

OHIO'S ELECTRIC COOPERATIVES CURRENT



Housing Has Become an Essential Component of Economic Development

It's the most magical time of the year and home is at the heart of many festive family gatherings.

Since home is our focus this month, we're highlighting initiatives led by local economic developers to increase workforce housing. Without an adequate housing supply, communities are missing out on industrial growth opportunities.

For more than 15 years, private residential development has not kept pace with demand for housing.

- Manufacturing is primarily rural based, and rural communities are feeling the housing shortage acutely.
- Rural communities have the same cost of construction and services as cities, but command lower rents and home prices.
- The population of many rural areas has shrunk because young people are not staying at home, despite ample job opportunities. One reason they're leaving is the lack of the type of neighborhood or housing they desire.

Active engagement by economic development leaders is starting to turn the tide with new housing development to serve Ohio's growing workforce.

Workforce housing is an economic development necessity.

As JobsOhio CEO J.P. Nauseef penned in a *Columbus Dispatch* column published on November 21, 2024, **a net of 97,000 people came to Ohio for job-related reasons from 2019-2023**, according to Census Bureau data. Moreover, a 2024 analysis by Bloomberg reveals that Ohio's 25-44-year-old population from 2020-2023 is stable or increasing in at least three-quarters of the state's counties.

Astute site selection consultants are evolving their community screening tools to incorporate factors specific to current and future housing availability.

Adequate residential units for workforce housing help keep localities in contention to win new manufacturing projects.

Following are two examples of Ohio's economic development teams that are stepping up to help mitigate their local housing shortfall, plus housing development insights from Montrose Group's economic development experts.



1. Making the business case to housing developers: Preble County has buyers and pent-up demand.



Preble County is in southwestern Ohio along the Indiana border. The mostly agricultural county has a significant manufacturing base and is home to about 40,000 residents. Just 30 minutes from downtown Dayton, Preble County is centrally located in the “prosperity triangle” formed by Cincinnati, Columbus, and Indianapolis.

“By 2023, it was very clear that we needed more new housing than was being developed,” says Justin Sommer, director for economic development for Preble County Development Partnership (PCDP). “We needed to make the business case to home builders and developers that Preble County is a smart place to invest.”

The housing study subsequently performed by Montrose Group along with data compiled by PCDP speaks to the opportunities for housing developers, and the fact that housing has become an economic development tool, Sommer says.

The business case highlights include:

1. Preble County has experienced significant wage growth and job growth:

- Wages have increased approximately 30% over the past five years.
- Job growth has come from both new businesses locating in the county and expansion of existing businesses.
- Of note, Mars Petcare just completed a \$390 million construction project that will add 250 new jobs. It's the largest capital investment in the history of Mars.



2. While population hasn't grown, Preble County has more people working now than before the 2008-09 recession.

- Preble County has added back the manufacturing jobs lost in the 2008-09 recession, and then some.
- Data mapping was used to show where people who work in Preble County currently live. The typical commute time for manufacturing workers is about 30 minutes, with many coming from Richmond, Indiana, or northern Montgomery County. This data demonstrated potential demand to developers.

Preble County's Major Employers

PCDP's targeted industries include automotive, semiconductor, and advanced manufacturing; food processing; agribusiness; and logistics and distribution operations. Notable employers include:

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|---|-------------------------------|
| • Henny Penny (frying equipment for fast food) | • Silfex |
| • Neaton Auto Products Manufacturing | • Cargill/Provimi |
| • Parker Hannifin (tube fittings) | • Royal Canin (pet food) |
| • Pratt Industries (corrugated boxes) | • Brubaker Grain and Chemical |
| • Timken Steel (customized alloy steel products and services) | • Vonderhaar Farms |
| • Bullen Ultrasonics | • Riegel Feed & Grain, Inc. |

3. More people would move to Preble County if housing was available.

- We found that people can afford a new home based on the salaries in Preble County, but we haven't added inventory, Sommer says.
- All of Preble County qualifies for USDA no-downpayment mortgage programs, which neighboring counties are not eligible for.
- Lot costs, infrastructure, and property taxes are lower in Preble County than in neighboring communities, which makes the county more competitive and desirable.
- Both the City of Eaton (Preble County's only city) and the Village of Lewisburg have in place 50% residential property tax abatements.



"We've made more progress more quickly than I thought was possible," says Sommer. "We have local developers making investments and we have interest from national investors with proposals for a mix of senior housing, single family, and multifamily."

"Our employers need workers and employees need housing," says Sommer. "While Preble County's housing initiatives are not a direct incentive to developers, we think it makes us a competitive place to do business and sell homes."

Preble County is served by two of Ohio's 25 local electric cooperatives. Darke Rural Electric Cooperative serves the northern part of the county; the southern territory is served by Butler Rural Electric Cooperative.

2. Identify, qualify, and prepare residential sites to spur development.



Seneca County in northwest Ohio has a population of over 55,000 residents and an economy with a solid foundation comprised of diversified manufacturers and agribusiness.

The Rural Housing Market Analysis for Seneca County, Ohio, prepared by DiSalvo Development Advisors for Tiffin-Seneca Economic Partnership in 2023, revealed that:

- From 2010 to 2019, the employment base in Seneca County increased by 5.5%
- During this same period, county resident employment only increased by 0.7%, with nearly an additional 600 employees living outside the county commuting into Seneca County for work.

“A lack of workforce housing is holding Seneca County back,” says Audrey Flood, manager of key accounts and economic development for North Central Electric Cooperative and Lorain Medina Rural Electric.

Along with realtors, lenders, local builders, representatives from county offices, and other business and community members with a vested interest in seeing more housing in the county, North Central Electric Cooperative joined the taskforce led by Tiffin-Seneca Economic Partnership to help make sure residential development happens.

Step one: Identify sites and potential partners.

“The taskforce is looking for large, impactful sites of at least 100 acres,” says Flood. “The community needs every type of housing from very small rental apartments and condominiums to affordable single-family housing and luxury homes.”

- The taskforce identified any large parcels that fit the land need for a new subdivision that could accommodate a mix of housing types and mixed uses.
- The list was whittled down to sites with willing sellers and access to utilities.



Step two: Infrastructure evaluation narrowed the focus.

While sewer- and water-served sites are much more appealing, rural sites that don't have services available yet were not ruled out. After deeper investigation for service capabilities, the task force identified the first parcel to pursue.

“We're passionate about housing growth and business growth,” Flood says. “Growing the power load on the cooperative's lines helps keep electricity rates stable for everyone.”



Step three: Structuring and financing multiple deals with multiple sources.

Discussions continue with builders, developers, engineers, and financing entities to study and determine who will buy the land, who will own which type of parcels, what the market desires and can afford, and specific infrastructure costs.

“The private market cannot fix the housing shortage problem without community support,” says Flood. “The taskforce is looking at anything and everything for funding sources. For example, as an electric cooperative, North Central Electric has access to federal funds for financing.”

“Seneca County's workforce and economic development teams are doing really great work,” Flood notes. “Our region has two private universities, plus Terra State Community College, a career tech center, and a lot of partnerships building pathways that connect students directly to industry and career opportunities. We won't let a lack of workforce housing hold us back.”



3. Apply commercial economic development approaches to residential projects.

The Montrose Group, an Ohio-based consultancy, serves companies and communities with economic development, strategic planning, corporate site location, and lobbying services.

Dave Robinson, Montrose Group principal and founder, and Ryan Scribner, Montrose Group director of economic development, shared these insights for communities and economic developers in a recent interview.



A. Communities need to think more aggressively about how to support residential development.

“Communities have an existing toolbox of incentives currently used for industrial projects. Communities need to understand that they can appropriately utilize these tools for residential development as well,” says Scribner.

There are many state and local programs that can support residential and industrial development. A few examples include:

- Tax exemptions such as Community Reinvestment Area (CRA) real estate tax abatements
- Tax Increment Financing (TIF) can be used to support commercial and residential improvements
- Construction materials tax abatement through a port authority
- Local government can purchase property and give it to a developer

“I think the next big play will be in rural communities for residential development,” says Robinson. “Manufacturing is primarily rural based. We have all sorts of jobs in these rural communities. To attract and keep workers, we first need to figure out where they’ll live.”

“More rural communities are recognizing that they need to put forth the same effort and incentives to attract residential development as they do to win manufacturing projects.”

— Dave Robinson
Montrose Group

B. Make the entitlement process as smooth and seamless as possible.



“For many communities, the local permitting and approval process is an issue,” say Scribner. “Their code doesn’t have modern uses. Some don’t have zoning at all, so there’s no guarantee that there won’t be a future undesirable use next door that diminishes property values.”

Communities that streamline and modernize their local zoning code can make it easier for both local and non-local developers to navigate, says Robinson. “Embrace density, embrace multifamily. A lot of younger people don’t want to own a home, they want to rent, they want a walkable community where they don’t have to drive everywhere.”

C. Securing utility services is essential.

Every utility is focused on density. If it makes sense for a municipality, they might run utilities without incorporation. Be creative and explore all options.



D. Consider a housing study to quantify gaps and demand.

A housing study looks at the housing stock in an area and considers age, condition, and the band of price ranges for houses. The analysis encompasses jobs and job growth, population growth, and macro-economic performance. The study factors the demand side, including base household incomes, interest rates, employee commuting patterns, and what home values the market can support.

The housing study's findings and recommendations help focus the community's efforts and spark private developers' interest.



E. Housing is the new workforce development.

Workforce development efforts have been fairly siloed and primarily focused on training, says Scribner. It would behoove communities to make sure workforce development is on the same page with economic development. That means broadening the workforce development scope to be inclusive of workers' needs beyond just training and upskilling.

Economic development organizations throughout Ohio's rural, suburban and urban communities are embracing housing as an economic development tool to help ensure a robust workforce for Ohio's expanding and new employers.



Look for Us:

Site Selectors Guild Annual Conference

March 12-14, 2025

Orlando, Florida

Industrial Asset Management Council (IAMC) Spring Forum

March 22-26, 2025

Sacramento, California

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