

Honorable Council  
City of Newark, Ohio  
September 28, 2012

The Economic Development Committee met in Council Chambers on Monday September 24, 2012 following the Service Committee meeting. These members were present:

Rhonda Loomis, Chair  
Jeff Rath  
Bill Cost Jr

Doug Marmie  
Marc Guthrie

We wish to report:

1. The findings to be presented to the Economic Development Committee from the Ad Hoc Committee concerning Rental Registration.

**Mrs. Loomis**- gave opening comments. She stated that this discussion is concerning Rental Registration, or rental licensing, as you would license any business. Tonight is just a discussion, the Committee will take the next two weeks and review the proposal then decide whether or not to send legislation to full Council or ask the Mayor and his administration to make serious changes to the Property Maintenance Code.

Tonight the Ad Hoc Committee will present their findings line item by line item. The Ad Hoc Committee was introduced.

**Lesa Best**- Chairperson, tenant

**Nancy Welu**- secretary, volunteer at the men's shelter

**Pete Gibney**- civic minded landlord and a regular attendee of Committee and Council meetings

**David Greene**- Newark Freedom School

**Dennis Herrington**- attorney at Legal Aid Society

**Tim Bailey**- landlord, member of the Apartment Association

**Beau Bromberg**- tenant

She informed everyone that the Committee traveled at their own expense to Sandusky to review one of the most successful rental registration programs in Ohio. The City's Department of Development as part of Newark Healthy Green and Growing strategic plan has the City as an agency. Part of what they are going to do is have a landlord, rental, rooming house registration and inspection. She stated that it was on the City's website right now.

**Lesla Best, Chairperson of the Ad Hoc Committee-** thanked the Hall Administration, Council, Mrs. Loomis and the Economic Development Committee for their interest and aid of the Ad Hoc Committee for Rental Registration. She also thanked Mr. Rhodes for letting the Committee in for use of Council Chambers. She thanked those who responded to her emails and filled out questionnaires. She especially thanked the City of Sandusky for opening their doors to them. In addition, she thanked the other Committee members.

She read the recommendations and conclusions that the majority voted to present to the Economic Development Committee. She stated that this was not legislation, and that the points on the list would be a basis for a potential ordinance brought about by debate and discussion of both the Committee and the public that attended the Ad Hoc Committee meetings.

The recommendations and/or conclusions from the Ad Hoc Committee will be made available for those who wish to obtain a copy.

**David Greene-** thanked those who came tonight to support the Committee in the quest for rental registration. He too thanked City Administration, Mrs. Loomis and Lesa Best for her leadership.

Mr. Greene stated that renting property is a business and stated that it is a \$64,000,000 business. He also pointed out other businesses that require a license such as tattoo artists, restaurants, daycare facilities, selling insurance and real estate. He even pointed out that it requires a license to fish, hunt and drive a car. He presented the question as to why if having a dog kennel and raising chickens requires a license do we not license places for human beings to live?

He also addressed the concern that the cost would raise rent. He stated that the \$20.00 annual fee comes out to be \$1.70 a month.

He asked for Council's support and encouraged landlords to get involved to make this work. He stated that these houses are blight and affect us and the Newark Community.

**Tim Bailey-** stated that he was not at the last Ad Hoc Committee meeting therefore he did not get to vote. He thanked the administration for getting the houses on Elmwood Ave and others demolished.

He stated that we have a huge problem with aging houses in Newark and it's not just rentals. He stated that there are

aging homeowners who are not capable of getting on a ladder and are on fixed budgets and can't afford to repair their homes.

He stated that he feels that enforced properly the Property Maintenance Code covers things. He doesn't think that we don't need any more government. He feels that we already have the tools in place to fix the problem.

**Dennis Herrington-** Southeastern Legal Aid Society, encouraged tenants to voice their views if any were here. He agreed most landlords are good and most tenants are good. They are trying to target landlord who are taking advantage of individuals who are in a situation where they need housing quickly possibly due to an eviction or others that have a record of some sort.

**Nancy Welu-** thanked the Ad Hoc Committee and administration. She stated that she got involved with this issue because of what she saw from volunteering at the men's shelter. She stated that she believes that implementing rental inspections and licensing will enhance the City's Property Maintenance and be another tool for the City to fight rental housing blight. She believes it will allow the City to become proactive instead of reactive like it is now. She stated with aging houses in the city safety becomes an issue. She stated that of the 30 houses on the list to be demolished, provided by Mr. Mauter that 79% are rental properties and they are owned by 17 different landlords, therefore she stated that it is more than one landlord causing the problem. She stated that it has to be the will of the City to make rental housing safe a priority; she believes that enforcement will follow. She stated that the only agenda that she has is to make housing safe in Newark and the welfare of the City. She offered to share her research information as well.

**Mr. Guthrie-** stated that he would like to hear comments from members who went to Sandusky. For instance he would like to know how much of their community is made up of rental properties compared to ours. He also asked if the administration in Sandusky showed them any positives that came out of having rental registration.

**Nancy Welu-** stated that they picked Sandusky because their percentage of rentals was close to the same as ours. She stated that they have gotten landlords onboard and a landlord came in and talked to him. The landlord was originally against it. She stated that there was coordination between departments within their city.

**Lesla Best-** stated that Sandusky has about an 89% compliance rate. She stated that though they had 80% rentals 40% was

vacation rentals. She stated as they drove around the City of Sandusky you could notice the difference.

**Mr. Rath-** thanked the Ad Hoc Committee for their time and efforts. He asked two questions to the Ad Hoc Committee. He asked how many landlords are in Newark. And how is the plan you proposed for Newark different from that of Sandusky?

**Nancy Welu-** stated that Sandusky modeled their plan after Akron and Akron has been doing Property Maintenance for about 20 years.

**David Greene-** stated that there was cooperation within the town with regards to rental registration.

**Mr. Cost-** asked a question of Lesa Best. He asked if there was as much responsibility on the tenants as landlords. He stated there are good tenants and bad tenants just like landlords.

**Lesa Best-** stated that as a landlord you have control over who you rent to and she stated that she feels that landlords should have control over who they let rent their property.

**Mr. Cost-** asked Lesa Best if she agreed that the tenants have the responsibility to take care of your property and pay their rent.

**Mr. Marmie-** asked \$120,000 how much of that are we, the City going to get as far as the fees that come in, what department do you think this would fall under, what is the organizational structure, who is going to pay the cost for the inspection when a landlord has had three violations per unit in the past three years and are required to have a mandatory inspection for the next three years, he also asked for an explanation of full liability insurance. He also thanked the Ad Hoc Committee and stated he appreciated their efforts.

**Mr. Guthrie-** stated he didn't want to give up on our old housing stock. He would like to see the neighborhoods come together to protect their community. He stated he felt that it takes more than this to preserve our community.

**Mr. Houdeshell-** stated that he would like to see added renters that destroy or damage property, go on a list and when they can't rent anymore that will be a deterrent.

**Mrs. Floyd-** stated that she is councilwoman for the 7<sup>th</sup> ward. She stated if you look at the map where most of the rental properties are it is in the 1<sup>st</sup>, 2<sup>nd</sup> and 7<sup>th</sup> wards. These wards are downtown. She thanked the Ad Hoc Committee and stated that the meetings she attended there was good discussion. Stated that she lives in an area where most of the properties are rentals. She stated that we have discussed the downtown area being the entrance to the City,

she stated that Mt. Vernon Rd is a main entrance into the city and there are many rentals properties. She thinks that that rental registration could be beneficial to the City and in helping to improve the downtown area. She thinks that the downtown area is very important in aiding the city in growth.

**Ms. Stare-** she stated that she would like to see the landlords get fined more. She doesn't think that apartment complexes should have to pay \$20.00 a unit because they are being managed and have other legal requirements therefore rental registration requirements wouldn't be necessary.

**Mr. Rath-** He asked how this rental registration proposal is different than the Property Maintenance Code that we have other than generating the \$120,000.

**Nancy Welu-** stated that the difference is the mandatory inspections.

**Mr. Gibney-** stated the facts printed in the Advocate regarding the number of owners of rental property and individually owned.

**Mrs. Floyd-** stated she thinks the difference between the rental registration proposal and Property Maintenance is that she calls Property Maintenance about the issues which she sees outside; rental registration would allow inspections inside to identify problems within.

**Mr. Guthrie-** stated that there are apartments that are not well maintained, he doesn't think that we can ignore that aspect.

**Mr. Marmie-** doesn't think that we are going to get true numbers of landlords because of LLC's. He doesn't believe we could eliminate apartment complexes because they are going to generate the most of that \$120,000. Stated that this is the right direction to go, not a final solution but we need to look at different aspects of it. He also stated that he thinks that the Property Maintenance Code is key.

**Mr. Cost-** stated that he feels the Property Maintenance Code is key also. He feels Joe Paul does a great job, he feels that there just isn't enough teeth, and staff. He stated that he feels there needs to be more consequences for those who don't comply.

**Gerald DePalmo-** member of the Apartment Association. Stated that he did not feel that the City of Sandusky was a good comparison to the City of Newark because half of their rentals are to college students and there are vacation rentals. He agreed that there probably are a lot of house being torn down that were owned by landlords because there are people who try to go into the business and doesn't make then are in desperate financial situations. He stated that

there are inspections of properties being done by HUD and Metropolitan Housing as well like the inspections being discussed that night. He stated that the members of the Apartment Association do their own inspection check lists when individuals move out and move in they also do routine checks because they want to protect their property. The fee proposed is \$20.00 however there is more of an expense than that to keep the records and have someone handle the inspections. He stated that he doesn't feel as though other developer will want to come in and build new housing complexes if they have the added expense and inconvenience that rental registration would cause.

**Mr. Rath-** asked Mr. DePalmo, he wanted to know what recourse that a tenant has if their heat is not working and their landlord isn't answering their call.

**Mr. DePalmo-** stated that there are provisions in the Tenant Landlord agreement for that. The tenant has to be current on the rent but at the time but they can put their money in escrow with the Municipal Court. The landlord can't evict them and will be held accountable to make necessary repairs.

**Mr. Cost-** also asked Mr. DePalmo what costs he was referring to when he stated that there were larger costs involved than the \$20.00.

**Mr. DePalmo-** stated he was referring to the record keeping alone. They would have to keep track when each unit would be due for inspection, staff would have to meet the inspector at the property to let them in.

**Mr. Guthrie-** asked Mr. DePalmo how many rental units he has in the City of Newark

**Mr. DePalmo-** 100 units

**Amber Baylow-** she states that the City of Columbus has rental registration and she is a landlord. She stated that she doesn't have a problem with rental registration. She did not think that we were comparing apples to apples regarding Newark and Sandusky because of the large number of vacation homes. She was at a meeting Joe Paul spoke at and she said based on his information he stated that there were probably only about 10 people he dealt with over and over therefore she felt that maybe what we came up with should be more of a bite for them.

**Ms. Stitmore-** She stated that she hasn't heard how we are going to fix the problem. She suggested that the Economic Development Committee and the Landlord Committee and pick 10 properties in one area and decide how to fix them, then meet every couple weeks and once those are resolved move to another area. She also volunteered to be on the committee.

**Mr. Manogg-** stated that he feels that before the Committee makes a decision read the Property Maintenance Code. He stated he felt that the current Property Maintenance Code does have teeth and addresses 99% of the issues that have come up tonight. He stated that they spent a long time on due process problems and that they worked hand and hand with the Law Director's office in putting in there what is there. He again stated that the Property Maintenance Code has teeth in it if enforced.

**Sally Gartner-** stated that she too doesn't know how to fix the problem. She stated that she wants to make sure people have a safe place to live regardless what they have done previously. She would like to make sure that we address the individuals who are violating the Code and taking advantage of people in those situations.

**Lesla Best-** she stated that she has read the Property Maintenance Code and the International Code. She stated that she would give anyone a copy of what is left out of the Newark Code. She stated that she feels that some of the administration had already made their mind up about rental registration before they ever got started. She stated that the International Code has a requirement that landlords be responsible for there being trash service however it didn't make it into legislation here despite that the County Health Commissioner thought that it was a good idea. She stated considering that 99% of the business need a license to operate she does not feel as though it is unreasonable to ask for \$2.00 a month per rental unit for the privilege of conducting your business that has a direct impact on everyone's standard of living. She stated that we do not need another department created to handle rental registration; we one already existing department with the addition of two part time inspectors. A Code Department with Joe Paul, Will Hansen, and a clerk who are already in place and two part time inspectors. A combination to use DOD funds and Safety Funds. She believes that the extension should be done away with and we should shorten the compliance time to 10 days. Instead of giving someone 30 days to comply give them 10. She also stated that she believes that only the Property Maintenance Appeals board should hear appeals from the property owners. She doesn't believe that the Mayor or the Safety Director or a Council person should be involved in the process. She stated that it is a fact that rental registration or licensing does work and if Councilmembers/administration of the City cared about the Health, Welfare and Safety of the residents of Newark rental registration would be put in place. She

stated that she believes that rental registration addresses, blight, responsibility, accountability, education, property value, crime, better living conditions, safety and livability which not only benefits the residents but the entire community.

Mrs. Loomis- stated that over the next two weeks the information will be reviewed and considered not only by the Committee but also the Law Director, Property Maintenance and the administration then the Committee will meet again on October 8<sup>th</sup>

2. Update from Director Mauter regarding information requested at Council meeting September 17, 2012.

**Mr. Rath-** made a motion to recess

**Mrs. Loomis-** agreed to a recess for 2 minutes

**Director Mauter-** addressed Mr. Gibney's question regarding the house on Mound that DOD put funds into. Mr. Gibney asked if it was in foreclosure and if so what happens to the funds DOD invested. Mr. Mauter stated that Fiberglas Credit Union has the mortgage on that property and it is not in foreclosure. The owners still have title to that property.

**Mr. Gibney-** stated that there is a lot of trash and miscellaneous items out front of that property and that he will call Property Maintenance regarding the issue.

**Mr. Guthrie-** asked Director Mauter to discuss the funding issue.

**Director Mauter-** NSP grant had about \$118,000 invested in the property of that \$49,900 was reimbursed through the NSP RLF fund at the time of closing of the sale of the property. Another \$25,000 is possible for the City to recover at Sheriff Sale if the property does go into foreclosure and that would be by the soft second mortgage that is held by the City of Newark.

**Mr. Gibney-** inquired as to how much the house was purchased for

**Mrs. Loomis-** \$74,900

**Director Mauter-** explained that NSP had \$118,000 invested, at the time of sale 49,900 was recovered. If the house would go into foreclosure and the sale brought enough to pay off the mortgage to Fiberglass Credit Union the remaining proceeds would go to the City towards the second mortgage.

**Mr. Gibney-** inquired as to why the City has a second mortgage on that property



**Director Mauter-** it was done to honor the NSP guidelines. One of the guidelines was is affordability.

**Mr. Gibney-** asked again why the City had a second mortgage on the home

**Mr. Marmie-** stated that because there was equity in the home and they don't want the owner borrowing against that and running so we put a second mortgage on it.

**Mr. Guthrie-** stated/asked Director Mauter that it was a good assumption that this is not a good deal for the City

**Mr. Mauter-** stated he personally did not think so.

3. Ordinance 12-35 declaring the improvement to certain parcels of real property located in the City's downtown north area to be a public purpose and exempt from taxation; establishing a tax increment equivalent fund and providing for the collection and deposit of service payments into that fund; specifying the parcels; and approving and authorizing the execution of a revenue sharing agreement with the Newark City School District was considered.

**Stuart Moynihan** - explained the Ordinance and how the tax increment will affect the downtown area. He stated that there are 3 developers who have foregone their tax abatements and instead stated that they would pay into the TIF to see the public improvements made. Those developers are Heartland Bank, The Metropolitan Hotel and Jerry McClain. The City is going to enter into minimum service payment agreements to guarantee payments from the developers. The payments are going to be the amount that the developments would have paid in property taxes without the tax abatement. The revenue sharing agreement will allow Newark City Schools to have 25% of the revenue taken in.

**Mr. Marmie-** stated that we have to measure risk and reward. The risk is that as long as the company is in business than we can collect taxes. He stated that the hotel is a risk because no business has survived there for more than 10 years and we need the hotel to last approximately 20 years. He stated he doesn't know many details about Jerry McClain's project therefore he couldn't put a risk barometer on. He stated he feels the hotel is a high risk and the bank is a low risk, the McClain project is an unknown that is why he has assessed this as a moderate risk.

Motion by Mr. Guthrie to send to full Council, second by Mr. Rath

**Mr. Guthrie-** He also stated that he felt Mr. Marmie's risk assessment was accurate but he stated that without this TIF

he thinks we run the risk of floundering and he supports this legislation.

**Mr. Marmie-** asked Stuart to find out if we are limited to spending the TIF money in that area

**Stuart Moynihan-** stated he would clarify because we may be able to use the TIF money elsewhere if it services that area.

**Mr. Marmie-** inquired as to why we are borrowing 1.5 million if we don't know what we are going to spend the money on, he asked if we could borrow less or if other funds could be used in conjunction. He also stated that he would like to see the signed contracts for the minimums before we passed the legislation.

**Stuart Moynihan-** advised Mr. Marmie that their attorney stated without the TIF ordinance those contracts would not be valid therefore they have not been executed.

**Mr. Marmie-** stated that they have a week to sign the agreements because we have to be able to reconsider in a week because without the minimums we should not agree to this TIF.

**Stuart-** stated he would notify them.

**Mr. Marmie-** stated that the abatements are swaying him towards this because previous TIFs have not worked out. He stated that he would like to see a plan.

**Stuart Moynihan-** explained that those estimates are internal estimates and that they would have to do design work and estimates on these projects. He stated that in order to get the service payment agreements to become valid that they have to be spending some money on design or an initial phase of the project because if we are not a developer could walk away.

Motion to send to full Council with a vote of 5-0.

Rhonda Loomis, Chair