

Chapter 7

General Economic Conditions

Land development and the fulfillment of the Comprehensive Plan depend on a strong local economy. Within the national economy there are regional economies moving forward or slumping due to local conditions. Delaware is one of Ohio's most affluent counties, with one of the lowest unemployment rates. The central Ohio economy (especially Franklin, Union, Licking and Delaware Counties) impact Orange Township's economy.



While the first decade of the century began with an economic downturn, productivity trended upward at a 2.6% annual rate over the next seven years. However, through 2007, 2008 and 2009, the credit crunch and housing crisis have led to a state, national and global downturn. (*Department of Commerce website and other sources*)

This Comprehensive Plan does not seek to present a full economic analysis of Delaware County or Orange Township as trends are changing almost weekly and are covered daily in the media. It does seek to present some general data from a variety of sources.

Global Economy

In 2001, the Comprehensive Plan quoted a *Dispatch* article from 1999 stating the global economy as facing “serious challenges from a 20-month-old global currency crisis.” Such challenges have certainly played out during the last decade and especially within the last year. Sectors of the local economy that depend on foreign export have faced short-term retrenchment. This could have wider implications if it affects the U.S. national economy because of the loss of foreign trading partners. Adding to this problem has been the rising cost of fuel which peaked in the summer of 2008 before falling when the slowing economy resulted in less demand.

The United States Economy in General

Although the news has been filled with bleak economic news locally, state-wide and nationally, there are some indicators that represent improvement in some areas.

- Ohio was named first in the nation for major business expansions for 2008 by *Site Selection* magazine. In its March issue, the publication tallied the number of projects that each state recorded in the previous year, both in new developments and expansions of existing operation. Ohio's 503 projects bested Texas' 497 and Michigan's 296. This is the third year in a row the state has taken the top spot.

- Forbes.com and Moodys.com predicted that Columbus will boast the nation's 8th fastest home sales rate in 2008, and that home prices here will increase 3.49%.
- In early March 2009, Forbes.com named Columbus the "Number 1 Up-and-Coming Tech City."
- In a recent Stress Test report from the Associated Press, Delaware County ranked third best in the state. Holmes County and Geauga County came in only slightly better. The study used the figures of unemployment at 6.4% (up from 3.9% in October 2007), foreclosures at 1.52% (up from 1.45% in October 2007) and bankruptcy at .91% (up from .63% in October 2007) to create the ranking. Scores were created where zero is perfect and one hundred is the worst possible. All three counties scored between 8 and 9.
- Columbus is the nation's third most stable housing market, according to Forbes and Moody's. Researchers considered the strength of the economy, plans for construction, low foreclosure rates, local credit markets, home sales rates, and the affordability and availability of housing.
- Median Household Income for the Columbus MSA is \$44,782, 57th nationally (San Francisco was 1st at \$63,027; Per Capita Income for Columbus \$23,020, 38th nationally (Naples, FL was 1st at \$31,195) *Source: Census Bureau, February 2009.*
- Median income in Delaware County is the state's highest at \$88,645. Fairfield is at \$58,019, Licking is at \$52,148 and Franklin is at \$51,246. *Source: 2008 American Community Survey, U.S. Census.*

The Local Economy

While the national economic news has been in an ongoing recession with unemployment numbers on the rise, the local economy generally has not experienced the full effects of the poor economy.

Employment

Delaware County has a broad-based economy. No one sector drives the economy, which protects the county from sharp up and down spikes. Delaware County's overall employment by sector very closely mirrors the state of Ohio's. Unlike some counties, which are largely single-industry driven (auto manufacturing, agriculture, etc.) Delaware County has a healthy mix of many diverse employment sectors.

Figure 7.1 Establishments, Employment and Wages by Sector, Delaware County, 2006 (Source: Ohio Dev. Dept.)

Industrial Sector	Number of Establishments	Average Employment	Total Wages
Private Sector	3,723	57,877	\$2,527,521,560
Goods-Producing	623	9,190	\$438,893,507
<i>Natural Resources</i>	20	346	\$11,479,427
<i>Construction</i>	447	3,125	\$134,614,888
<i>Manufacturing</i>	156	5,719	\$292,799,192
Service-Producing	3,100	48,687	\$2,088,628,053
<i>Trade, Transportation and Utilities</i>	881	14,185	\$441,567,455
<i>Information</i>	68	1,116	\$65,574,595
<i>Financial Services</i>	424	5,361	\$367,814,128
<i>Professional and Business Services</i>	762	11,247	\$837,370,926
<i>Education and Health Services</i>	293	5,324	\$192,414,087
<i>Leisure and Hospitality</i>	374	9,622	\$140,439,172
<i>Other Services</i>	287	1,806	\$42,948,511
<i>Unclassified</i>	13	26	\$499,179
Federal Government		287	\$12,139,379
State Government		130	\$55,972,036
Local Government		6,456	\$242,974,673

The Ohio Department of Development showed that during the period 2001-2006, all sectors except mining saw an increase both in the number of establishments and the number of employees. The areas with the greatest increases were Information (405% employment, 75% establishment), Business Services (154% employment, 79% establishment), and Leisure and Hospitality (117% employment, 75% establishment). Generally, the Service sector saw a 93% employee growth, the Goods sector saw a 13% growth and the Local Government sector saw a 62% growth in employees.

Figure 7.2 Top 20 Major Employers, Delaware County (Delaware County Auditor 2008)

Employer	Employment Sector	# Employees
JP Morgan Chase	Finance & Insurance	7,601
Olentangy Schools	K-12 School System	1,564
Delaware County	Government	1,082
Central Ohio Primary Care	Medical Group	935
Kroger's	Retail/Food	829
Kroger Great Lakes	Distribution Center	791
American Showa	Manufacturing	709
Ohio Wesleyan	Private Liberal Arts Univ.	612
Wal-Mart	Food & Retail	595
Ohio Health-Grady Hospital	Medical	577
Delaware City School	K-12 School System	538
Liebert	Power Supply	493
AHP	Diaper Manufacturer	460
Meijer	Food & Retail	445
Liebert-Emerson Network	Emerson Network	429

Advance Auto Parts	Auto Parts	404
CIGNA	Medical/Dental Insurance	400
Accel, Inc.	Distribution/Assembly	386
PPG Industries, Inc.	Manufacturing	338
Worthington Cylinder	Manufacturing	320

Unemployment rate

Delaware County continues to maintain the lowest unemployment rate in Ohio. The April 2009 Ranking from the Ohio Department of Job and Family Services listed the county at 6.6%, which was the lowest in the state. The comparable rate for Ohio was 10.2%. Only four counties had unemployment rates below 8% in April. These included Delaware, Geauga, Lawrence and Holmes Counties.

Poverty Rate

Delaware County’s poverty rate was 4.5% in 2007, while Franklin County’s was 16%. *Source: Census American Community Survey 2007*

Educational Attainment Rate

Delaware County has the highest educational attainment rate of any central Ohio county. Of the population over 25 years of age, 95.8% are high school graduates, 49.2% have a bachelor’s degree and 17% have a graduate or professional degree (these numbers are all higher than they were in 2001). By comparison, bachelor’s degree attainment in other counties is: Franklin 35.3%; Fairfield 22.6%; Licking 23%. *Source: Census American Community Survey 2007*

Columbus MSA Housing Market

Compared to the Midwest region, the Central Ohio housing market continues to be relatively healthy. Housing sales continue to slump and new housing starts are slow, but a report by the BIA showed that the number of sold listings in April of 2009 rose 10% over March numbers. Average price was the “best since October 2008” and up 4% over March.

Orange Township Economy

Orange Township has greater balance in its local economy than any other township in Delaware County. This is primarily due to its strategic location on US 23, the availability of water and sewer, the township’s approach to development policies, its proximity to Franklin County and the City of Columbus, and the Polaris I-71 interchange and the Polaris Parkway corridor to US 23 at Powell Road and to S.R. 3 at Maxtown Road.

Polaris

The initial 1200-acre Polaris annexation to Columbus occurred in January 1991. After the new Polaris I-71 interchange and Polaris Parkway were built, there was a significant influx of jobs into Delaware County. The Fashion Place Mall, Polaris

Centers of Commerce office park and Polaris Town Center strip development are within the City of Columbus, but have a strong impact on Orange Township.

- Polaris Towne Center opened in the fall of 1998 with 115,000 square feet of retail development;
- Polaris Fashion Place opened in 2001 and features over 150 specialty stores, five anchors, more than four full-service restaurants and 8 food hall eateries;
- Through the end of 2008 and early 2009, portions of the new Lifestyle Center began to open. A former anchor was redeveloped to feature an open-air “main street” style atmosphere with outdoor dining and shopping, competing with Easton Town Center;
- J.P. Morgan-Chase (formerly Bank One) occupies 2 million square feet of Class A office space;
- A full service Hilton hotel and conference center opened in 2008;
- Smaller office, medical and office warehouse projects account for another 132,000 square feet of space;
- Polaris and the Polaris Parkway have spawned spin-off economic development on the east-side of Alum Creek in Westerville (Liebert, Meijer Store, and Kroger);
- The key to the early development of the greater Polaris area (Orange and Genoa Townships, the cities of Westerville and Columbus) has been the new I-71 interchange and road construction linking east-west and north-south traffic. The completion of Polaris area roads is a key to its future success;
- The Polaris Amphitheater operated for several years before closing after the 2007 season. The future of the property remains unclear.

Rates of Taxation and Revenues

The County Auditor tracks real estate and personal property values in the county. Orange Township’s residential property is valued at \$813,857,960, slightly under Genoa Township’s \$897,640,110. Its commercial, industrial, and utility is valued at \$176,948,210, far ahead of all other Delaware County townships. Adding farm uses, utilities and personal tangible value, the total for the township is \$1,023,084,530 which is the highest followed by Genoa, Liberty, Concord and Berlin.

The County Treasurer maintains a list of all mills levied on each dollar of property within the county. Individual taxes are based on the rate multiplied by the property valuation of each property. Ohio law limits the amount of taxation without a vote of the people to what is known as the “10 mill limit” (\$10 per thousand of assessed valuation). Any additional real estate taxes for any purpose must be voted by residents. The township’s tax rates include .04 mills for the library, 6.30 for

the county, 9.30 for the township, 70.72 for schools, and 3.20 for JVS for a total of 89.56, or an effective rate of 61.7728 for residential and 61.5117 for commercial and industrial. *Source: Delaware County Treasurer 2008 Rates of Taxation*

Townships receive a portion of the commercial and industrial taxes collected by the county. Tax rates within townships are different based on the school district boundaries. With Orange Township completely within the Olentangy district, the tax rate is the same throughout the unincorporated township. As an example, the portion of Concord Township that falls within the Olentangy School District receives 21.3% of commercial/industrial taxes. Orange Township receives 22% and the portion of Genoa Township which is in the Westerville District receives 21.3%. To apply this to one commercial example, the Meijer on US 23 paid a total of \$196,373.00 in real estate taxes for 2002, of which Orange Township received roughly \$43,200. *Source: Delaware County Auditor*

Economic Development Tools and the Township

Economic Development, or the process of actively seeking businesses to locate to the county, is typically performed on the county or municipal level. Townships are often reactionary to development pressures, or work with the county on specific development projects. The



following is a list of economic tools and development-related issues that the township should be aware of, although township representatives may not be specifically involved.

Enterprise Zones

Enterprise Zones are defined areas within the county that allow for tax abatements on industrial projects conducted within the zone. Real property abatements can be made for improvements on the real property as a result of the project. Personal property abatements can be taken on machinery, equipment, furniture, fixtures and inventory that is new or first-used in the State of Ohio. A three-member negotiation team reviews the project and negotiates a package specific to each project.

Delaware County has three active zones, the City of Delaware Enterprise Zone, the Orange Township Enterprise Zone and the Village of Sunbury Enterprise Zone. Orange Township's zone begins at the southern border of the county at Lazelle Road, and runs north along US 23 to Shanahan Road. The eastern border is the rail line and the western border is approximately one-quarter mile to the west of Route 23. Tax abatement levels are allowed up to 60% abated for 10 years in unincorporated areas. This program also has a requirement of job creation associated with the project.

Orange Township has a local enterprise zone with tax abatements to the following industries. This has proven to be an engine of growth.

Figure 7.3 Orange Township Enterprise District

Firm	# jobs created	Real Property	Personal Property	Projected Payroll
BKP BT USA	30	\$2,550,000	\$3,700,000	\$600,000
Colorifics	8	\$600,000	\$197,600	\$162,240
Fisher Backup us	8	\$536,000	\$50,000	\$100,000
Sheridan Assoc.	4	\$525,000	0	\$46,000
Totals	50	\$4,211,000	\$3,947,600	\$908,240

The following businesses have completed their tax abatement period with the county: Airwaves, Digital Storage, Sarcom, and Volvo.



Green Meadows Drive

Broadband Fiber

Several efforts are underway to achieve a higher level of fiber infrastructure. In addition to an effort by the City of Delaware to connect businesses within the city (Delaware Area Super Highway - DASH) there is also a regional effort to connect entities such as Dublin, Westerville, Delaware, Delaware County, and businesses and governmental agencies within each (Central Ohio Broadband – COBB). Connect Ohio is a state-wide effort aimed at determining where service is either non-existent or ineffective and what sorts of projects can be initiated to improve service. All efforts are aimed at increasing the economic viability of the area.

Port Authority

Port Authorities are political subdivisions created by statute for the purpose of enhancing and promoting transportation, economic development, housing, recreation, research, and other issues within the jurisdiction of the port authority. Such organizations can acquire and sell property, issue bonds, loan monies for construction, operate property in connection with transportation, recreation, government operations, or cultural purposes, engage in activities on behalf of other political subdivisions, among many other functions. Where funding is concerned, it may issue revenue bonds, apply for grants and loans, and even levy a property tax not exceeding one mill for a maximum period of 5 years. In short, the Port Authority can accomplish much more in the way of economic development in a competitive fashion than a government entity which is limited by disclosure requirements.

Community Reinvestment Areas

Community Reinvestment Areas (CRAs) are designated zones in which tax abatements are allowable on real property improvements made as a result of an expansion or relocation project. These agreements are available for expanding or relocating businesses. Job creation is an additional requirement for participation in the Community Reinvestment Area program.

Only one CRA exists in Delaware County. It is located in the City of Delaware, and has the same boundaries as the Delaware Enterprise Zone.

The available abatement rate can extend up to 100% on the real property improvements for a term of up to 15 years. The abatement rate and term is a unique negotiation for each project, considering such factors as job creation numbers and real and personal property investment levels.

Tax Increment Financing

Tax Increment Financing (TIF) is a program to finance public infrastructure by redirecting new real and personal property tax to a debt retirement fund. A portion of the real property tax on improvements to a site, up to 75% for 10 years, can be paid into a special fund, and that fund can be used to retire the debt on a public infrastructure improvement tied to the project. The value of the property tax exempted will be paid as a Service Payment-in-Lieu of Taxes (equal to the amount of exempted value), due at the same time property taxes are due, and will go into a special fund. This special fund, set up by the County Auditor, will be used to retire the debt incurred from the public infrastructure improvements associated with the project.

A county negotiating committee will meet with the potential business and discuss if the TIF program can be utilized with the proposed project. If so, the committee will work with the business to reach an agreed exemption level. The Delaware County Economic Development Office will work with both the business and negotiating committee to facilitate the process. There are three TIFs in the Orange Township area. One is within the Polaris area and represents \$221,699,110 of property value and one is a Polaris expansion with a \$9,770,000 value. Within Orange Township, there is an Olentangy Crossings TIF, representing \$1,766,160 in property value in 2008.

Ohio Job Creation Tax Credit

The Ohio Department of Development administers this program in conjunction with local incentive program participation. This program allows a business to receive a tax credit or even a refund against its corporate franchise tax based upon the number of new jobs created with the project.

The requirements of the program are that at least 25 new, full-time jobs must be created within three years of the beginning of the project, and that the new employees must be paid a minimum of 150% of the federal minimum wage.

The Job Creation Tax Credit is a direct credit against a business' corporate franchise tax. The basis of the credit lies in the state income tax withholding per new employee. The tax credit will be figured from the state income tax withheld for the new employees. A percentage of the withheld tax will be credited against the business' corporate franchise tax each year for the term of the agreement. This percentage rate can be up to 75% with a term of up to ten years.

The Delaware County Economic Development Office will work with businesses interested in this program and put them in contact with the Ohio Department of Development's representative.



Northpointe Plaza Outlots

Effect on Growth and the Community Vision

To summarize, Delaware County's unemployment rate is comparatively low. Its poverty rate is low. It has a varied economy, which has been growing. Of all the economic factors reviewed, there is only one that may be of concern related to business recruitment, and that has been the low unemployment rate. When the local labor force is tapped out, business expansion goes elsewhere. When business bypasses a geographic area, this can be a harbinger of declining real estate (housing) demand.

A. When **too much housing** is created in advance of a softening demand curve and very low unemployment rate, a glut of housing product can build up and cause real estate price deflation. In the last twenty years, such American "boom-bust" real estate cycles have occurred in Texas, Colorado, California, the Northwest (Seattle, Washington), New England, Las Vegas, Florida and the Southwest. Although the county has experienced a cycle in new housing activity, real estate price fluctuations have not been referred to as a boom-bust cycle in Central Ohio.

B. The previously-reviewed **housing pipeline** numbers suggests that a glut of supply existed when the economy and credit issues became problematic. It is very difficult to interpret this trend, or to call the moment when oversupply occurs. As discussed in Chapter 3, looking at the five-year average lot absorption rate for the townships in Delaware County, the 9,419 residential units in the development pipeline as of the end of 2008 represent a nine-year supply. In a more typical economy, a three-year supply is considered healthy. The largest production builders use a five-year planning horizon.

C. The Delaware County **housing market** remains stronger than the central Ohio housing market. To understand this phenomenon, we looked at recently released census figures, which show the story in another light. Recent census

information shows that the United States, Ohio and Central Ohio continue to grow slightly, while Delaware County has grown significantly. Delaware County is growing by population shift away from Franklin County. Therefore, market demand is increasing.

D. The **vision** for Orange Township’s Comprehensive Plan appears to be economically attainable in the long term, assuming the local, state and national economy continue to improve.

E. The only caution is to **avoid over-zoning** and over-platting before there is an apparent housing need, since that could lead to gross oversupply, and the possibility of price deflation in a real estate recession. Phasing of large projects also helps the incremental absorption of the land costs to the developer and avoids oversupply of product.

Economic Goals and Means

<p>Goal To provide for a variety of residential housing districts, with an overall (township -wide) density not to exceed 2 units per acre where centralized sanitary sewer exists or can be provided.</p>	<p>Means Create a Lewis Center District as a Traditional Neighborhood Development with mixed residential and commercial uses at an overall density of 2 units per acre.</p>
<p>Goal To broaden the jobs and tax base, and to prevent property taxes from rising faster than the growth in the township tax base.</p>	<p>Means Expand the Planned Commercial and Industrial districts on the west side of the CSX Railroad Tracks in the US 23 corridor.</p> <p>Provide for Planned Office districts as in-fill to the Columbus annexations on S. Old State Road’s west side.</p> <p>Provide for Planned Office districts as in-fill to Columbus and Westerville annexations on Worthington Road.</p> <p>Encourage a historic looking storefront commercial as part of the redevelopment of Lewis Center between the Railroad and the northerly extension of 4th Street on the north side of Lewis Center Road.</p>
<p>Goal To provide for dense landscape buffering between incompatible land uses.</p>	<p>Means Create a landscaping detail(s) to be used between incompatible land uses.</p> <p>Review the zoning code to ensure appropriate standards for landscape buffer detail between certain residential and non-residential land uses.</p>