CITY OF KENT, OHIO

DEPARTMENT OF BUDGET AND FINANCE

To: Dave Ruller, City Manager

From: Barbara A. Rissland, Director of Budget and Finance *BAR*

Date: November 26, 2008

Re: Appropriation Amendments

The following appropriation amendments are requested.:

Fund 106 – Parks and Recreation

Increase $ 50,000   Additional appropriations for the Hike and Bike Trail – It is anticipated that there will be non-performed items on the contract that will at least cover some of this amount

Fund 108 – License Tax

Decrease $ 5,000   Reduce transfer due to reduced revenue

Fund 116 – Income Tax

Increase $ 1,484.59   Increase contribution to Managed Reserve to reflect actual interest earned in 2007

Increase $ 113,284   Increase transfer to Income Tax Safety based upon 25% Charter requirement applied to 2007 actuals

Increase $ 113,284   Increase transfer to Fire & E.M.S. based upon 25% Charter requirement applied to 2007 actuals

Fund 126 – Community Development Block Grant

Increase $ 100,000   Additional appropriations for expenditure driven grant fund

Fund 204 – Utility Billing

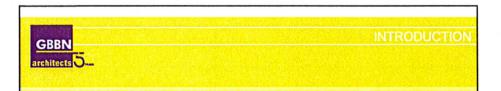Increase $ 12,000   Additional appropriations for computer conversion/upgrade

Fund 205 – Solid Waste

Increase $ 4,000   Additional appropriations for refunds related to multi-family collection

The final appropriations amendment will reflect the remaining operating contingency funds as a separate item on the appropriations ordinance attachment. This will enable the transfer of contingency funds to either operating or personnel lines.

I will work with the Department/Divisions early next week and would also request favorable consideration of any additional items that may be identified.

DEVELOPING VALUE

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CAMPUS EDGE COMMUNITY DEVELOPMENT
A STRATEGIC ISSUE & A NEW APPROACH

KENT CITY COUNCIL
DECEMBER 3, 2008

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INTRODUCTION

Greg Otis – Arts & Education Market Director

Dale McGirr – Senior Planner & Retired Sr. VP
for Finance, Planning, and Community Development –
University of Cincinnati

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- HISTORIC TRENDS IN THE SHADOW CAMPUS
- STRATEGIC DRIVERS FOR ACTIVE CAMPUS EDGE DEVELOPMENT PROGRAM
- EDGE DEVELOPMENT LEADERSHIP MODEL FOR THE 21ST CENTURY
- BE BOLD BUT DISCIPLINED

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SHADOW CAMPUS HISTORIC DEVELOPMENT **IS** THE HISTORY OF AMERICAN CITIES

Shadow Campus – The area surrounding a campus where the campus is (and has historically been) the strongest influence from some combination of these factors: student residency, employee residency, visitor impact (family, sports, cultural), new company formations, office space demand, retail services demand, transportation system development.

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- In 1860, only 310 4-yr. institutions of higher education in America
- By 1930, over 2,000 4-yr. institutions of higher education in America
- Majority of American higher education campuses are 100-140 years old, in the same location for most of that history, and located within town or city section that developed between 1880 and 1940
- There are double the students attending American 4-yr. institutions today compared to 1960

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- Massive on-campus investments since 1990 to renew campus assets and position institutions for the 21st century
- No parallel investments occurring in the "shadow campus" neighborhoods or business districts
- Older neighborhoods or towns are not considered attractive investment areas for market-based capital
- Quality of life off-campus is not equal to on-campus and is an increasing threat to institution

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- "The city of the future turns out to be the old neighborhood."

  – Andrew Cuomo in his review of
    Suburban Nation – The Rise of Sprawl and
    the Decline of the American Dream; 2000

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- Higher education often **IS** the old neighborhood!!!!!
  - Every decade since 1960, higher education employees have lived an average of 3-5 miles further from campus
  - Less than 30% (Kent = 6,500 beds or 35%) of students live in on-campus housing, meaning there are as many students living in the shadow campus as on campus (Kent is approx. 4,000-5,000)
  - Much of the off-campus student housing stock is converted single-family homes left by your employees, and operated at a minimum of 3 times the occupancy for which it was designed with a low re-investment rate by absentee owners

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- New market rate housing (rental or owner-occupied) for all levels of income represented by your employees has not naturally developed from investors
- Retail development has either been non-existent or dominated by student oriented food and entertainment

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- Strong latent demand represented by the buying power of institutional employees/students has not been captured because of:
  - Lack of targeted product
  - Reduction of public resources
  - High entry costs
  - Old infrastructure
  - Community resistance that assumes campus expansion is the only institutional agenda
  - Lack of market "comps" for several decades

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- Neighborhood quality in decline
- Off campus student housing is substandard (fire and crime safety issues)
- Public resources in decline
- Community organizations still playing "defense" trying to contain the campus, or are inactive without the capacity to partner
- No reduction in traffic congestion and commuter pollution levels

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- Little or no new quality retail or housing product development
- No common shadow campus master plan for action (student housing, market housing, retail)
- No patient capital priming the pump, capturing imaginations and strong latent demand
- No "start" to the long trip back to neighborhood vitality

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- Uptown Cincinnati –Visitor arrival map (what you don't want them to see)
- Lexington, KY – several block corridor to downtown badly deteriorated, but now improving
- Greensboro, N.C.-City land use dominated by six campuses
- Gainesville, FL –Retired Dean's home surrounded by converted student housing
- Los Angeles, CA – Lawsuit, Zoning
- Downtown to Campus "Corridor Issue" – Syracuse, Tucson, Youngstown, Akron, Lexington, Cincinnati

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- National strategic agenda issue for higher education. Comes in all sizes and shapes.
- Major employer(s) who are right there must provide the leadership as a community partner to reverse the trends
- City authorities can be a good partner in the effort, but only if:
  - There is a strong, positive relationship between the community (neighborhood and business associations) and the institution(s);
  - There is a common plan of action;
  - There is patient capital available to start the process of project development.

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CAMPUS EDGE
DEVELOPMENT PROGRAM

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1. Creating new student housing supply with more appropriate location, density, quality, amenities and support systems(program, parking, technology, safety)
   – Closer connection to campus for students
   – Student recruiting advantage
   – Niche housing for academic learning communities, Greek organizations, married students, honors students
   – Recapturing older housing stock for owner-occupied and employee rental use

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2. Need for more employees to live near campus and create an active environment with high personal investment
   – Creates strong market for commercial capital to fund future development
   – Major element of campus sustainability commitment
   – Creates new private investment flow into campus neighborhoods
   – Creates a competitive advantage in faculty and staff recruitment

STATEGIC DRIVERS EDGE DEVELOPMENT

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3. Institutional role in regional economic development strategies
   – Program extensions supporting economic growth (direct and indirect employment growth center for city)
   – Enriching student and faculty experience by community engagement
   – Increasing employee residency/investment in shadow campus area improves tax base

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- Community Partnering and Development Is A Critical Strategic Issue
  - This Issue Must Be Managed At The Top Of The Institution
  - This Issue Requires An Investment of Human and Financial Resources
  - The Institutional Financial Risks Of Inaction Are Much Higher Than The Cost Of Leadership and Community Investment

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CHANGING THE CULTURE FROM THE 20TH TO THE 21ST CENTURY

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- Institutional needs and growth are inherently more important than preserving community assets and vitality
- Off campus affairs are not our business unless we need new land
- The City administration is the leader of off campus development
- A communications program is the "core" of a community engagement effort
- Market forces will respond with appropriate investments, even for student housing needs
- Our employees' residency patterns are not an issue we need to help manage

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- Formal campus planning must be integrated with "shadow campus" planning
  - Surrounding community quality is a critical strategic success factor for the institution
  - Must create a flow of new investment that comes largely from outside the institution based on strong project cash flows
  - Community facility investment level depends on attracting developers and home/business owners with strong incomes or business plans
  - Strongest home buyer and market rental candidates are university employees
  - Campus expansion needs to be coordinated with community needs via an integrated master plan
  - Off campus student housing needs to be "managed" through partnerships like on campus housing, with attention to quality, density, amenities, and safety issues

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- Define and adopt a 21st century culture of Edge Development
- Adopt Principles For Community Partnering and Smart Growth
- Define the dimensions and limits of your commitment
- Reach out to community and business leadership with new culture, principles and resource assistance plan in hand
- Form a nonprofit Neighborhood Development Corporation
- Go to the City together with your community partners
- Create a common master plan
- Find an early win-win project

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Understanding the interface of opportunity between private/public, public/public, or private/private land uses that could have impact on each other

Finding the common agenda and managing the influences between adjacent but distinct land uses, densities, jurisdictions, and economic interests

Producing win-win, combination-use development strategies that integrate land use and transportation systems, serve multiple constituencies and produce regional investment along with community health and smart, sustainable economic, community, and institutional growth

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- Find models of principles and use them to establish your own Principles for Community Partnering and Smart Growth
  - AIA Best Practices Principles for Community Partnering from GBBN Architects (2007)
  - NACUBO/Ayer Saint Gross "Communities of Opportunity" Smart Growth Principles (2007)

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- **Contextual**
  respect a neighborhood's fabric

- **Mutual Benefits**
  community & institutional goals must have standing and be pursued continuously

- **Local Representation**
  partnerships through neighborhood entities not individuals

- **Local Control**
  neighborhoods may need voting control over entities that create and own community assets which are subsidized and/or financed with tax-exempt debt

- **New Partnerships vs. Ownership**
  expansion through, contact, lease or joint ventures versus direct ownership or operations of facilities

- **Recycle Resources**
  connecting assets with opportunities regardless of proximity to campus

- **Financial Capacity for Competitiveness**
  provide an initial operating grant and/or "patient loan capital"

- **Community Building**
  increase the number of employees living near by via Employees Assisted Housing program

- **Intentional Relationships**
  initiate a relationship with the City early & keep it open

- **Realistic Outcomes**
  requests to City should be realistic & focused

Full Text Available at AIA Best Practices (http://www.aia.org/bp_chap17) (17.06.03)

Smart Growth Principles (2007)

1. Mix of Land Uses – By mixing housing, shops, offices, schools, and other land uses in the same neighborhood, community leaders can encourage alternatives to driving, such as walking or biking.

2. Take Advantage of Compact Building Design – When growth is accommodated in compact development patterns, communities can preserve open space, minimize infrastructure costs, and support transportation choices.

3. Create a Range of Housing Opportunities and Choices – New development can increase the number of homes available in a community. Zoning and development policies can be adapted to ensure that a variety of home types are available – small homes to large, rental and homes for purchase.

4. Create Walkable Neighborhoods – Walkable neighborhoods enable a variety of transportation options and provide opportunities for everyday physical activity.

5. Foster Distinctive, Attractive Communities with a Strong Sense of Place – Development should represent the values and unique history, culture, and geography of a community.

Full report on NACUBO web site

Smart Growth Principles (2007)...cont'd

6. Preserve Open Space, Farmland, Natural Beauty, and Critical Environmental Areas – Farmland, pastures, forests, and other undeveloped land are vital to the local and national economy and to a healthy environment.

7. Strengthen and Direct Development Toward Existing Communities – Development that invests in existing neighborhoods takes advantage of the infrastructure and resources already in place, thereby maintaining and increasing the value of public and private investment.

8. Provide a Variety of Transportation Choices – A balanced transportation system that incorporates many means of travel and is supported by land-use patterns increases choices for moving around a community.

9. Make Development Decisions Predictable, Fair, and Cost Effective – Governments have the opportunity to create a more attractive investment climate; this can be done with clear codes and regulations as well as by the ability to make decisions quickly, cost effectively, and predictably.

10. Encourage Community and Stakeholder Collaboration in Development Decisions – Growth can create great places to live, work, and play when it involves residents, businesses, and all other stakeholders early and often to define and implement the community's vision and goals.

Full report on NACUBO web site

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- In-kind staff support
  - Legal
  - Planning
  - Financial analysis (real estate)
  - Employee/student demand surveys
  - Org. Development training
  - Non-profit governance participation by institutional employees

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- Financial operating support grant
  - Small office in community
  - Legal costs of forming non-profit
  - Part-time Director of non-profit chosen by the community
  - Consulting funds to study critical neighborhood issues
- All designed to do needed work AND empower a stronger community organization willing to partner on difficult, mutual issues

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- Establish a strong Employee Assistance Program
  - Incentive loans to purchase a home in a defined district near campus
  - 5-10% of purchase cost
  - Available to all income levels
  - Loan is forgiven if employee continues employment and stays in home for 5-7 years
- Program can be institutionally funded as HR cost and/or grant funded from a foundation (Case program in Cleveland)
- NOTHING will establish credibility faster than committing to incentives for your employees to become members of the local residential community

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- Providing a pool of Patient Capital to support early costs of the development cycle (project loans to be recovered over time, with low interest costs)
  - Potential Sources
    - Endowment
    - Private foundation grants
    - New Market Tax Credits
    - Empowerment Zone Financing
    - Other major employers in district
    - Major regional corporations

Role of Patient Capital

- Supports Early Development Costs
  - Land control
  - Master Planning
- Remains in project's long-term financial structure
- Often converts to subordinated investor with 2nd or 3rd rights to cash flows
- Often exits last from project
- Loan risks becoming convertible to a subordinated equity investor, with higher risk of principal loss
- Patient capital investor must be "highly motivated" by the "intangible returns" of the project to the institution and market/region, and willing to invest long-term

- Use the President and senior leader for community development that reports to the President
- Brief them on the new culture, principles, and commitments
- Define the common ground and common risks you have with them
- Commit to geographic limits on the campus, even if it has some expansion plans in them, for 20-25 Yr. period
- Commit to looking for opportunities to mix university program, as a tenant, in mixed-use developments that achieve community goals

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FORM A NONPROFIT NEIGHBORHOOD DEVELOPMENT CORPORATION (NDC)

- Shared governance is important
- Forms the "table" for collaboration
- Legal platform for banking, contracts, ownership, and partnership with development entities
- Eligible for key sources of funding support (operating and project)
- Serves as a focal point for community, government and media communications

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BRIEF THE CITY TOGETHER WITH THE COMMUNITY

- Changes the City's role from "conflict arbitrator" to "support player" in a strong collaborative
- Planning staff can take clear goals and needs forward for executive and council consideration
- Shared funding (City and University) for planning costs always moves to approval faster, and sets the tone for shared responsibility to complete resulting projects
- Cities need "important, doable" projects that can maintain the political support needed to succeed

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- Use a professional consultant
- Make the RFP writing and selection process an educational experience for community members
- Link city and institutional funding together, and put city staff on the planning team
- Submit the district plan to the city for formal approval, both to gain political support and to be eligible for certain funding sources
- Use the submission of the plan as an opportunity to go to the media together and increase public awareness of the new partnering relationship between town/gown

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- Project needs to address important goals of community and institution
- Even better if the community goal has been around a long time, but not addressed by the city
- Needs to be able to start within 1-2 years of the start of the new partnership
- Creates real credibility that the new partnership can achieve more for everyone than the old way
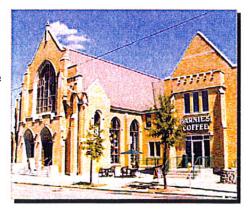
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- Be responsible, but don't let the risk analysis "freeze you in your tracks"
- If you are not willing to invest in the future of this area, no one else will either
- Momentum building to get over barriers and capture demand requires some "force" to start the process
- You are the motivated investor with access to the professional skills to make it happen
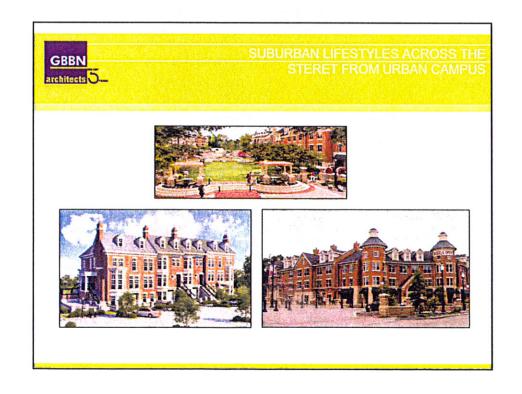- It starts with "impossible visions" that become realized

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Urban Outfitters and Barnie's Coffee Goes Into A Closed Church On The Campus Edge

Urban Outfitter 2007 Sales = $520/sq. ft.
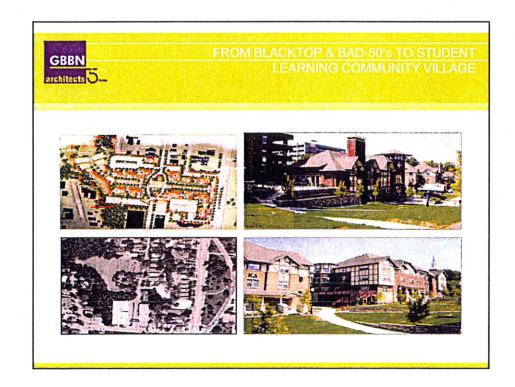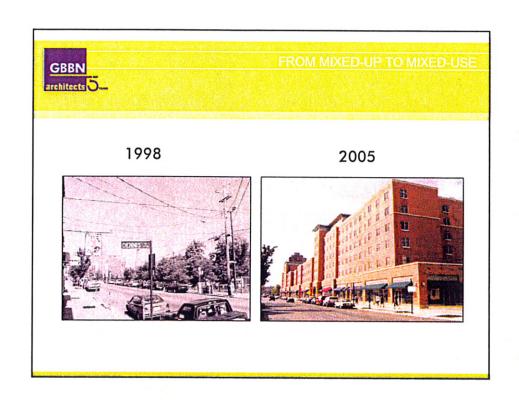
UNIVERSITY OFFICE BUILDING (LEASED), PARKING, RETAIL, GARDEN CONDOS

Designed Together With Adjacent Apartments and Townhouse Condos

FROM BLACKTOP & BAD-50's TO STUDENT LEARNING COMMUNITY VILLAGE

FROM MIXED-UP TO MIXED-USE

1998

2005

FROM RUN-DOWN TO TRENDY AT UK

- UK a major tenant with Arts College programs
- Includes theater, retail, housing, parking

SOUTH BROADWAY ARTS DISTRICT DEVELOPMENT CONCEPT PLAN

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- It is:
  - Possible
  - Responsible
  - Crucial
  - Strategic
  - Visionary
  - Time To Act

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