

Municipal Finance

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A background image showing a city skyline with various buildings and a bridge, overlaid with a semi-transparent dark blue gradient.

Municipal Finance & Sustainable Development

- **Sustainability and Municipal Finance**
- **Case study of Severance Town Center and Euclid Square Mall**
 - History of Cleveland Heights and Euclid
 - Development of Severance Town Center and Euclid Square Mall
 - Trend Analysis
 - Fiscal Impact Analysis
- **Best Practices**
- **Policy Recommendations**



Sustainable Municipal Finance

- **“Change, grow, or die”**
- **Important to maintain and attract the right types of development**
- **Concerned mainly with the fiscal impact of development to municipalities and school districts**
 - **Relates to generation of municipal property and income tax from developments**

A photograph of a city skyline at dusk or dawn, with various buildings and a bridge visible against a dark sky. The title 'Case Study' is overlaid on this image.

Case Study

- **Case study examines and compares investment (Severance) vs. disinvestment (Euclid Mall) and their fiscal impacts on municipalities**
- **Hypothesis: Disinvestment has a negative effect on the fiscal impact of development on municipalities and school districts by decreasing:**
 - Property value
 - Income tax base
 - Overall revenues

History of Cleveland Heights and Euclid



Euclid was a pioneer of modern zoning principles



Cleveland Heights known for its beautiful architecture



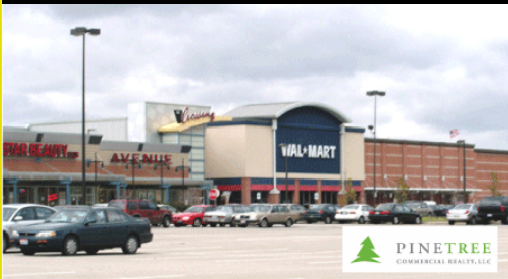
Table 3.1 Summary Characteristics for the cities of Euclid and Cleveland Heights, 1970 and 2000

Year	City	total population	total households	total income (\$ billions)	median household income (\$)	income tax rate (%)	commercial property tax rate (%)
1970	Cleveland Heights	60,767	20,586	1.3	62,723.97 ¹	not available	not available
	Euclid	71,552	25,303	1.4	55,507.52 ¹	not available	not available
2000	Cleveland Heights	49,958	21,798	1.0	46,731.00	2.00	3.15
	Euclid	52,717	26,123	0.9	35,151.00	2.85	2.50

¹ Actual dollars: Cleveland Heights \$13,368 and Euclid \$11,830 inflated to 2000 dollars: <http://www.bls.gov/>

Developments

SEVERANCE TOWN CENTER CLEVELAND HEIGHTS, OH



Severance Town Center

- Originally opened in 1963 as an indoor mall
- Redeveloped in 1998 into a 500,000 square foot open-air power center
- Anchored by Home Depot, Wal-Mart, Borders Books, and Marshalls



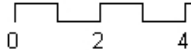
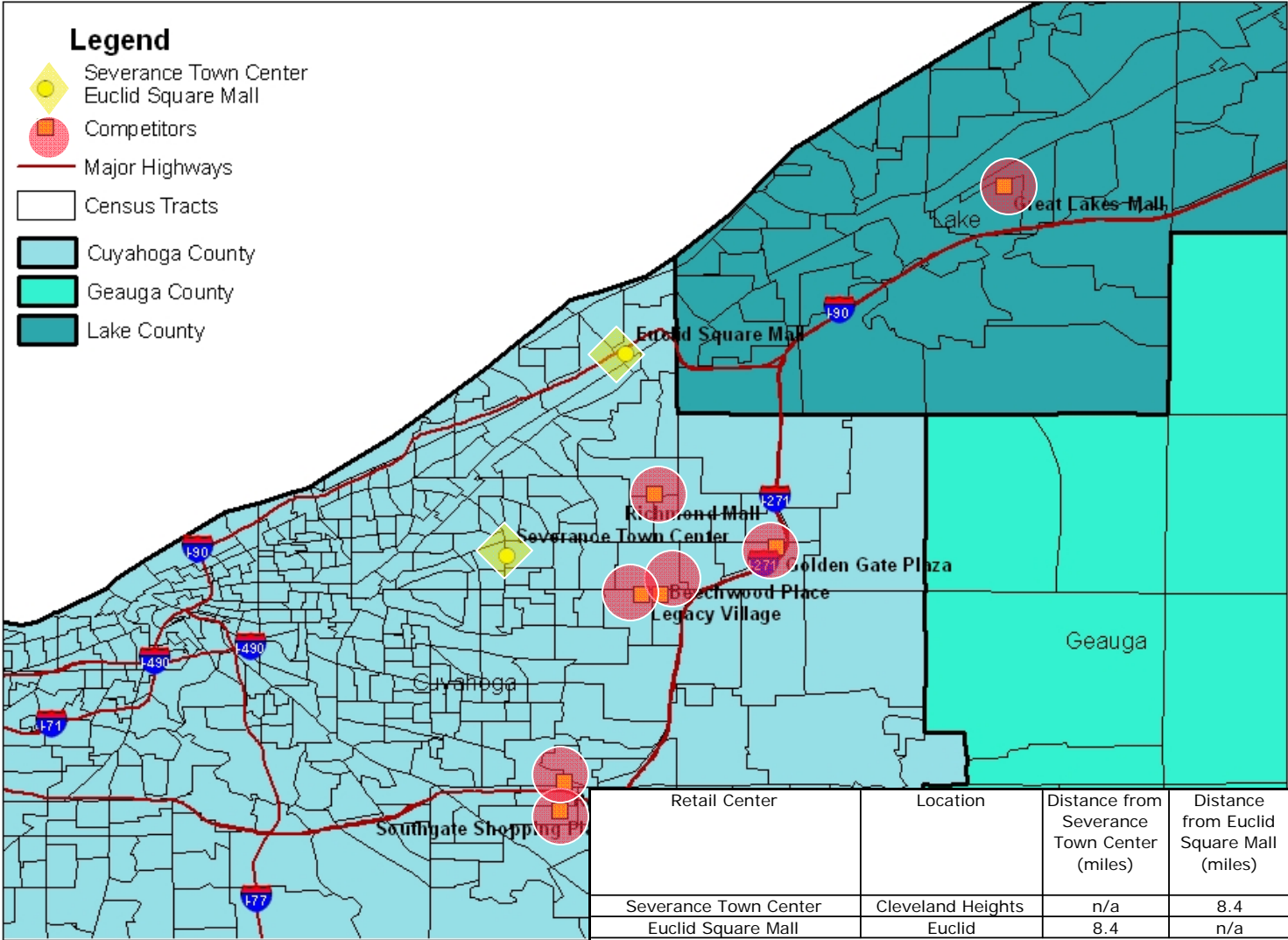
Euclid Square Mall

- Originally opened in 1977
- Comprised of 687,000 square feet of retail space
- In 1998 Kaufman's closes and relocates to nearby Richmond Mall (aka Richmond Town Center)
- In 2004 Outlets USA opens and closes a short time later
- Today Dilliard's outlet is the lone retail tenant



Old Severance Center--

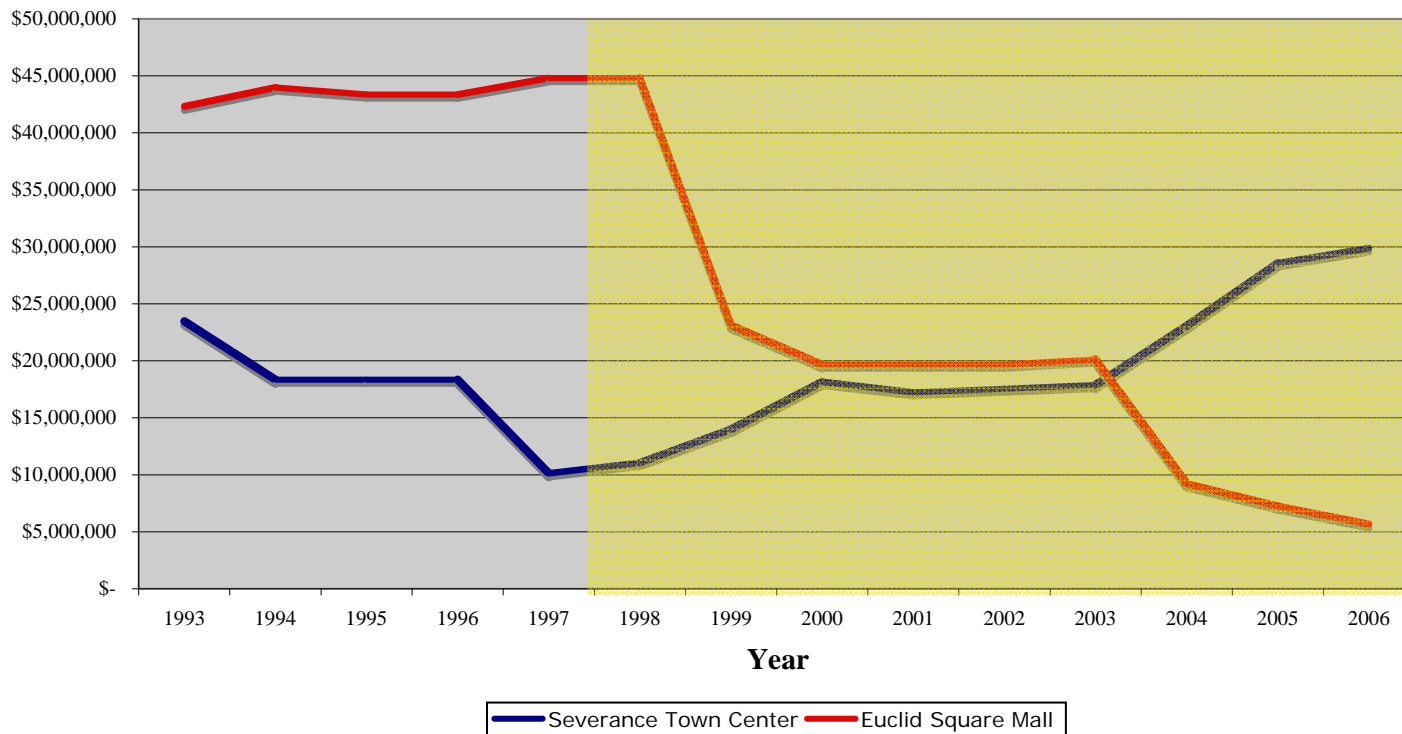
Location of Malls



Retail Center	Location	Distance from Severance Town Center (miles)	Distance from Euclid Square Mall (miles)	Date Opened	Square Footage
Severance Town Center	Cleveland Heights	n/a	8.4	1963	500,000
Euclid Square Mall	Euclid	8.4	n/a	1977	687,000
Great Lakes Mall	Mentor	17.0	10.8	1961	1,300,000
Golden Gate Plaza	Mayfield	5.4	9.9	1958	360,000
Eastgate	Mayfield	6.1	10.5	1954	360,000
Beachwood Place	Beachwood	4.0	12.8	1978	950,000
Richmond Town Center	Richmond Heights	3.8	4.3	1968	875,000
Southgate Shopping Center	Maple Heights	8.4	19.3	1955	800,000
Randall Park Mall	North Randall	7.6	18.5	1976	2,000,000

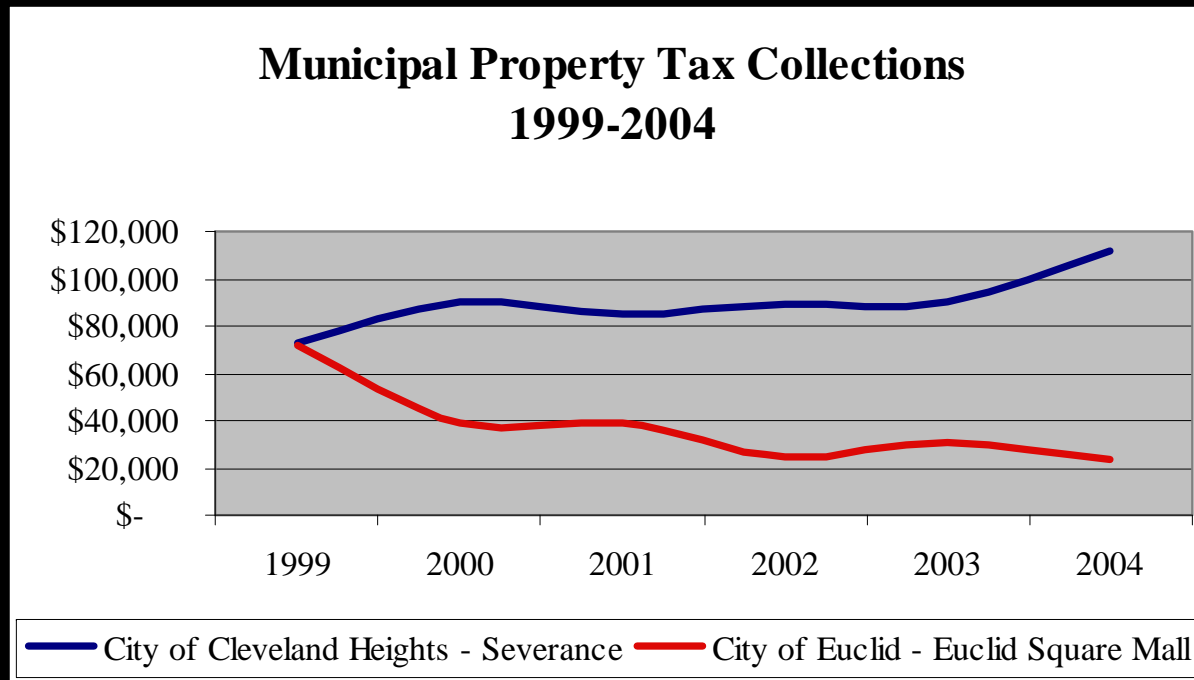
Market Values 1993-2006

Market Value of Developments 1993-2006



Trend Analysis

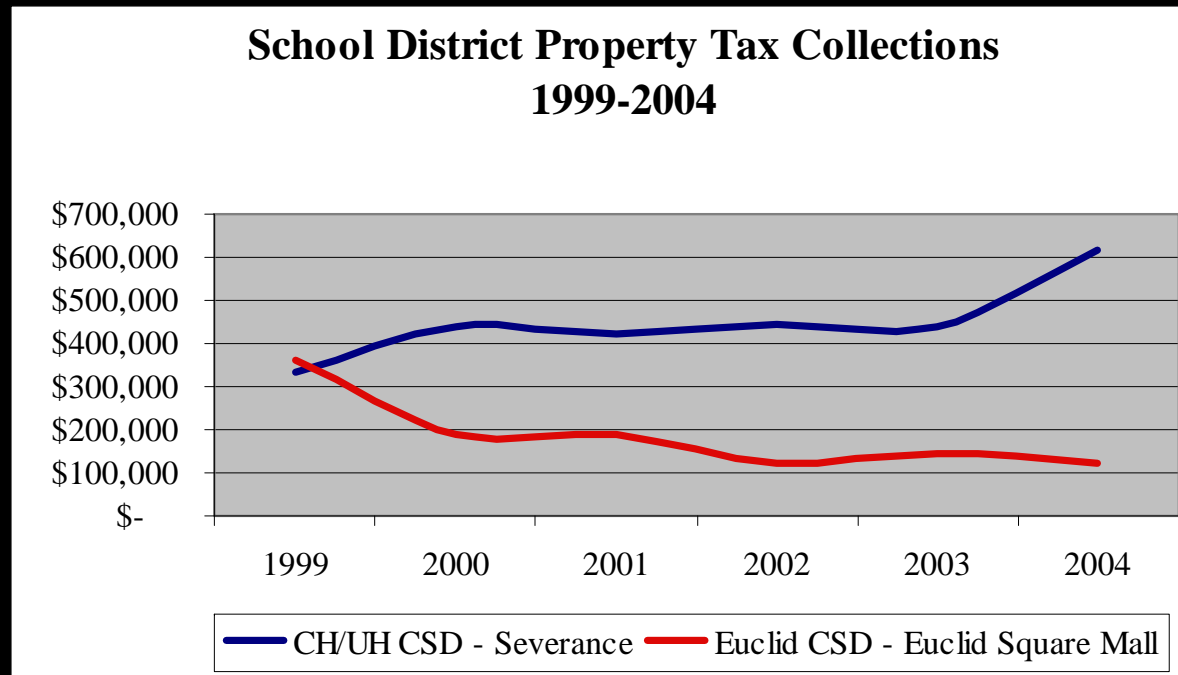
Municipal Property Tax Collections



- **Municipal Property Tax Collections**
 - Cleveland Heights: Annual increase of \$5,500 or \$33,000 in total property tax
 - Euclid: Annual decrease of over \$8,000 or \$48,000 in total property taxes

Trend Analysis

School District Property Tax Collections

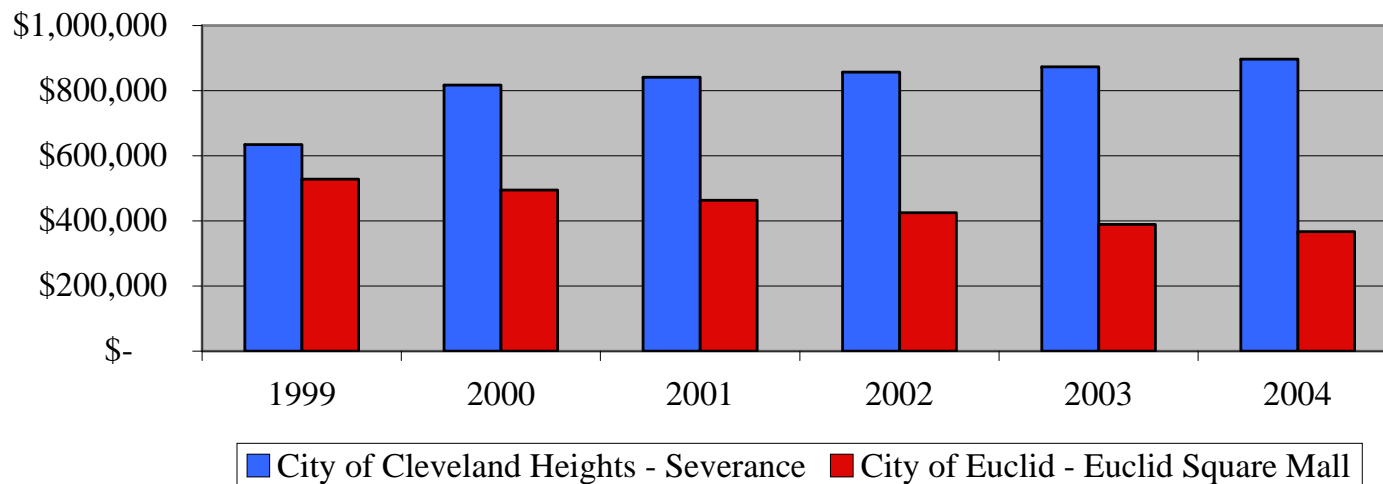


- **School District Property Tax Collections**
 - The Cleveland Heights/University Heights City School District: Average annual gain near \$42,000 or just under \$250,000
 - The Euclid City School District: Annual decline in property tax revenue of over \$39,000 or \$238,000 in total

Trend Analysis

Estimated Municipal Income Tax

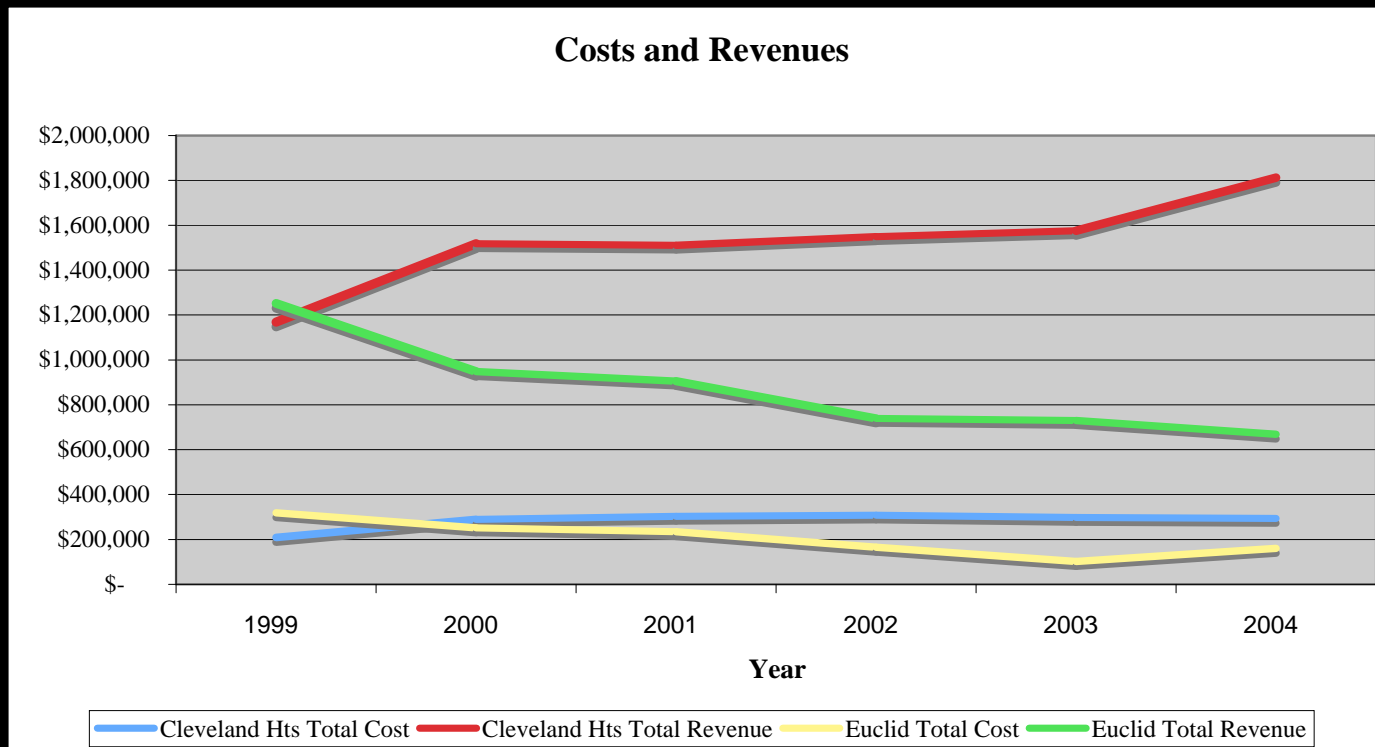
**Estimated Municipal Income Tax Generated
by Site, 1999-2004**



- **Estimated Municipal Income Tax**
 - Cleveland Heights: Estimated annual increase of \$43,600 or a total of \$261,000
 - Euclid: Estimated annual decrease of \$27,000 or a total of over \$160,000

Fiscal Analysis

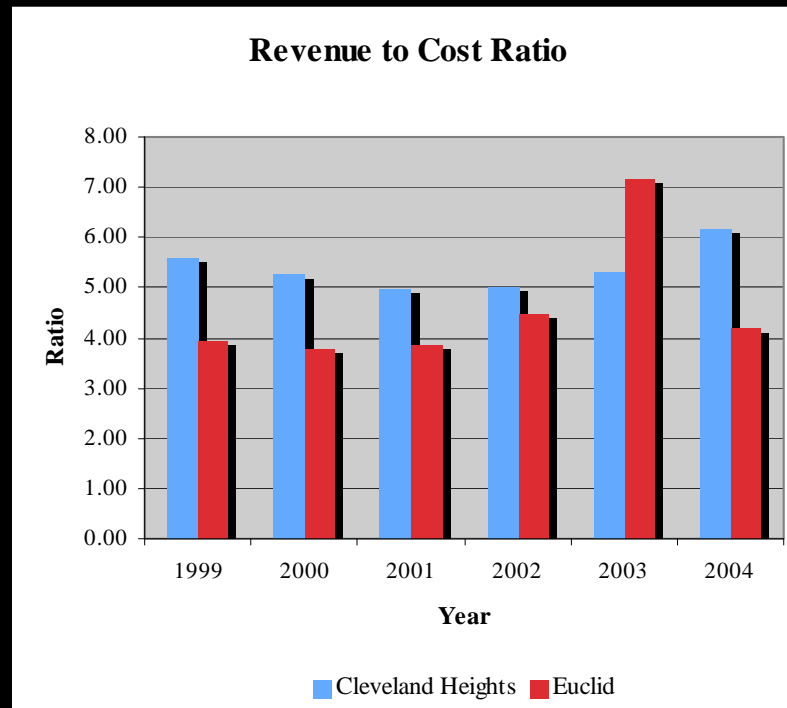
Costs and Revenues



- **Cost and Revenues**
 - Cleveland Heights had a steady increase in revenues derived from Severance
 - Euclid had a decrease in revenues derived from Euclid Square Mall

Fiscal Analysis

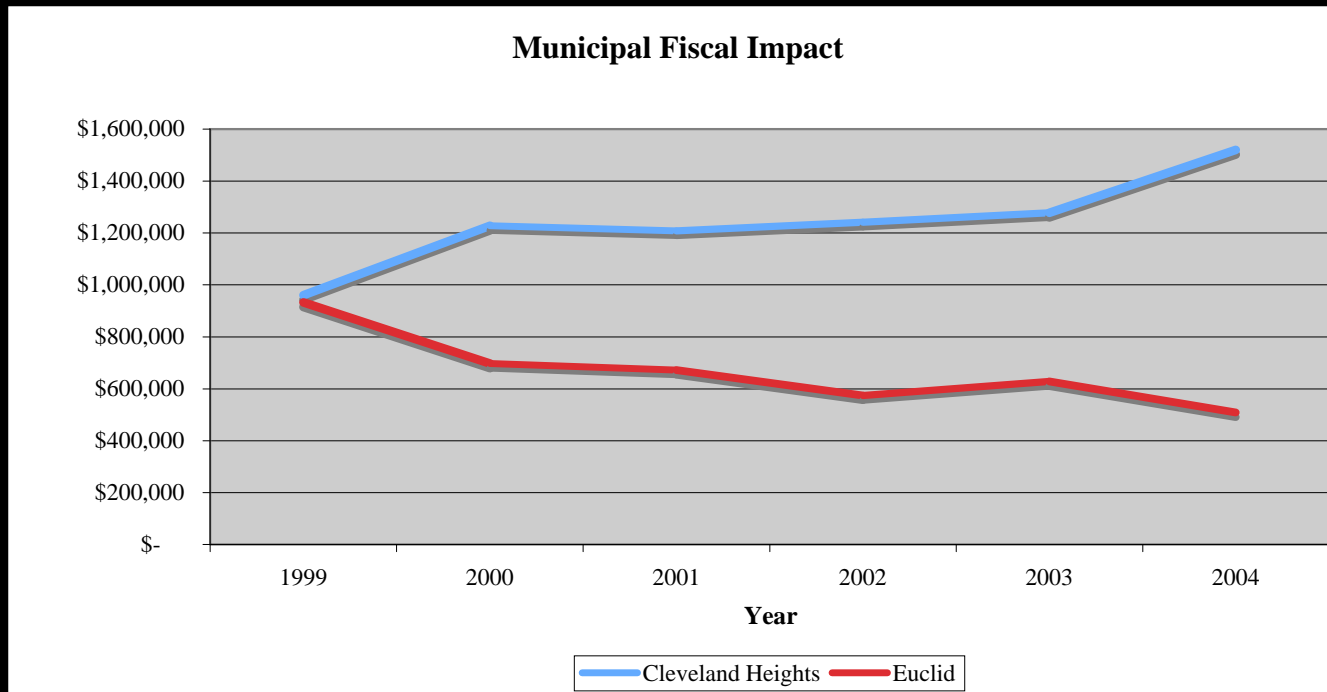
Revenue to Cost Ratio



- **Revenue to Cost Ratio**
 - Severance provided a revenue to cost ratio of 5.60 in 1999 increasing to 6.19 in 2004
 - Euclid Square Mall provided a revenue to cost ratio of 3.93 in 1999 increasing to 4.13 in 2004

Fiscal Analysis

Municipal Fiscal Impact



- **Municipal Fiscal Impact**
 - The fiscal impact of Severance increased from \$989,916 to \$1.52 million
 - The fiscal impact of Euclid Square Mall decreased from \$932,817 to \$508,804

Best Practices

- **Entertainment**

- RPM Indoor Raceway--*Austin, TX*
- Spam Museum--*Austin, TX*
- Flea Markets



- **Institutional**

- Community Center--*Euclid Beach Park*
- Schools, Churches, Wellness Center
- Conference Center--*Mansfield, OH*
- Housing
 - *Apartments*
 - *Condominiums*



- **Office**

- Call center/back office operations
- Mail Order Centers



A photograph of a city skyline at sunset or sunrise, with buildings and a bridge silhouetted against a warm, orange and yellow sky. The title 'Policy Recommendations' is overlaid in large, white, sans-serif font with a blue drop shadow.

Policy Recommendations

- Encourage adaptive reuse and re-development of abandoned retail sites under smart growth principles
- Encourage cities to develop master plans for development that coincide with their fundamental fiscal structures
- Work towards multi-industry creation of a paradigm shift in the physical structure and layout of retail development
- Develop innovative economic incentives, through investor tax credits, for redevelopment of obsolete structures
- Integrate federal and state tax credits and incentives to create a sustainability friendly region
- Encourage additional use of TIF districts to stimulate re-investment in existing infrastructure
- Encourage regional tax revenue sharing for new development property and income tax
- Develop a regional retail site land bank

A photograph of a city skyline at dusk or dawn, with various buildings and a bridge visible against a hazy sky. The word "Conclusion" is overlaid in a large, white, sans-serif font with a blue outline.

Conclusion

Creating a sustainable and equitable retail future for Northeast Ohio requires regional solutions that recognize the need to reinvest in our urban core, make regional land use decisions, and encourage environmentally friendly development. Serious consideration of the issues and solutions brought forth in this presentation would be a good first step.

Thank You

Questions?