

First Suburbs Consortium Meeting June 28, 2023 Minutes

June 28, 2023

Hosted by the City of Moraine

In attendance

REPRESENTATIVES

Georgeann Godsey (Harrison Twp)
J. Tim Gorman (Clayton)
Leigh Turben (Oakwood)
Steve Byington (Oakwood)
Anita Kitchen (Huber Heights)
Jacque Fisher (Kettering)
Brenda Fry (Riverside)
Matt Greeson (Kettering)
Ora Allen (Moraine)
Jeanette Marcus (Moraine)
Tyna Brown (Trotwood)
Dale Berry (Washington Twp)

OTHER

Jack Jensen – FSC Executive Director
Judy Cook – Chair Emeritus
Shirley Whitt – City of Moraine
Michael Davis – City Manager-Moraine
John Morris – Building Owners/Managers
Lance Oakes – Design Homes & Oakes Tree Dev.
Greg Blatt - DABR

Brenda Fry opened the meeting.

Michael Davis gave us an update on the happenings in Moraine. They will be hosting a Star Spangled Fourth of July for about \$30,000 with bounce houses and food vendors. They plan to do the fireworks show at 10:00pm. On Friday they will be doing the new Top Gun movie. They started a Comprehensive Plan to be completed at the end of the year. One goal is to identify a company, American Structure Point, to share what is happening elsewhere. It could set the Land Use Policy, Brownfield Sites, highlighting existing utilities for residential and multi-family. They have done an on-line survey (100 participants) as well as several community meetings. There is a Fuyao expansion on Encrete, 525,000 sq. ft. creating about 400 jobs, there are about 1,800 currently employed. One business has moved to Mason in order to pull employees from both Dayton and Cincinnati.

Approval of minutes for March, April and May - motion made by Tim Gorman and seconded by Anita Kitchen, approved.

Jack Jensen gave the March, April and May financial report. Motion made by Steve Byington, seconded by Tim Gorman to accept. – Accepted. The interest on STAR OHIO has paid our expenses.

John Morris of BOMA and Lance offered information on the changes that are occurring in government that are affecting housing. Those communities that address our housing shortage the communities and states that do are going to attract the residents that work at the new facilities.

Ohio has been shrinking – losing congressman, losing residents in our state. One of the challenges is to make housing and apartments more affordable. We have to address the NIMBY issue. We have all been in meetings where we decide what we will do, but it must be what will I do? Density is an issue. The largest group of buyers last year were baby boomers. They want a different type of home. They can afford it. A

few issues would be density and zoning rules. Zoning rules are making it impossible to build an affordable home. We have lot size regulations that add \$30,000 to \$50,000 to the price of a home for no appreciable gain. We have regulations that require an 80 foot lot versus a 50 foot lot. A higher cost for the home owner, less in taxes. We have regulations for stone and brick, mandating that increase the cost of their facility by 30%. You as an individual have to decide what you are going to do about it.

Other states are enacting legislation that prohibits zoning rules that keep you from having multi-family housing. If local government does not address this, state government will take care of it.

As a community we give \$500,000 in EDGE funds to move a company, but we do not invest in housing infrastructure. Why don't we invest in infrastructure for housing? In 2012 it cost about \$300 per linear foot to put in a road with utilities, today that cost is \$1100. The consumer cannot absorb that cost.

I am asking that we rethink development and where we invest our dollars. If you have more people living in your community you will attract industry.

As an association we are willing to make presentations to your councils or communities.

Anita offered that currently Huber Heights is investing these funds back into the repair of their existing infrastructure. The DIY – Land Bank program has been allocated funds to redevelop homes. Establishing first right of refusal for Land Banks or non-profits could provide funding for re-development

The concept of HOMEARAMA building a multi-million dollar home is not sustainable. The banks are no longer loaning on spec homes.

If you have an area which you would like to renovate or remodel which will bring you the buyers, focus on what you can control, the five "L"s. Labor, Lumber, Land, Lending and Laws (zoning). The water line was \$30 linear foot and is now \$70. You can control the zoning laws. Local regulations for a regular lot add about \$93,000 to the cost of the home before the builders puts a shovel in the ground.

What does the average individual see as work force housing 60-120% of the median income in that area? In our area that is about \$150,000 to maybe \$300,000. A 2,000 sq. ft. home (a Ryan home) with land lot and everything is \$374,000.

Montgomery County has created many jobs in Vandalia and Wright Patt. We have jobs coming in. Sidney has many jobs coming in with zero housing available. Municipalities need to work closely with the builders and developers – Appraisal values are important to qualify with the lenders.

The municipalities that are going to rise to the stop are the ones that are going to work hand-in-hand with the builders and developers. When the appraisal comes in at \$75,000 less the builder has to decide whether to hold the house on the market or take the loss and sell it. Can money be put aside to back-stop low appraisals? After 12 or 15 homes are sold, the appraisers will have homes to use as comparisons – homes that sold at the higher price. Can you back-stop the appraisal. This occurred in Trotwood with some 40 homes being built, but they were unable to get them appraised at the market value of the new homes. It appears that builders have not gone back into this market.

Which zoning regulations would make the most difference? Density is the number one zoning issue. Sanitary sewer is critical otherwise it requires an acre to one and a half acres. With sanitary sewer I can get 4 lots versus one. A 60 foot lot versus a 90 foot lot will be the same house at the same price – as a developer, I have 60% more cost that I cannot make up.

Another challenge is the number of agencies that we have to work with to lay water lines. We may have six different agencies to work with. How do we build efficiency?

In the Dayton market there are not that many Developers and there are fewer Builders. The reason for it is that they cannot make a profit under the rules and regulations that we have. Capital follows the path of least resistance.

For years we had PUD's. This is to provide government control. A national company presented the BOA and was told that the local government did not like the color scheme. This was a \$2 - \$3 million project. Another national tenant went to the community and was told that 70% of their south facing wall must be glass. A Mazda dealership offered to bring in a \$7,000,000 project. They told MAZDA how their building should look. These companies went somewhere else. Do you know who is coming to your zoning department and what they are being told?

We have 20 to 23% of the normal housing market. In a nine-county area there are 1,028 homes on the market, that is normally 6,000 – 8,000. This shuts your first-time home buyer out of the market. Interest rates are going up. Going back to the 2008 housing crisis, we had an over supply of housing because we had: No Income, No Job, No Asset loans. People bought 400% of what they could afford and as the interest rates increased, they could not afford it. They had no equity and gave the keys back. We lost from 35 to 45% of equity. In the last two years it has gone up almost 15% per year. From 2008 it took until 2021 when we mobilized the straight lien appreciation rate. In 2022 and 2023 we went up to double digits so it takes about 25% of median income it took 180% of median income to buy.

If Baby Boomers have no place to go because it is not affordable. Example: there are 36 homes on a street, 24 would move today if there was someplace for them to go because they are not going to spend double for half the house. We need senior housing – the product is not there for the ageing community so they are leaving. It affects the schools, the commercial. The older population has more disposable income, typically spending the vast majority of their disposable income within a three-to-five-mile radius of where they live. Home building was almost non-existent from 2008 to 2012. The population continued to grow and people entered the age to buy homes. We did not build enough homes to meet the demand. In 2014 to 2016 homes were built – then it stopped again during COVID. However, material costs increased dramatically. Nationally we are about 6.5 million homes short of housing for new construction. The policies that exist do not work for millennials. New buyers want to be able to walk to where they work, play, etc.

We are turning our communities from owners to communities of renters. They are changing our communities. This becomes a code enforcement issue. How do we build more homes? Demand is up but our housing numbers are down 45% from last year. If the housing stock is not there, these businesses are going elsewhere.

We are available to talk any time. We need individual communities that address these issues to make change. We live and work in this community and want to collaborate with you.

Jack Jensen gave an update to everyone for Bruce Duke.

We appointed a committee to review the Strategic Plan – Norbert, Brenda, Georgeann, Tim Gorman and Willis. They will start on the project in August with a target date to report in October.

Next meeting – Annual Networking at the FRAZE – August 9th
No meeting in July or August – next meeting in September.

Vice Chair Brenda Fry asked communities to share what their communities are doing to address the housing issue.

Riverside is completing the review of their Land Use Plan and updating of zoning.

Harrison Township has updated their Land Use Plan and reviewing zoning as needed. We are working with the Land Bank to address existing housing and code enforcement.

Oakwood shared that when a house comes up for sale there is a requirement for an inspection before a house is sold. We review zoning on a continuous basis.

Huber has housing available everywhere. Lance offered that it is a positive step to have extended their sanitary sewer out for new development.

Moraine has built three new housing developments. We have several hundred homes that were primarily private-public partnerships for which the City took on the development costs. We rely solely on income tax (no levies). The City is able to pay for trash service and for street lighting. We are focusing on work force development housing. We are seeing reinvestment in multi-family investment facilities that are being renovated.

Greg added that the change in the demographic should be considered as the millennials are not having children – thus the school systems will be affected. Can your school system adjust to fewer students? John shared that with the funds being available to schools – large renovations have been made.

Townships are dependent on property taxes while most cities are dependent funded through income tax – at approximately 70%. This is why they are supporting commercial/industrial development versus homes.

Leigh Turben suggested, with regard to future meetings, should we have the City/Township hosting the meeting provide the topic for that meeting.

Tim Gorman moved to adjourn – motion seconded and approved.

Approved: September 27, 2023