





Business Attraction: How to be Ready When Businesses Call

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INTRODUCTIONS

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Topics to be Covered

- ▶ Before you initiate your business attraction efforts, what should you have in place?
- ▶ Local tools to help fuel your business attraction efforts
- ▶ Once my business attraction program and tools are in place, then what?

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Business Attraction: What Should You Have In Place?

- ▶ Need a local economic development strategy and a organizational structure that enables and welcomes growth
- ▶ Need to build strong public-private partnerships (*Project Team*)
- ▶ Need a comprehensive business development program



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What Should You Have in Place: Strategic Planning

- ▶ Assess your community's assets and weaknesses
- ▶ Develop an action plan
- ▶ Important to get input and buy-in from all key stakeholders in your community
- ▶ Assign tasks with completion dates
- ▶ Update it frequently!



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What Should You Have in Place: Local Organizational Structure

- ▶ There's no right or wrong structure, as long as it's effective!
- ▶ Priority is to have clear point of contact so site selectors know who to contact
- ▶ Could be or tied into:
 - County, township or municipal government
 - Community Improvement/Investment Corporation (CIC)
 - Chamber of Commerce
 - County Extension
 - Port Authority





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What Should You Have in Place: Examples of Unified Economic Development Structures



- ▶ Union County Economic Development Partnership
 - "trade name" for the Union County Community Improvement Corporation and related entities
 - One executive director over all entities that serve business and citizens (All in same office: the Chamber, CIC, Port and CVB)

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What Should You Have in Place: Examples of Unified Economic Development Structures



- ▶ Allen County Economic Development Group
 - Private nonprofit that brings together major public and private stakeholders
 - One executive director and staff over all economic development entities (CIC and Port Authority)
 - Unified strategic plan, messaging and assistance




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What Should You Have in Place: Establish Strong Local Partnerships

- ▶ Involve a diverse cross-section of local leaders on your board or advisory committee (business, elected officials, school districts and non-profits)
- ▶ Support their initiatives
- ▶ Their success is your success!




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Business Retention and Expansion (BR&E)

- ▶ Not Sexy, but Effective!
- ▶ According to the IEDC, a BR&E program is **the most** effective economic development tool to add jobs and investment in a community.
- ▶ Expansions also have a bigger ripple effect
 - Businesses use already-established networks of local suppliers, construction companies, lenders and labor force.
- ▶ Need regular visits, information collection and assistance



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- ▶ Have an updated, easy to navigate website
- ▶ Market as appropriate
- ▶ Keep your real estate site listings updated in the states database and provide key updates to your regional JobsOhio partner directly
- ▶ Be responsive and make it easy for the business or their representative
- ▶ Preference is to have one clear point-of-contact per county/large city
- ▶ Have a team of ambassadors ready to sell your community (elected officials, similar businesses, workforce development, school districts)



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- ▶ Develop your incentive policy ahead of time
 - Rationalizes and standardizes awards
 - Allows you to target awards
 - Quality, sustainable companies and jobs
 - Diversification of industries or compatible industries (clusters or supply chains)
 - Allows you to reach your strategic plan goals and appropriately measure them



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Business Attraction: Local Tools that Help Growth

- ▶ Community Improvement Corporations and Port Authorities
- ▶ Tax Credit or Tax Exemption Programs
- ▶ Local Special Purpose Economic Development Entities



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Local Attraction Tools: Community Improvement Corporations

- ▶ Ohio non-profit corporations (ORC Ch. 1724)
- ▶ Can be designated as the economic development agency for local political subdivisions (cities, townships and counties)
- ▶ If so designated, 40% of board must be composed of appointed or elected public officials
- ▶ Many communities use CICs as place to strategize for economic development, adopting and implementing strategic action plans



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Local Attraction Tools: Powers of CICs

- ▶ Can acquire, sell or lease property
- ▶ Can acquire property from political subdivisions and dispose of same without public sale/bid requirements and below FMV; Allows transfer of land to strategic users
- ▶ Can serve as agent for grants
- ▶ May borrow money
- ▶ May issue un-voted revenue bonds secured by property lease/mortgage or pledged revenues



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Local Attraction Tools: CIC Compliance Issues/Limitations

- ▶ Not required to comply with Prevailing Wage laws unless acting on behalf of political subdivision on project otherwise subject to Prevailing Wages
- ▶ Required to follow open meeting (sunshine) laws
- ▶ Cannot levy taxes
- ▶ Cannot grant tax abatements
- ▶ Cannot issue tax-exempt bonds
- ▶ No powers of eminent domain



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Example of CIC Transaction: Champaign Economic Partnership



- ▶ The Challenge: What to do with 2 soon-to-be vacant elementary school buildings?
- ▶ The Solution: Put them in the hands of a private entity and convert into a business (in this case, senior housing)



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Local Attraction Tools: How CIC's can Help Transfer Public Property

- ▶ How:
 - Schools typically can't transfer unneeded buildings to private entities without going through public auction
 - However, ORC 3314.41(C) allows schools to directly sell such buildings to political subdivisions as listed in RC 5701(A); price is not specified so it can be for a nominal fee
 - If a CIC has been designated as the agency for economic development for such subdivision, the land can be transferred to or through the CIC, then to the private entity, without going to bid and for a price that incentivizes economic development



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Local Attraction Tools: Port Authorities

- ▶ Political subdivision created under ORC Chapter 4582 as economic development tool.
- ▶ Different ORC code sections govern pre/post 1982 port authorities
- ▶ Governed by board appointed by participating entities; recent legislation allows video/teleconferencing into board meetings
- ▶ Broad powers:
 - Acquire/dispose of property
 - Issue revenue and general obligation bonds
 - Exercise eminent domain
 - Receive state and federal grants and loans
 - Levy voted property taxes



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Local Attraction Tools: Additional Benefits of Port Authorities

- ▶ Proprietary information submitted in connection with economic development project is not a public record
- ▶ Ports are exempt from the prevailing wage requirements for public improvements and facilities
- ▶ Facilities/projects are not subject to property, income or sales and franchise taxes (Exemptions do not apply to port property leased to third party for >1 year)



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Example of Port Authority Financing: Belmont County Port Authority and Flushing Dollar General



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Terms

- ▶ The Need: Demolition of 3 dilapidated schools built in 1904 and closed since 1998 and redevelopment of land
- ▶ The Structure:
 - School district conveyance to Village of Flushing
 - Village conveyance to Port Authority, then to Dollar General, which will demolish schools and redevelop land
- ▶ The Benefits:
 - School district relieved of burden
 - Village gets rid of eyesore and gets new store
 - Local participation and goodwill for the Port



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Local Attraction Tools: Local Tax Credit or Exemption Programs

- ▶ Enterprise Zones or "EZ"
(O.R.C. 5709.61 et seq.)
- ▶ Municipal Tax Credits (O.R.C. 718.15-.151)
- ▶ Community Reinvestment Areas or "CRA"
(O.R.C. 3735.65 et seq.)
- ▶ Tax Increment Financing Districts or "TIF"
(O.R.C. 5709.40, 5709.73 and 5709.78)



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Local Attraction/Retention Tools: Enterprise Zones

- ▶ **Characteristics**
 - Tax exemption on NEW eligible investments in real and personal property
 - Both municipalities and counties have EZ creation powers
- ▶ **Exemption Parameters**
 - Municipality: (1) up to 75% and up to 10 years or (2) average of 60% over term
 - Unincorporated area: (1) up to 60% and up to 10 years or (2) average of 60% over term
 - Exception with school district approval (up to 100% for up to 15 years)



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Local Attraction/Retention Tools: Municipal Job Creation or Retention Tax Credits

- ▶ **Purpose:** Allows municipalities to incentivize creation or retention of jobs
- ▶ **Process:**
 - Municipalities pass legislation offering refundable or nonrefundable credits against local income tax obligation
 - Credit is measured as a percentage of the new (or retained) income tax revenue the city would derive from jobs
 - Need written agreement between municipality and employer; Term cannot exceed 15 years



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Local Attraction/Redevelopment Tool: Community Reinvestment Area

- ▶ **Characteristics**
 - Encourage revitalization of existing structures and development of new structures (residential/commercial)
 - Tax exemption on real property only (up to 100%)
 - Significant differences between pre/post 1994 CRAs
 - Pre 1994, must grant 100% abatement
 - Pre 1994, local jurisdictions cannot restrict the type of projects eligible under the program
 - If a Pre-1994 CRA is amended more than twice, becomes subject to the post-1994 rules (ODSA Director then must confirm area if amendment is changing the area of the CRA)



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Local Attraction Tools: Creation of CRAs

- ▶ **Creation and Granting**
 - Local government conducts a Housing Survey (need at least 20% of properties in need of rehabilitation)
 - Legislation adopted that defines area, incentive rates and term
 - Post-'94 CRA: Need prior ODSA approval
 - Can get creative as to linking the percentages/length of tax abatements to the levels of investment of the project (example: Findlay)



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Example of Creative Use of CRA: Findlay

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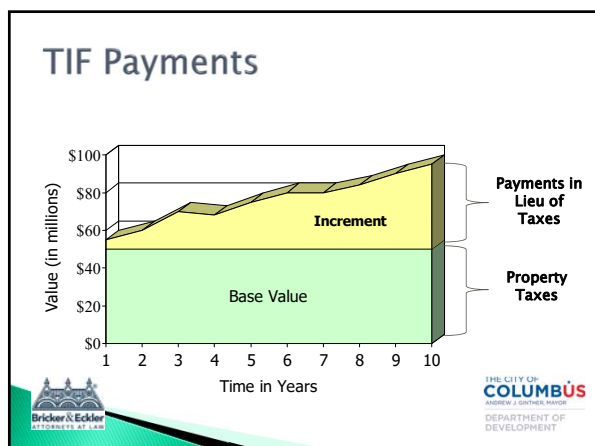
Local Attraction Tools: Tax Increment Financing

- ▶ Characteristics
 - Assists local governments to finance public improvements to encourage development
 - Municipalities, counties and townships all have TIF authority
 - Use property taxes that would have otherwise have been paid by a property owner with respect to improvement to real property to pay for "public improvements" that directly benefit the property
 - Payments in Lieu of Taxes (PILOTs)

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Local Attraction Tools: Tax Increment Financing

► Tax Incentives

- 75% for 10 years
 - 14 days notice to school district
 - No school district approval required
- 100% for 30 years (with school district approval or if compensate district for amounts would have received)
 - 45 days notice to school district
 - School district's response must be delivered at least 14 days prior adoption of the TIF legislation
 - School district must approve, disapprove, or conditionally approve proposed exemption
 - Joint vocational school districts also compensated



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Local Attraction Tools:

Local Special Purpose Economic Development Entities

- JEDDS
- SIDS
- NCAs
- Downtown Redevelopment Districts



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Local Attraction Tools:




Joint Economic Development Districts


- Contractual agreement among jurisdictions to create a new political subdivision to improve a district in an unincorporated area
- Typically involves a township with prime development land and a municipality willing to offer services
- Enable district-wide income tax and the provision of municipal services to unincorporated areas
- JEDDs replace antagonism of annexation with collaborative spirit of cooperative agreement between municipalities and townships




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Sofidel Transaction (Pickaway County)







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Site Challenge

- ▶ Natural Gas: no ready access. Cost estimates for new 9 mile transmission line were ~\$20 million.
- ▶ Solution: Use JEDD to pay for it
 - Public Interest: Capacity for other uses
 - Process: Township/City enter into JEDD Agreement after public hearing; filed with ODSA
 - Mechanism: P3 has loan from JobsOhio to defray cost of gas line; Loan being repaid by JEDD and TIF revenues with backstop by Sofidel







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Circleville-Pickaway Township JEDD

- ▶ Characteristics:
 - Terms: Thirty Year Term/2% Income Tax (Circleville's)
 - Initial use of funds: Payments to P3 to repay loan, small amounts to city, township and school district
 - Long term, funds will be used for other needed infrastructure in JEDD territory plus more to schools





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Special Improvement Districts

- ▶ General Characteristics:
 - Allows for assessment of costs of “public improvements” and “public services”
 - Special SID called Energy SID allows for assessment of costs of energy efficiency, solar, wind and other alternative energy technologies on private property (known as “PACE Financing”)
- ▶ Process:
 - Non-Profit Corporation formed
 - Property owners agree to petition for property assessments (by County Auditor)



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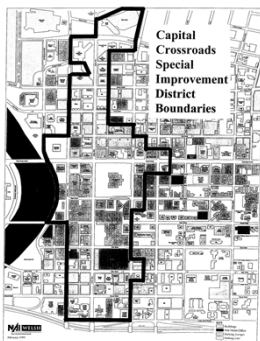
Example of SID

- ▶ Capital Crossroads SID
 - Created in downtown Columbus in 2000 to promote and maintain a clean and safe downtown
 - Board composition
 - 18 board members
 - 4 classes of property owners based ½ on front footage and ½ on property values
 - Services
 - Environmental Maintenance
 - Visual Amenities
 - Supplemental Security
 - Promotions and Marketing



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Special Improvement Districts



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Local Attraction Tools:

New Community Authorities

- ▶ A separate governmental body organized to develop a new community/large area
- ▶ Benefits: Can levy community-development charges on each parcel and finance community infrastructure (streets, utilities, parks, etc.)
- ▶ Developer driven
 - All acreage must be owned or controlled by developer
 - Developer is represented on board
 - Large developments only—minimum 1,000 acres if not wholly within municipality (pending HB 500 would remove that requirement)



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Local Attraction Tools:

New Community Authorities

- ▶ Procedure for creation
 - Developer files petition with the board of county commissioners
 - Developer must obtain approval of most populous city in the county and the most populous city of an adjoining county if within five miles
 - Commissioners hold hearing and approve if district is conducive to the public health, safety, convenience, and welfare



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Examples:

- ▶ Jerome Village (Union County; Dublin City Schools)
 - Began in 2010 with 1500 acres and rights for additional 3000
 - Developer: Nationwide Realty Investors
 - Planned to have 2500 homes and over Million square feet of commercial space
 - Currently has 13 neighborhoods and over half land developed
 - Has led to Union County becoming Ohio's fastest growing county



Downtown Redevelopment Districts

► Characteristics:

- Allows municipalities to promote redevelopment of designated areas
- Funding from new property tax exemptions and redevelopment charges
- Authorizes designation of innovation districts if have high-speed internet
- Territory no more than 10 acres with contiguous properties only
- Must include at least one historic building that is being or will be rehabilitated



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Downtown Redevelopment Districts

► Process:

- Draft Economic Development Plan for Area
- Notice by first class mail to owners of property within proposed district
- Public hearing no sooner than 30 days after notice
- Created by ordinance of municipal corporation no sooner than 30 days after public hearing
- Ordinance must:
 - Specify term and amount of exemption and area
 - Include economic development plan for DRD



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Downtown Redevelopment Districts

► Real Property Tax Exemption (like TIF):

- Can exempt up to 70% of improvements
- Entire amount from exempted improvements must be distributed to Municipal DRD Fund for use per Plan
- Redevelopment charge may also be collected
 - Like assessment; requires consent of property owner
 - Also deposited into Municipal DRD Fund
 - Can be fixed dollar amount or amount determined based on formula (e.g., based on valuation or receipts of business)
 - Can be passed through to lessees



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Downtown Redevelopment Districts

- ▶ Broad Use of Funds:
 - Loans or grants for repair of historic buildings
 - Loans to non-historic building owners for repairs
 - Loans/grants to businesses in innovation districts
 - Up to 20% can be contributed to community improvement corporations, special improvement districts, or non-profits that promote historic redevelopment. CICs or SIDs must use funds to promote the DRD.
 - Public infrastructure authorized in ordinance



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Downtown Redevelopment Districts

- ▶ Innovation Districts:
 - Must be within existing or proposed DRD
 - Must have continuous boundary
 - Must have high-speed broadband network with ability to download at least 100 gigabits per second
- ▶ Purpose
 - To attract and grow tech businesses and support economic development by incubators and accelerators
 - Ordinance must include separate economic development plan for the Innovation District



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Once My Business Attraction Program and Tools Are In Place, Then What?

- ▶ Utilize your strategic plan to identify the communities preferred cluster/ industries to target
- ▶ Remember "*What Factors Matter Most to Companies and Site Selectors*" and **Concentrate on the Factors You Can Control**
- ▶ Develop and secure a budget (and solicit buy-in from your administration and elected officials) to execute the business attraction strategy



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Once My Business Attraction Program and Tools Are In Place, Then What? (cont'd)

- › Develop a System to Target Attraction Prospects
- › Utilize Your Business Retention Program and existing Corporate Business Community to Leverage Prospective Business Attraction Leads
- › Leverage JobsOhio and your JobsOhio Regional Network Partners to Maximize your Community's Exposure to Site Selection Consultants and Prospects (*i.e. International and Domestic Market Visits*)



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Once My Business Attraction Program and Tools Are In Place, Then What? (cont'd)

- › Develop a Local Project Team and Establish Who Plays What Role?
- › Track Activity (for investors (residents) and/or the administration)
- › Gather and Incorporate Key Learning Situations from Both Projects Won and Lost to Continually Improve the Business Attraction Program



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Summary “TOP TEN LIST” of Strategies to Help Your Community Stay Competitive

1. Think Regional
2. Collaborate
3. “Double Down on BR&E!”, It Must Be A Part of Your Attraction Strategy
4. Understand the ROI of Your ED Program
5. Emphasize the Entrepreneurial Strategy That Fits



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Summary (cont'd)

6. Place Matters
7. Strategically Prep and Include Your Elected Officials Where Appropriate
8. Fine Tune Your Web Presence
9. Fine Tune Your Incentive Toolkit; and
10. *Toot* Your Community's Horn When You Experience Success!

BUT...



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Remember Who You Are Doing It For!



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Questions?

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