

The CROWLEY 14X JOB, Growth and BILL

A Plan to Re-Build Hamilton County and to Jumpstart the Local Economy

By: Hamilton County Commissioner Todd Portune
Inspired by: the Late Cincinnati Vice Mayor David Crowley

General Overview

The adopted # 1 priority in Hamilton County is to Boost the Local Economy with strategic investments and positive initiatives that will grow JOBS and that will spark Economic Development throughout all 100 distinct Hamilton County Communities. Our task involves identifying the assets we have that can be put to their highest and best use. As we do so we can rebuild Hamilton County and in the process generate wealth for the People of this community.

What we cannot do is wait for the National economic strategy to trickle down to us on a local level. The pressures we face are real and are upon us. And they grow larger every day. Unemployment grew by 0.4% from the previous Quarter to 9.5% in January 2011. And office vacancy rates in the region increased another 2.2% over the same time period to a whopping 23.8% compared to the National average of 16.7 %. Both indicators suggest a need for us to do something extraordinary; meaningful and capable of producing immediate and measurable results.

I propose styling this proposal the CROWLEY 14X JOB, GROWTH AND DEVELOPMENT BILL in Honor and Memory of the Late David Crowley, former Vice mayor of the City of Cincinnati. Vice Mayor Crowley and I were both in Washington DC together in the late Winter of 2009 representing Cincinnati and Hamilton County respectively as Charter Members of Climate Communities coalition and ICLEI – organizations that had formed to promote good environmental stewardship as a means to also promote economic development. Together we helped promote the use of federal funds across agency jurisdictional boundaries for the purpose of producing comprehensive initiatives and collaborative programs underwritten by Block Grant dollars. The expanded federal DOE Energy Efficiency and Conservation Block Grant program arose out of this process and led to, among other things, Hamilton County's \$4.5 Million grant award and the Greater Cincinnati Energy Alliance's formation and subsequent award of funds from Hamilton County and added \$17 million grant award to expand their weatherization program.

Both initiatives have been successful in their own right and have laid the foundation for an expanded and sustainable program that will produce an exponential return on investment. The CROWLEY 14X PLAN program provides that kind of investment. It requires the county to revisit our approved EECBG Program and re-program the

unspent and unallocated dollars to be used primarily for home remodeling, home weatherization; energy conservation and sewer and/or stormwater protection. Once done the expenditure of funds for these purposes will produce a local boost in the economy as a result of both construction activity and increased consumer buying power. It will create enhanced environmental benefits and can also lead to reduced overall costs to our consent decree program that in turn will further enhance consumer and business spending and investment or savings by reducing rates for MSD operations.

Providing a focus on this type of activity, while consistent with the approved uses of EECBG funds is, nonetheless, inconsistent with their recommended use as laid out in the January 2011 Report from Assistant County Administrator Jeff Aluotto. The facts of what is driving the ongoing economic downturn argue in favor of the CROWLEY 14X PLAN.

UNEMPLOYMENT, BLIGHT, FORECLOSURES MERIT CHANGE IN OUR USE OF EECBG FUNDS

We have all been witness to the myriad causes of our local economic and community decline occasioned by one or more of these:

- The Foreclosure Crisis; higher unemployment;
- population flight working to reduce the total population of the core of Greater Cincinnati;
- Blight in Communities stemming from abandoned real estate and absentee property owners;
- Higher Energy Costs;
- reductions in the overall wage scale and livability indices.

Any one or more of these causes, and others unnamed, contribute to a prolonging of the recession and fueling the flames despair and hopelessness in a large number of the 100 distinct and defined communities that together make up Hamilton County. In addition to the economic indicators discussed above, recent census figures, as just one of the indices of our predicament, suggest over a 10% drop in population in the City of Cincinnati and her 52 neighborhoods; while the other 48 villages, small cities and townships that complete the county have been witness to an overall county decline in excess of 5%. The foreclosure crisis has clearly contributed to this outcome.

Focus on the Private Building Sector Will Boost Our Local Economy

National studies also suggest that we apply our resources to a differently focused initiative. The private building sector represents 93% of the total US building stock with building construction alone contributing to 10% of the U.S GDP. Our local urban built-out county mirrors these numbers. Accordingly it stands to reason that revving up activity in the private building sector will be key to reviving our local economy.

In addition, while there is no doubt that a significant percentage of our private housing stock is in need of upgrade and repair, the same is not necessarily true of public facilities. Moreover, compared to private building, public infrastructure construction accounts for very little private investment and spending.

The county's HIP program is an excellent example of this. The HIP program, in which county idle investments are used to buy down interest on home improvement loans, has been in place since 2002 and has leveraged over \$40 Million in private investment fixing up the ageing housing stock of the county and providing work for over 2500 contractors in the Hamilton County community. Our private building sector, with the rate of unemployment and potential to create jobs, and with those jobs and investments, increase the tax base through economic activity that generates jobs and with them earnings taxes; generates sales of products and with it new sales tax revenues; and that creates enhanced property values and with them increased property tax receipts – is the kind of program that merits our support and the majority of our remaining ARRA investment.

Accordingly, to address it and to curb further erosion of the urban core of the Greater Cincinnati Region I propose an aggressive initiative that builds off of other successful programs that have both been here for decades [the community development corporation network of community rebuilding programs] and those of more recent vintage such as the ARRA fund stimulated EECBG Energy Weatherization initiative spearheaded by the Greater Cincinnati Energy Alliance. Linking these plus bringing into play others to form a coalition of community and neighborhood rebuilding teams offers the foundation for a new Hamilton County. We have the capability of knitting together a county wide effort designed at improving every governmental, commercial and residential structure in the county by systematically auditing each to identify the ways, both large and small, that property can be brought into the 21st Century. Through this process the Crowley 14X Hamilton County Job and Growth Bill will make those improvements to real estate, both large and small, individual economic development and revenue engines for the entire county.

CROWLEY 14X PLAN Program Specifics

The CROWLEY 14X JOBS, GROWTH AND DEVELOPMENT PLAN is designed to generate \$14 of private spending and create 14 times the number of jobs that would otherwise be created by spending our EECBG allocation on public buildings by instead supporting a program designed to spark private sector building construction activity; enhanced environmental benefits; reduced energy consumption and carbon output; better controlled stormwater flow and reduced treatment and MSD consent decree costs; and lower per household expenses so as to increase discretionary spending and savings. The plan embraces the 14X Stimulus Plan authored by Architecture 2030 and endorsed by ICLEI and Climate Communities [attached] and calls for using our stimulus funds to create a mortgage buy down program offering reduced mortgage interest rates contingent upon the introduction of building renovations that meet certain targeted energy reduction targets or to address our local stormwater retention goals.

The program results in a reduced interest rate on home/property mortgages predicated upon reduced energy consumption and reduced water treatment that when all paired together creates an immediate demand for construction activity and with it job creation and it also creates increased spending capacity. The examples cited in the attached materials suggest that for every \$2 Million of public investment, \$28 Million in private spending would be leveraged generating 436 new jobs. At this rate of return, I propose that we consider re-allocating a minimum of \$2 Million of the county's \$3 Million unspent or unallocated ARRA funds to underwrite the establishment of such a program in partnership with the GCEA and that we bring to bear county resources in community development and regional planning to assist in establishing 100 individual and self-sustaining community teams to function with these goals in mind.

Use of the county's remaining EECBG funds in this way will leverage an additional 14 times or more dollars from the private sector to fully implement the goals and impact of the program. The program envisions bringing to bear private lending from area banks and credit unions; county HIP Home Improvement Loans can be used; HUD 203K loan funds are a particular benefit to this program, and others. In short, this is not a government funded program but instead the county's limited EECBG funds can prime the pump for a major local economic uptick in building and construction activity and the jobs that a program of this size and magnitude can drive.

100 in 100 over 10 to make 10,000

GOALS must be established about the number of properties to be affected and the potential number of jobs that will be created. The county HIP program offers a treasure trove of data to apply to this formula and suggests that the opportunity exists to benefit as many contractors as there are individual properties supported. Given there are 100 distinct communities in Hamilton County I envision as many as 100 properties in each of our 100 communities over 10 years to create as many as 10,000 new jobs on 10,000 properties improved. There are 10 times that many properties to potentially be enhanced in the county making this more than an achievable goal.

Once we have established our target Goals we move to the next phase of our program to redevelop Hamilton County by establishing **Community Teams** that can function in an autonomous manner in each of the 100 county communities, or failing that, in as many of the 100 as possible. Community Teams must be comprised of:

- Appraisers
- Energy Auditors
- Planning Partners [Regional Planning/MPOs]
- Energy Task Force entity – in our case likely the GCEA
- Stormwater Sewer contact
- Community Development Partner
- Community Liaison

- Financial Contact Liaison – [link to public and private sources of funding]

The launch of the initiative should be preceded by a meeting with banks, credit unions or other private party sources of funding to determine what kinds of loans they can offer; what kind of finance rates will be offered; what other incentives may apply [i.e. HIP]; who will qualify; how will credit assessments be determined; what kinds of credit enhancements might be offered; and the like. These meetings must only take place AFTER the community Teams have been established; AFTER the initiative has been endorsed as a policy priority by the County; and AFTER other potential sources of funding have been identified.

After the development of these measures and after we have obtained the commitment of relevant players in the initiative, we unfold the same to the greater Cincinnati Community and commence. The idea is to generate such momentum that this becomes self-sustaining. That is the goal of the Energy Alliance and we are well suited to partner with it.

At the same time this dovetails nicely with our efforts aimed at disconnecting stormwater downspouts from the areas combined and sanitary sewers. The cost of such can be one item that qualifies for funding under our broad redevelopment initiative.

Benefits to the Community

Our goal, ambitious as it may be, is to spark:

- savings in the cost of maintaining and supporting real estate and all improvements on that real estate
- reductions in the monthly expenditures needed to maintain, heat and cool improved property throughout the county;
- allow property owners and managers to set aside more money each month in savings for their future;
- fuel growth in the local economy by growing the amount of money available to spend on discretionary purchases;
- boost the positive environmental benefit of reduced energy consumption;
- promote reductions in MSD sewer rates by reducing the amount of storm water infiltrating the local sewer system;
- expanding the number of jobs available in the local economy to meet the demand that this program will create for property reconstruction and weatherization;
- boosting the revenues of local governments by raising property values and promoting the purchase of goods that generate sales tax revenues;

- creating the kind of market and market stability that encourages financial institutions to make credit available to businesses and individual consumers alike;
- cause a demographic shift back to the urban core as more and more people and businesses take advantage of the rebirth of the center cities, townships and county of the region.

Conclusion and Next Steps

With funds available to be re-programmed for a better purpose and with opportunity at hand, we have the means to begin an economic resurgence in the private building sector in Hamilton County. Given the broad impact that the private building sector has on our economy it stands to reason that it would be a waste to do anything less.

The argument will, no doubt, unfold over where the biggest “bang for the buck” is in terms of our investment. Some will argue that we should spend in the area of enhanced energy efficiency in our governmental buildings. While an investment there will, no doubt, generate some jobs and some energy savings, it will not have the kind of staying power that we will realize if we invest in the private building sector. The public investment produces a limited set of benefits:

- Reduced energy consumption and lower fuel bills;
- Limited number of structures to renovate;
- Limited number of jobs to zero private construction activity;
- Finite reach;
- Limited duration

In contrast, an investment in the CROWLEY 14X PLAN produces:

- 100 communities of impact;
- Virtual unlimited number of benefited properties;
- Reduced consumer monthly mortgage and energy expenses;
- 14X private spending compared to public investment;
- Sustainability of program;
- Increased consumer spending power;
- Enhanced property values producing neighborhood/community stability
- Increased property receipts;
- Greater consumer spending producing increased sales tax revenues;
- Job creation increasing earnings tax receipts;
- Reductions in foreclosures;
- Elimination of neighborhood blight

We can get Hamilton County running at full speed again. There is no reason why any property in the county should go without a property audit and the ability to benefit from this initiative. Simply re-looking at our existing program and bringing to bear a

modification of what we have already approved will work to our better interest and to much broader public and community benefit.

To establish the policy framework for advancing this proposal I propose that we:

1. Schedule the proposal for the March 28, 2011 Board Staff Meeting to discuss; answer questions and develop a level of comfort with taking the next steps;
2. Prepare a Policy Resolution that embraces the policy; commits to working on fully developing the concept and the specific program elements; officially reaches out to necessary identifiable project partners; and calls upon county administration, regional planning, Buildings & inspections; MSD; HCDC; Port Authority and others;
3. Establish the initial Community Team and commence replication in each of the other distinct county communities;
4. Empower a County Staffed team and community partners to begin meeting with banks, credit unions and financial institutions; and
5. Launch the Initiative

Thank you for your consideration of this proposal.