

Joint Economic Development Districts (JEDDs): An Overview
O.R.C. Sections 715.72- 715.83

Presented by:
John B. Albers


Presented to the Ohio Township Association
 2020 Annual Winter Conference

© Albers & Albers - All Rights Reserved

1

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.



© Albers & Albers - All Rights Reserved

2

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




© Albers & Albers - All Rights Reserved

3

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




© Albers & Albers - All Rights Reserved 4

4

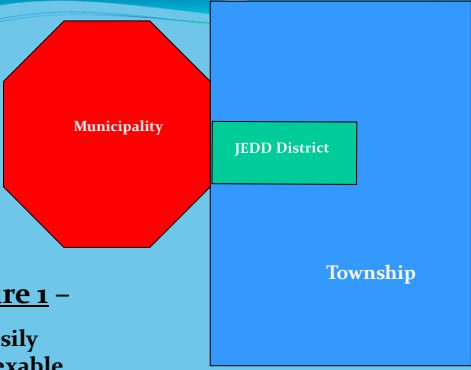
**When Can You Use JEDDs?
5 Most Important Factors**

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




© Albers & Albers - All Rights Reserved 5

5

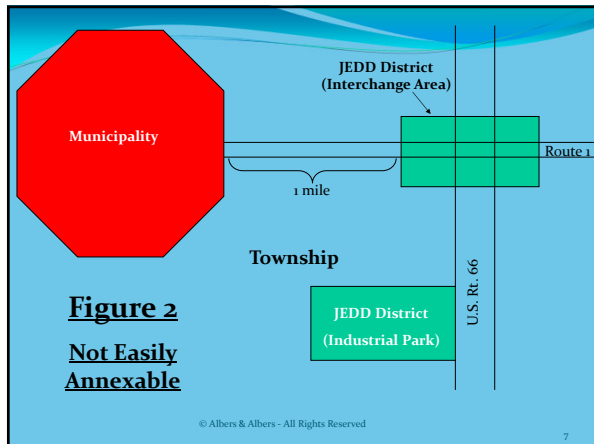


**Figure 1 –
Easily Annexable**



© Albers & Albers - All Rights Reserved 6

6



7

When Can You Use JEDDs?
5 Most Important Factors

- Are Businesses Located in the District?
 - Future Development Only?




© Albers & Albers - All Rights Reserved

8

When Can You Use JEDDs?
5 Most Important Factors

- Does Business/Property Owner Consent to be Included in the JEDD?
 - Leverage: Water, Sewer, Tax Abatement, TIFs, Subdivision Approval, Other Amenities




© Albers & Albers - All Rights Reserved

9

**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?




© Albers & Albers - All Rights Reserved

10

**When Can You Use JEDDs?
5 Most Important Factors**

5. Will Income Tax Make Property Less Competitive?



© Albers & Albers - All Rights Reserved


11

Joint Economic Development Districts (JEDDs)

3.1. Contract Between Township and Municipality
- Municipal partner cannot be any farther away than one intervening Township or Municipality

3.2. Parcels in Township identified

3.3. Parcels placed in JED District
- Majority of property owners and business owners (if any) consent




© Albers & Albers - All Rights Reserved

12

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



© Albers & Albers - All Rights Reserved


13

13

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



© Albers & Albers - All Rights Reserved


14

14

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



© Albers & Albers - All Rights Reserved

15


15

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.




© Albers & Albers - All Rights Reserved

16

Tax Increment Financing (TIF) (Contd.)

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




© Albers & Albers - All Rights Reserved

17

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




© Albers & Albers - All Rights Reserved

18

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



© Albers & Albers - All Rights Reserved


19

19

New Community Authority (NCA) (Contd.)

5.3. Limitation on Powers

- No authority over:
 - Zoning
 - Fire and police protection
 - Water and sewer services



© Albers & Albers - All Rights Reserved

20

20


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



© Albers & Albers - All Rights Reserved

21

21

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



© Albers & Albers - All Rights Reserved 22

22

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



© Albers & Albers - All Rights Reserved 23


23

Template (Contd.)

9. Economic Development Instruments and Tools Utilized

- Annexation Agreement
- JEDD Contract (between Township and City)
 - Distributions to:

- Repay Township & City	- School District
- JEDD Board for Administrative Costs	- BIA Accounts (20%)
- City for Tax Collection	- Township
- City	
- TID	
- County	




© Albers & Albers - All Rights Reserved 24

24

Template (Contd.)

10. Development and Compensation Agreement (DCA)

- 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



© Albers & Albers - All Rights Reserved


25

25

Template (Contd.)

11. Tax Increment Financing (TIF)

- Reimburses Developer for Infrastructure
- Remainder to Township



© Albers & Albers - All Rights Reserved


26

26

Template (Contd.)

12. Community Reinvestment Area (CRA)

- Real Property Tax Abatement



© Albers & Albers - All Rights Reserved


27

27

Template (Contd.)

13. Miscellaneous Reimbursement Agreements for JEDD Contracts, TIFs and 629 Grant Projects

- New Community Authority




© Albers & Albers - All Rights Reserved

28

28

Template (Contd.)

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



© Albers & Albers - All Rights Reserved


29

29

Questions?

John B. Albers
ALBERS & ALBERS
88 North Fifth Street
Columbus, Ohio 43215
(614) 464-4414

john.albers@alberslaw.com
www.alberslaw.com



© Albers & Albers - All Rights Reserved

30

30