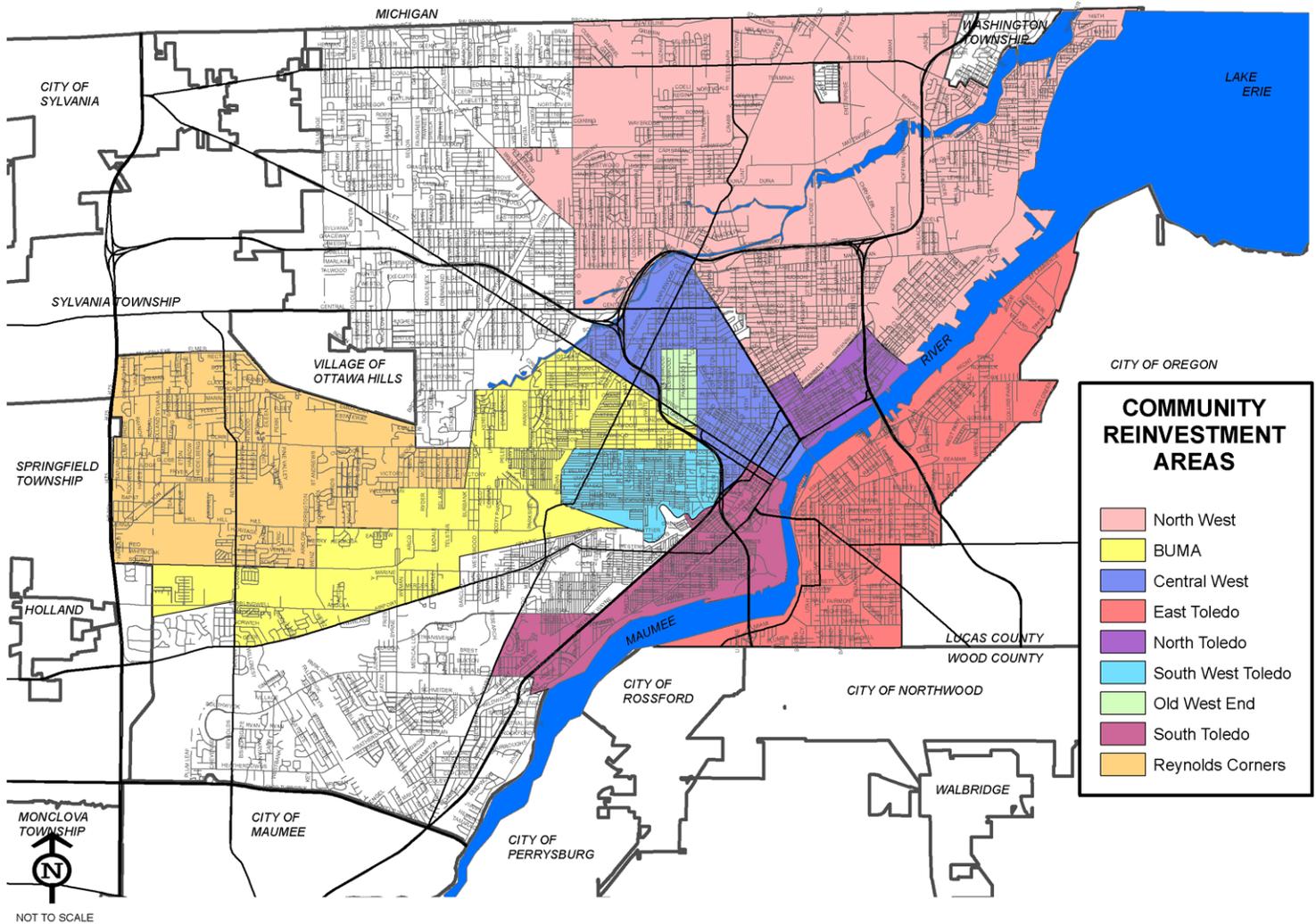
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Community Reinvestment Areas (CRA)

The City's Community Reinvestment Areas promotes new construction and/or rehabilitation of existing commercial and industrial structures by providing real property tax exemption on new real capital investment. All abatements are for 100% of the value of the new improvements as certified for eligibility by the City's housing officer. However, multi-family and commercial/industrial projects are subject to a negotiated payment to the school board as determined by a CRA Real Property Tax Abatement Agreement. The City's CRA district map is shown in Exhibit V- 4.

Exhibit V-4 CRA Map, Toledo



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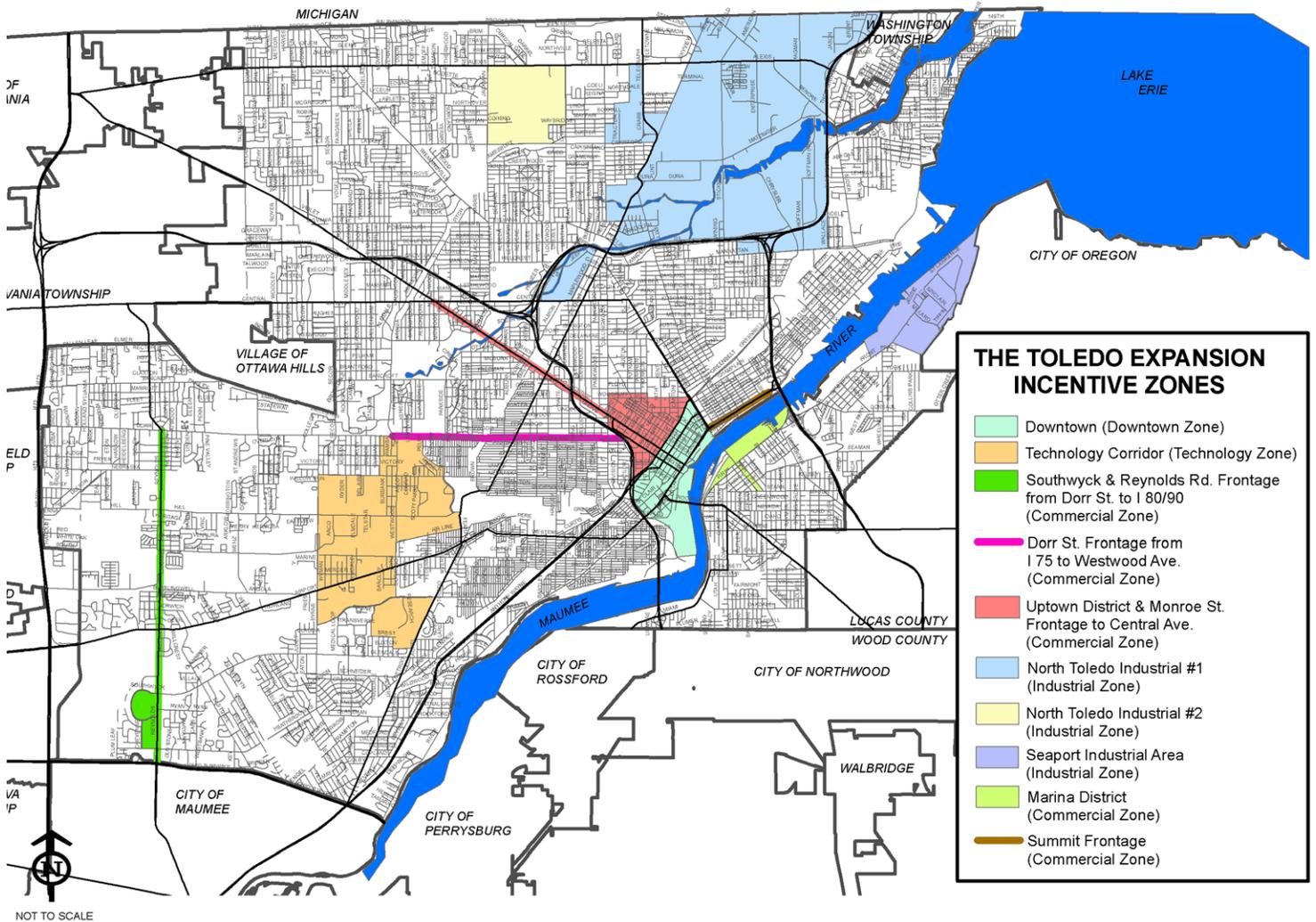
Municipal Job Creation Tax Credit Program

Designed to create jobs and increase the tax base. A minimum of 25 new jobs must be created over a three-year period and companies must be approved by the State of Ohio Jobs Tax Credit Program to qualify under the Toledo jobs Tax Credit Program. The credit is applied to the company's municipal franchise tax, and is based upon the municipal income tax paid to Toledo by the new employees over a period of ten years.

Toledo Expansion Incentive Areas

The Toledo Expansion Incentive (TEI) encourages private businesses to expand within the City of Toledo. The amount of the award will be based on a percentage of municipal income tax paid in the first full year after the application is approved. Exhibit V-5 shows the 10 designated TEI zones in the City.

Exhibit V-5 Toledo Expansion Incentive Zones



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LOANS

Enterprise Development Loan Program (EDL)

Businesses located within the City can receive loans of up to \$50,000 from the City for new construction, renovation, fixed asset acquisition, inventory, and working capital. One new job must be created for every \$10,000 loaned by the City. The program offers a low down payment and below market interest rate.

Neighborhood Economic Development Loan Program (NEDL)

Small community-based businesses located in designated business districts within the City are eligible for loans of up to \$20,000 from the City. Eligible projects must create one new job and contribute to neighborhood stability or revitalization.

GRANTS

Core City Facade Grant

Businesses located within Downtown Overlay District or the Warehouse District are eligible for grants for exterior improvements to existing buildings. Improvements must meet the Secretary of the Interior's Standards for Historic Preservation. Free architectural services are available for eligible projects. One-third reimbursement grant for investment up to \$75,000. An additional 10% reimbursement is available for investment over \$75,000. Maximum grant is \$32,500 and minimum grant of \$500 per individual building within 5 years.

Neighborhood Facade Grant

Businesses located within designated older neighborhood business districts within the City. Improvements must meet the Secretary of the Interior's Standards for Historic Preservation. Free architectural services are available for eligible projects. A one-third reimbursement grant is available for investment up to \$75,000. An additional 10% reimbursement investment is available for investment between \$75,000 to \$150,000. Maximum grant is \$32,500 and minimum grant of \$500 per individual building within 5 years.

2% Utility Development Fund

The purpose of the program is to encourage the creation/retention of jobs and new housing through improvements to the sanitary sewer and water distribution infrastructure. Each year, the City sets aside funds for sanitary sewer projects and water distribution projects that assist:

- commercial or industrial projects that create or retain jobs within Toledo
- housing projects must consist of three or more units of new housing in Toledo, except that 501(c)(3) organizations may receive funding for single units of new or rehabilitated housing

OTHER

Business Improvement Districts

Toledo has one Business Improvement District (BID), the Downtown Improvement District. BIDs are self-assessment districts that collect property taxes for infrastructure improvements, promotion and beautification.

Downtown Market Analysis

The most recent Downtown Residential Market analysis was conducted in September, 2004 by Zimmerman/Volk Associates, Inc. The report stated that:

"From a market perspective, considerable pent-up demand exists for Downtown housing, both new construction and adaptive re-use of existing buildings. As determined by this analysis, the market potential for new and existing market-rate housing units to be leased or sold within Downtown Toledo each year consists of up to 3,360 households with an affinity for urban neighborhoods. Approximately three-quarters of these households are currently living in the City of Toledo or Lucas County; the remainder of the potential market will be moving from elsewhere in the region (nine percent), or from elsewhere in the nation (16 percent).

The household groups that comprise the potential market are:

- Younger singles and childless couples—including, among others, affluent professionals, small business owners, middle- to upper-management, artists and university affiliates (53 percent);
- Well-to-do empty nesters and retirees (38 percent); and
- A range of urban families (nine percent).

With a variety of housing initiatives, Downtown Toledo should become quite attractive to households moving into the city."

Since this 2004 analysis, there have been several downtown housing projects developed targeting the identified markets. These include River West Town Homes, new construction, and Bartley Lofts, a 52-unit adaptive reuse development. There have been varying degrees of success regarding sales as the downtown employment base and economy have contracted.

CB Richard Ellis/Reichle Klein's periodically prepares the "MarketView Toledo Multi-Housing." Based upon this report, Downtown's vacancy rate for multi-family rental units is lower than the multi-family rental rate for the Toledo area. Also, Downtown's vacancy rate appears to be improving from the mid-year rate which represented a three year high.

Exhibit V- 6 Downtown Vacancy Rate, Toledo

	Toledo Area Multi-family Rental Vacancy Rate	Downtown Multi-family Rental Vacancy Rate
End of 2008	10.1%	13.4%
Mid-2009	9.4%	8.6%

Source: Zimmerman/Volk Associates, Inc and CB Richard Ellis/Reichle Klein

It should be noted that the definition of "downtown" for the purposes of this report includes several neighborhoods adjoining the traditional definition of downtown – many of these areas have experienced high and increased foreclosure rates, inflating the overall vacancy rate.