Joint Economic Development Districts (JEDDs): An Overview

O.R.C. Sections 715.72 - 715.83

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Joint Economic Development Districts (JEDDs): An Overview

This Session will provide an overview of the essential elements necessary to create a JEDD, including (1) What you need to know to successfully establish a JEDD in your Township; and (2) How to use JEDDs in conjunction with other economic development tools to create a successful template for economic development in your Township.

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Understanding the Interrelationship of Annexation, Zoning, Utilities, and Economic Development Tools

- The Big Dog - Annexation
  - Reasons for Annexation:
    1. Utilities: particularly potable water and sanitary sewer services
    2. Zoning: particularly re-zoning to higher density zoning classifications
    3. Economic Development Tools: the availability of economic development tools to enhance development and reduce development costs

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Seven Best Ways to Avoid/Prevent Annexation

1. Joint Economic Development Districts (JEDDs)
2. Annexation Agreements; CEDAs
3. Regional Water and Sewer Districts
4. Limited Home Rule Townships
5. Tax Increment Financing (TIFs)
6. Township Subsidizing Water and Sewer Projects, R.C. 505.705
7. Merger

When Can You Use JEDDs?
5 Most Important Factors

1. Where is the Property Located?
   • Easily Annexable?
   • See Figures 1 & 2

Figure 1 – Easily Annexable
When Can You Use JEDDs?
5 Most Important Factors

2. Are Businesses Located in the District?
   • Future Development Only?

3. Does Business/Property Owner Consent to be Included in the JEDD?
   • Leverage: Water, Sewer, Tax Abatement, TIFs, Subdivision Approval, Other Amenities
When Can You Use JEDDs?
5 Most Important Factors

4. What Items are Needed from Municipality and Township to make District Development Ready?
   - Fire, EMS, Police, Water, Sewer, Tax Abatement, Reimbursement for Off-Site Infrastructure Costs, Other?

5. Will Income Tax Make Property Less Competitive?
Joint Economic Development Districts (JEDDs) (Contd.)

3.4. Businesses Located in JEDD Thereafter Subject to City’s Income Tax
- Property stays in Township, no annexation (of JEDD parcels, or other parcels in the Township)
- Income tax on net profits of businesses and wages paid to employees (and on residents – mixed use developments)
- Tax split between Township and Municipality
- Only way for Townships to receive income tax revenue to support Township services

Joint Economic Development Districts (JEDDs) (Contd.)

3.5. Recent Change to Law
- “Opt-Out” available to active businesses included in a JED District
- No material benefit or
- Negligible material benefit compared to tax paid

Joint Economic Development Districts (JEDDs) (Contd.)

3.6. Vote
- Must Go To Vote of the Electorate of the Township Unless:
  - Unanimous approval of Township Trustees
  - Petitions have been properly circulated and signed
  - Property is zoned in a manner appropriate to the function of the District
Tax Increment Financing (TIF)

4.1. Can be created by Townships, Municipalities and Counties for residential or commercial development

4.2. Payments derived from increase in assessed value of improvements constructed on real property are used to pay for infrastructure improvements to make the site development ready:
   - Roads, signage, traffic control, bridges, water and sewer, storm water, etc.

Tax Increment Financing (TIF) (Contd.)

4.3. Term can be 75% abatement for 10 years, or longer with school board approval

New Community Authority (NCA)

5.1. NCAs serve the purpose of "encouraging the orderly development of well-planned, diversified, and economically sound new communities and encouraging the initiative and participation of private enterprise in such undertakings; encouraging cooperation between the developer and community authority to carry out a new community development program."
   - Developer files petition with organizational board of commissioners
   - Notice / signature of proximate cities
   - 1,000 acres minimum no longer required
New Community Authority (NCA) (Contd.)

5.2. Powers
- Provide recreational, educational, health, social, vocational, cultural, beautification, and amusement activities and services
- Collect service and user fees
- Appropriate land

5.3. Limitation on Powers
- No authority over:
  - Zoning
  - Fire and police protection
  - Water and sewer services

CEDAs and Annexation Agreements between Townships and Municipalities

6.1. CEDAs and Annexation Agreements
- Can address any development related issue
- Share income tax revenue

6.2. Shared Service Agreements between Townships and Municipalities (or others) R.C. 9.482
- Agreement to exercise any power, perform any function, or render any service which is authorized by law
Community Improvement Corporation (CIC)

7.1. Can be established by a Township:
- CICs can undertake economic development projects as an agent of the Township to encourage industrial, commercial, distribution and research projects
- Negotiate to acquire real estate

Template

8. Etna Township, Licking County, Ohio
8.1. 2 JEDZs, 4 JEDDs, and 3 more JEDDs coming
- Amazon Distribution Center
- Kohls Distribution Center
- Miscellaneous Other
- 2,000 Jobs
8.2. How did they do it?
- See slide #7
- Not easily annexable
- Desirable development location

Template (Contd.)

9. Economic Development Instruments and Tools Utilized
- Annexation Agreement
- JEDD Contract (between Township and City)
- Distributions to:
  - Repay Township & City
  - JEDD Board for Administrative Costs
  - City for Tax Collection
  - TID
  - County
  - School District
  - BIA Accounts
  - Township
  - (20%)
   - School District, County, City, Township and Developer
   - JEDD Contract Distributions Agreed To
   - BIA Account Used:
     - Accelerate Reimbursements to Developer, and School District
     - Remainder Retained by Township

11. Tax Increment Financing (TIF)
    - Reimburses Developer for Infrastructure
    - Remainder to Township

12. Community Reinvestment Area (CRA)
    - Real Property Tax Abatement
13. Miscellaneous Reimbursement Agreements for JEDD Contracts, TIFs and 629 Grant Projects
   - New Community Authority

14. Handout - Explanation of Economic Development Program, Etna Township

Questions?

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