

REINVENTING INDUSTRIAL ZONES

25 June 2010
NEO Planning and Zoning Workshop

Presented By:
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SETTING THE STAGE

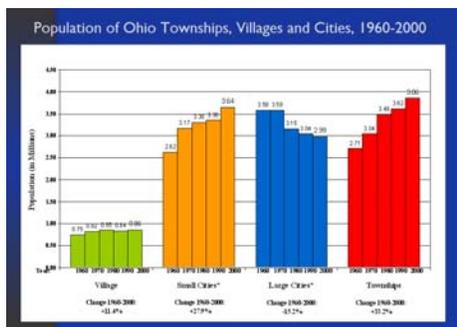
INITIAL THOUGHTS

- Understand the importance of industrial/manufacturing uses in regards to a community's economic position.
- I've heard we're in a recession. What (if any) is the impact on our land use / zoning strategies?
- Are your existing facilities and infrastructure adequate for "today's" industrial uses?
 - Internet, reliable electric service, wide open space, ceiling heights
- Do you know the industrial / manufacturing portfolio of your community?
- Where is the marketshed for industrial businesses in NEO?
- Why do you have an industrial park planned for an area without water and sewer service?
 - These areas typically attract medium to low end economic generating businesses (self-storage, auto services, trade services)
- Don't be afraid to consider other zoning strategies in underperforming areas of your community.
- Are we all fighting for the same thing? Is there a better, more practical use for those industrial areas right under your nose?

GENERAL TRENDS

- The NE Ohio region continues to diversify its economy:
 - In 2009, growth was reported in the biomedical, professional, scientific, technical services and aero-space related industries (TEAM NEO, Dec. 2009).
- Industrial space is strong despite economic downturn. Modern, efficient facilities are highly sought.
 - The question is...where is the demand for space (cbd, suburban fringe, exurban areas)
- Residential location preference away from the metropolitan cores continues but has slowed down drastically since 2008.
 - But, the region continues to decrease in population.
- Speculative industrial construction is rare...typically seeing build to suit projects.
- Developers are looking for communities with flexible zoning parameters and streamlined permit processes.
- Communities are examining the "right mix" of industrial v. commercial v. residential.
- In Lake Co., there were no new industrial buildings constructed in 2009.

GENERAL TRENDS (big picture)



Ohio State University Extension

GENERAL TRENDS (big picture)

Table 1: Employment Change by Manufacturing Industry, 2005-Q1 to 2007-Q1

Industry	Northeast Ohio		Ohio	U.S.
	Manufacturing Employment 2007	Change 2005-2007		
Fabricated Metal Products	41,033	288	0.5%	3.2%
Transportation Equipment	37,326	-4,405	-12.0%	-2.4%
Machinery	32,296	177	0.6%	2.6%
Primary Metals	27,262	-1,479	-5.1%	-4.8%
Plastics and Rubber Products	23,681	-2,920	-11.9%	-6.5%
Chemicals	19,215	-320	-1.6%	-1.4%
Food	15,020	196	1.3%	-0.4%
Miscellaneous Manufacturing	11,694	-641	-5.2%	-1.1%
Electrical Equipment, Appliances, Components	11,527	-952	-7.8%	-2.0%
Fitting and Related Support Activities	10,890	-269	-2.3%	-3.2%
Computer and Electronic Products	9,834	-196	-2.0%	-1.4%
Paper	8,247	-1,088	-11.5%	-0.5%
Nonmetallic Mineral Products	7,882	-709	-8.2%	1.3%
Furniture and Related Products	7,672	-234	-3.1%	-4.8%
Wood Products	4,059	218	5.8%	-0.3%
Textile Product Mills	1,709	147	8.4%	-6.6%
Petroleum and Coal Products	1,300	-102	-7.8%	1.6%
Beverages and Tobacco Products	971	-11	-1.1%	0.9%
Apparel	848	-29	-3.2%	-16.9%
Textile Mills	518	-139	-21.2%	-13.2%
Leather and Allied Products	47	-6	-10.8%	18.0%
Total Manufacturing	285,197	-13,771	-4.8%	-1.9%
Total All Industries	1,874,376	-61,506	-3.3%	3.4%

The manufacturing total does not equal the summation of individual industries. Data for some industries have been suppressed to maintain confidentiality. Source: Quarterly Census of Employment and Wages (QCEW)

GENERAL TRENDS (big picture)

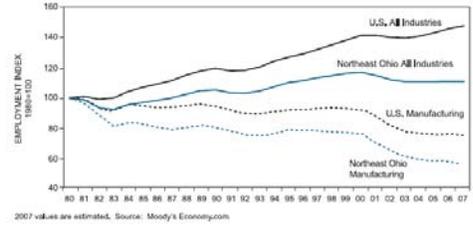
Table 3. Manufacturing Employment by County, 2005:Q1 to 2007:Q1

	Manufacturing Employment			2007 Share of Total Employment
	2007	Change 2005-2007	% Change 2005-2007	
Ohio	776,807	-33,454	-4.1%	14.9%
Northeast Ohio	263,197	-13,771	-4.5%	15.6%
Akron MSA	46,943	-1,564	-3.2%	14.7%
Portage	11,846	-257	-2.1%	22.8%
Sunard	35,097	-1,307	-3.6%	13.1%
Canton-Massillon MSA	30,674	-600	-1.9%	18.5%
Cantel	1,504	333	28.9%	25.0%
Stark	29,170	-654	-2.1%	18.3%
Cleveland-Elyria-Mentor MSA	144,544	-4,233	-2.8%	14.1%
Cuyahoga	83,516	-2,837	-3.3%	11.3%
Lorain	20,256	-1,023	-4.8%	20.5%
Medina	9,922	79	0.8%	16.8%
Mansfield MSA	12,760	-674	-5.0%	22.8%
Richland	12,760	-674	-5.0%	22.8%
Youngstown-Warren MSA	27,284	-4,361	-13.8%	15.1%
Mahoning	10,182	-155	-1.5%	10.1%
Non-Metro Counties	30,891	-2,338	-7.0%	34.5%
Ashland	3,783	-264	-6.5%	20.9%
Columbiana	6,398	-206	-3.1%	20.5%
Wayne	12,956	-1,044	-7.5%	28.4%

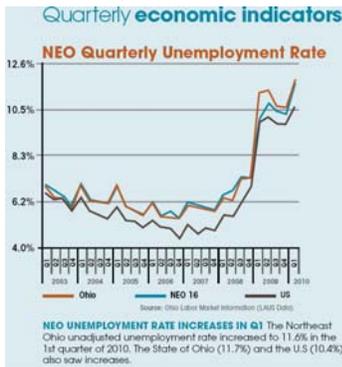
Source: Quarterly Census of Employment and Wages (EQ202)

GENERAL TRENDS (big picture)

Figure 1: Employment, 1980 to 2007



GENERAL TRENDS (big picture)



GENERAL TRENDS (big picture)

Total Establishments by Size (2005)

	Total	%
1-4 Employees	95,374	59.44%
5-9 Employees	30,147	18.79%
10-19 Employees	16,162	10.07%
20-49 Employees	11,412	7.11%
50-99 Employees	4,234	2.64%
100-249 Employees	2,343	1.46%
250-499 Employees	505	0.31%
500-999 Employees	161	0.10%
1000+ Employees	113	0.07%

Team NEO (16 County NE Ohio Region)

SUPPLY OF LAND AND BUILDINGS

NEO Occupied Industrial Space & Vacancy Rate



This graph shows the total amount of industrial space occupied by quarter between the first quarter of 2005 and the third quarter of 2009. The vacancy rate for industrial space in Northeast Ohio rose slightly to 7.6% in Q3 2009, while occupied space continues to remain fairly stable.

SUPPLY OF LAND AND BUILDINGS (Lake County)

- As of the 2009 3Q:
 - 1,191 buildings
 - 38,013,798 sq. ft.
 - 31 years (average age)
 - 8.1 % vacancy (6.9% in 2008)

Lake County Industrial Market

	Lake Co.	Cleveland	U.S.
Total Rentable Building Area	38,013,798	489,971,966	17,217,961,526
Average Quoted Rate	\$3.46	\$3.50	\$ 5.76
Vacancy Rate	8.10%	7.80%	10%

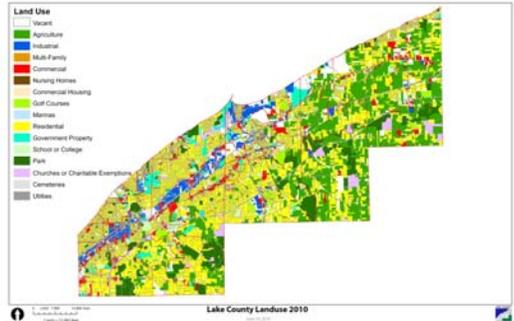
Michael Baker Jr., Inc on behalf of Lake County Port Authority.

SUPPLY OF LAND AND BUILDINGS (Lake County)

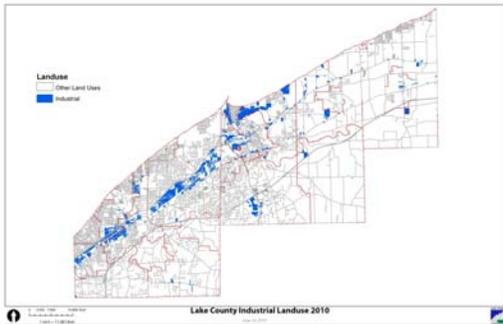


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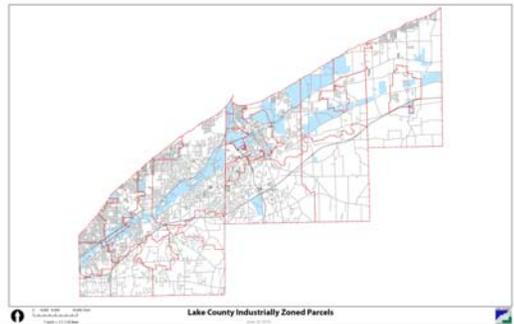


SUPPLY OF LAND AND BUILDINGS (Lake County)



Lake County Industrial Landuse 2010

SUPPLY OF LAND AND BUILDINGS (Lake County)



Lake County Industrially Zoned Parcels

THE NEW NORMAL

- What should we plan for or realistically expect...does Lake County need all the land zoned industrial / manufacturing?
- Are there more appropriate areas in the community for industrially uses?

Setting the Stage - Response

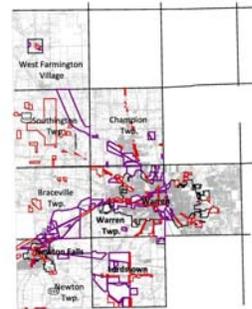
- 7-County Building Vacancies – 38,000,000 sq. ft.
- Recent annual absorption - negative:
 - New construction on 170 acres;
 - Vacancy increasing faster.
- Available industrial zoned acres – more than 14,000 acres...without even trying.

Over Supply; Vacant Industrial Acres - 2007

- Vacant Buildings (converted to equivalent acres) 4,000
- Strongsville 400
- Largest 25 Industrial Parks 1,870
- **Sampling** of Additional Vacant Land 8,237
 - Cuyahoga County +
 - Geauga County 2,340
 - Summit County 1,812
 - Medina County +
 - Lake County 200 +
 - Lorain County 3,885 +
- **Total Available Industrial Acres** 14,507
- acres not included in total

Over Supply; Non-Residential Zoning

- Southington
 - Industrial – 1,540 acres
 - Commercial – 2,700 acres
- Braceville
 - Industrial – 2,600 acres



Setting the Stage - Response

- Changing patterns of development
 - Formerly – “more evenly distributed fair share”
 - Now – concentrated in selected locations
 - Winners and losers
- Implications of development when:
 - Oversupply of land
 - Low demand
 - Understand real impacts
- Recognize building and site obsolescence.

WHAT'S HAPPENING?

What's Happening (or, What Needs to Happen)

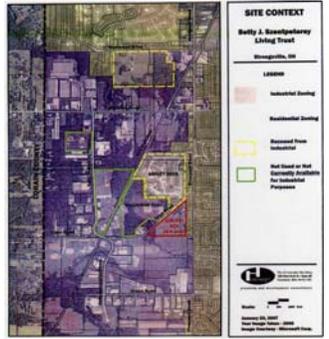
- Reuse
- Expanded list of possible uses
- Rezoning
- Revising standards
- Economic cooperation - Regionalism

What's Happening

- **Need to rethink land use objectives and zoning**
 - Don't receive economic benefits if remains vacant
 - Impacts of oversupply, and low demand – may get what you don't want.
- **More flexible approach to uses**
 - Understand **real** impacts
 - » Outdoor storage
 - » Processing from raw materials
 - Many older buildings not likely to attract uses you don't want
- **Change in 1970's – ceiling height, loading, column spacing**

What's Happening - Strongsville

- Reducing industrial land



What's Happening - Strongsville



What's Happening - Solon

- Went from warehousing to adding light assembling



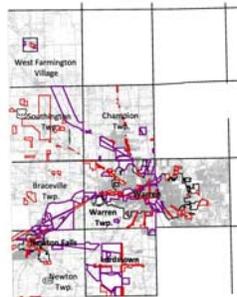
What's Happening - Solon

Summary of Benefits:

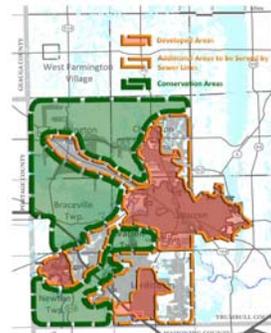
- Better protects adjacent resident property
- More restrictive than any other zoning district in Solon
- Enables property owner to be more competitive in the regional market
- Increases tax revenue
- Reduces truck traffic

What's Happening - Southington, Braceville

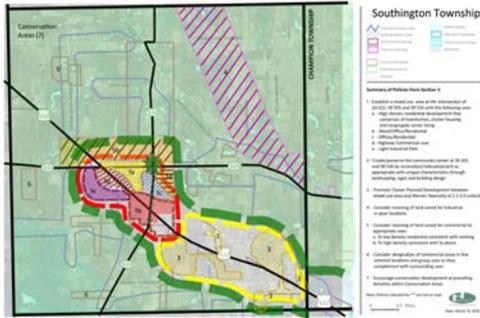
- Southington
 - Most Industrial back to residential, conservation development
 - May not affect property values
 - Limited mixed-use area at key intersections
- Braceville
 - Readjust to make more suitable Industrial



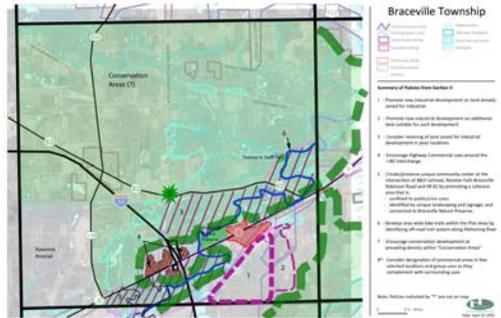
Broad Policy Concept



Southington Township Policies



Braceville Township Policies



What's Happening - Chardon

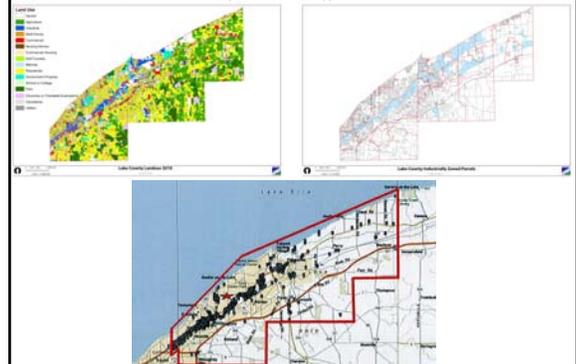
- Considering rezoning 50 acres from Industrial to Senior Housing Planned Development
 - More compatible impacts
 - Less traffic
 - More tax revenue
 - Limited impact on economic development potential

What's Happening - Response

LAND USE ANALYSIS (examples from Lake County)

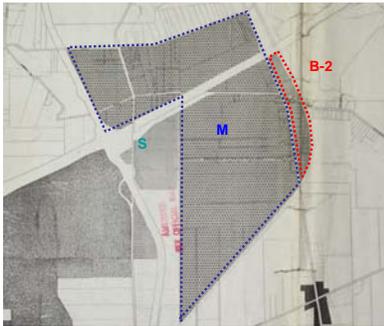
- We're all "fighting" for the same things, I think.
- Don't be afraid to rezone away from Industrial...*if it doesn't work, it doesn't work.*
 - *As always, rezoning activities should be based on a comprehensive or corridor type plan of the area under consideration.*

LAND USE ANALYSIS (Lake County)



EXAMPLE (Concord Twp., Lake County)

1964 Zoning



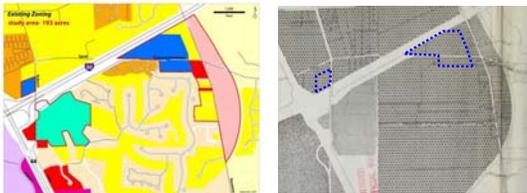
EXAMPLE (Concord Twp., Lake County)

2009 Zoning



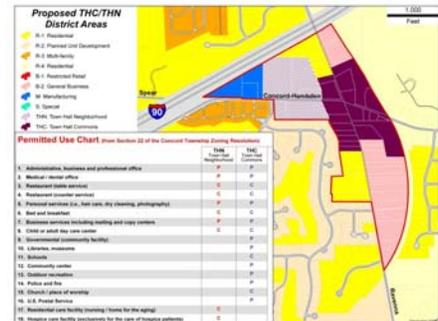
EXAMPLE (Concord Twp., Lake County)

- Comparison...note the influx of residential development patterns.
- Is the remaining industrial land on the left map (blue) feasible?



EXAMPLE (Concord Twp., Lake County)

2007-2008 Township Plan / Analysis of the Area



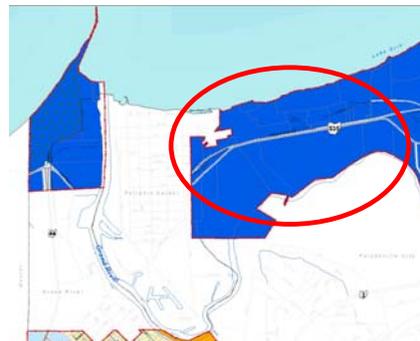
EXAMPLE (Concord Twp., Lake County)

2010 Zoning



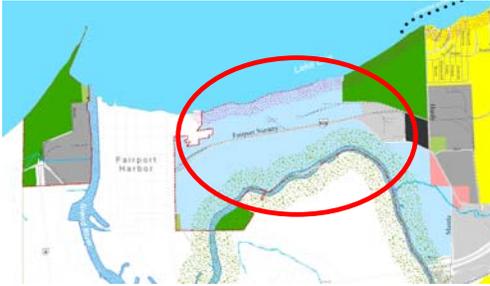
EXAMPLE (Painesville Twp., Lake County)

1956 Zoning (Heavy Manufacturing)



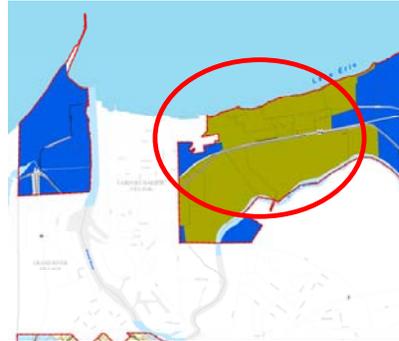
EXAMPLE (Painesville Twp., Lake County)

2007 Master Plan



EXAMPLE (Painesville Twp., Lake County)

2010 Zoning (Lakefront Mixed Use Planned Unit Development)

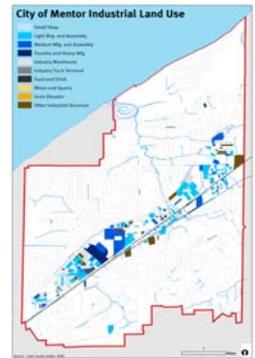


RETROFITTING YOUR INDUSTRIAL ZONES / ZONING CODE REVIEW

- In Lake Co., communities are adapting their visions of the traditional industrial zones.
- Focus is shifting from “dirty” to “clean” uses.
 - *“Future economic development and workforce attraction strategies should focus on emerging high growth industries in healthcare, bioscience, alternative energy and advanced “white collar” manufacturing” (City of Mentor Comprehensive Plan, draft).*
 - Bio-sciences, advanced materials, information technology, power and propulsion, instruments, controls and electronics.
- For flexibility, additional uses are being conditionally permitted that were normally viewed as “not compatible” in industrial areas.
- Development standards are also being revised.

RETROFITTING YOUR INDUSTRIAL ZONES / ZONING CODE REVIEW

- In Mentor, new uses include:
 - Limited retail (% of sales)
 - Restaurants
 - Commercial Recreation
 - Fitness
 - Indoor amusement
 - Baseball
 - Museums (2x)
 - Medical
 - Office
 - Day care
 - Dog grooming/care
- These uses have created multiple options for existing vacant space within the industrial heart of the city without compromising the integrity of the industrial uses.



RETROFITTING YOUR INDUSTRIAL ZONES / ZONING CODE REVIEW

- In Eastlake, potential amendments include:
 - Decreased lot size requirements
 - *Developers have consistently noted...“I really like the location but I don’t need 3 acres.”*
 - Reduced frontage requirement
 - Increasing maximum building height (currently 35’)

RETROFITTING YOUR INDUSTRIAL ZONES / ZONING CODE REVIEW

- Example
 - A developer wants to open a racquet club in a former industrial footprint with a small accessory restaurant. The code may conditionally permit the racquet club but not the restaurant.
 - Why?
 - More than likely this business will move on to another community with more flexible standards.

WHAT TO DO?

RECOGNIZE THE NEW REALITY

- The parcel (or area) has been zoned heavy industry for 50 years and nothing has happened...
 - Have you missed opportunities because of improper zoning?
- What are your competitive advantages? Or, is there something right under your nose that may be a more appropriate economic development driver?
 - For example, Lake Erie.
- Ask the question...would we be happy with our community at build-out under the current zoning pattern?
- In rural areas, recognize the importance of agriculture as a natural and economic asset to your community.
- In areas with a recreational niche or waterfronts, recognize the potential economic impact provided by recreation.
- What's in your code? Are there emerging uses or trends that are not permitted?
- Companies are doing more work, often in smaller spaces. Do we need 5 acre lot minimums?

COMPREHENSIVE PLAN UPDATES

- Regular review (3-5 years) of your comprehensive/master plan is critical.
- For specific projects, consider more detailed planning exercises:
 - Corridor plans
 - Special area plans
 - Neighborhood plans
 - Cost of Community Services
 - Community Businesses Roundtables...know your role in the marketplace.
 - Industrial Market Analysis
- Examine the zoning strategy of adjacent communities...do you have an industrial park planned adjacent to an assisted living facility?
- Align local policies with regional and state development and investment strategies. This can be extremely important during a competitive grant process.
- Focus on industry clusters...i.e., the fast food model.
- Note the importance of team. Communities and the private sector should cooperate to create regional structures that promote a coherent metropolitan whole that respects local character and identity.

ECONOMIC DEVELOPMENT TOOLS

- JEDD Joint Economic Development Agreement
A JEDD allows for the levying of an income tax in the district, and the provision of municipal services in unincorporated areas. Income tax revenue in the JEDD area can be shared and used for municipal services, new sewer or water lines, road improvements, beautification, or other programs that will benefit the district.

Two exist in Lake County:

Painesville City/Concord Twp.

Perry Twp./North Perry Village/Perry Village

ECONOMIC DEVELOPMENT TOOLS

- TIF Tax Increment Financing

The Ohio Department of Development TIF's are a development mechanism available to local governments in Ohio to finance public infrastructure improvements and, in certain circumstances, residential rehabilitation. **A TIF works by locking in the taxable worth of real property at the value it holds at the time the authorizing legislation was approved.**

Payments derived from the increased assessed value of any improvement to real property beyond that amount are directed towards a separate fund to finance the construction of public infrastructure defined within the TIF legislation. Local governments may authorize TIFs to fund a number of infrastructure needs including public roads and highways, water and sewer lines, remediation, land acquisition, demolition, the provision of gas, electric, and communications service facilities, and the enhancement of public waterways (note – public infrastructure does not include police or fire equipment).

ECONOMIC DEVELOPMENT TOOLS

- CRA Community Reinvestment Area
A mechanism in which a community can offer local real property tax incentives to residents and businesses that invest in certain areas of the community.
- EZ Enterprise Zone
Provides real and personal property tax incentives for businesses that expand or relocate in the area. The community must apply to the Director of Development.

IN-HOUSE ECONOMIC DEVELOPMENT TOOLS

- Streamlined permitting and zoning process.
- Inventory of construction or move-in ready sites/facilities. This should include square footage, electrical service, ceiling heights, delivery bays, office space, access to rail/highway, and so on.
- Reduction in lot size for manufacturing zones to approximately 1.5 acres.
- Consider the elimination of ballot box zoning referendums where piecemeal land use (job growth) decisions may be made in reaction to isolated circumstances, incorrect dissemination of information or a simple misunderstanding on the behalf of the electorate.
- Adopt business friendly business policies for new and existing companies (welcome wagon).

ECONOMIC DEVELOPMENT TOOLS (big picture approach)

- RPI Regional Prosperity Initiative

The Regional Prosperity Initiative (RPI) will provide the structure for region-wide land use planning and new growth tax base sharing in the 16-county Northeast Ohio region. In short, the RPI will allow our region to plan, share and grow...together.

This effort – to benefit through collaboration – is an unprecedented step toward government reform at the municipal, county and regional levels, with comprehensive results that can create a better environment for economic prosperity.

<http://www.neo-rpi.org/site.cfm/About-RPI.cfm>

QUESTIONS?

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