



# HOUSING POLICY

ADOPTED BY CITY COUNCIL ON:  
September 3, 2019

## City of Middletown Housing Policy

In 2017, the City of Middletown started work on a new Master Plan for the City. As part of that overall Master Plan, it was determined that the city needed to take an in depth look at housing stock in the city and to develop 21<sup>st</sup> century solutions to problems that have existed for more than 50 years. This policy, as completed, shall be adopted by City Council and then included in the overall City of Middletown Master Plan, scheduled to be finished in 2019. This policy was developed through public participation and through consultation with City Council and a designated Housing Committee brought together to develop a new housing draft policy for consideration.

### City Council Members

Larry Mulligan, Jr.	Mayor
Tal Moon	Vice Mayor
Steve Bohannon	City Council Member
Ami Vitori	City Council Member
Joe Mulligan	City Council Member

### Housing Committee Members

Doug Adkins	City Manager and Facilitator
Steve Bohannon	Council Rep
Ami Vitori	Council Alternate
Ashley Combs	City Planner
Pastor Teri Colts	Public member and CARE
Celeste Didlick-Davis	Public member and CARE
Jason Hightower	Local businessman and CARE
Wendy Hunter	Residential Realtor at Coldwell Banker Oyer
Marc Dixon	Residential Banker at Guardian Savings
Lenny Robinson	Local Developer
Walter Leap	Local Realtor and Landlord
Dan Fishbaugh	Fishbaugh Homes, New Construction Home Builder
Dickey Brandon	New Construction, Home Builder & Landlord
MPD, MFD, and Health Dept	As needed for various issues

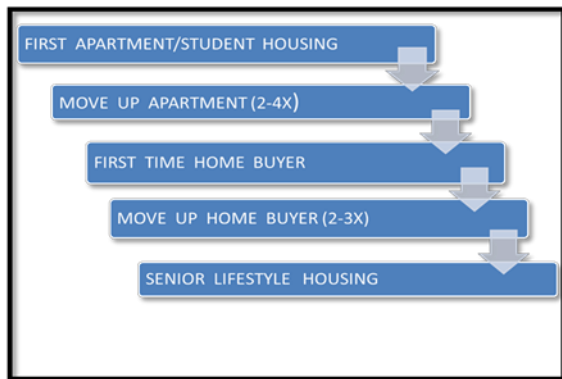
# Introduction

As the Great Recession came to an end, housing values in many Southwest Ohio communities started to rebound from the foreclosure crisis. An alarming trend came to light, that showed that while Southwest Ohio as a whole saw slowly but steadily improving housing values, the City of Middletown’s housing values continued to drop at a fast and dangerous level. From 2011-2015, the overall value of Middletown residential housing dropped \$58,367,350.<sup>1</sup>

That drop in value raised questions about the competitiveness and desirability of available housing compared to surrounding residential housing markets. Middletown is the only city in Butler and Warren Counties to drop in population between 2000 and 2016. At the time of this policy adoption, there are thousands of living-wage jobs open within the City of Middletown. Employment and finding a job does not appear to be driving population declines. This drop in residential values, therefore, suggests that housing quality and community amenities may be part of the reason that quality families are not moving to and living in Middletown.

We understand that most people go through a typical housing cycle during their lives.

Table 1 – Typical Housing Cycle<sup>2</sup>



The goal, therefore, should be to create a balanced housing stock in the City of Middletown providing best possible choice in:

- housing types (mix of single family/multi-family); size of
- housing (mix of sq. feet/bedrooms, etc.);
- age of housing (new construction/renovated/historic); affordability
- (mix of price ranges of homes/rents);

<sup>1</sup> Butler County Auditor.

<sup>2</sup> Danter Housing Study

amenities (e.g.'s-garage/off street parking/ parks); location; and housing density

that best serves our residents as they progress through their typical housing cycle. Simply put, we want our residents to have multiple, attractive housing options available every time they wish to move up or down in their housing. Beyond existing residents, we also seek to attract a wide range of new residents with varying family sizes and household incomes resulting in full occupancy, increased demand for homes and rentals, with the highest possible income tax potential and appreciating property and rental income values.

This is not a new problem, nor is it a problem unique to Middletown. Many older, urban, legacy cities face the same problem of housing that is reaching the end of its useful life, with accompanying deterioration of infrastructure and parks sparking disinvestment in whole neighborhoods.

During the period from 2000-2015, the City of Middletown lost 3,159 working age adults, many of whom lived in housing that was foreclosed and subsequently demolished during the recession. Of the residents remaining in the city, the City of Middletown also has a lower labor participation rate (the percentage of working age adults who are active in the workforce) than Butler County, Warren County, and the State of Ohio as a whole. As Economic Development brings job opportunities to the city, it becomes critical that we offer a competitive housing stock to entice workforce to take those open jobs and to move back to the City. The 2005-2010 Middletown Master Plan recognized the need to incorporate workforce development into the recruitment of new families to Middletown to fill the growing need for skilled workforce by our employers.<sup>3</sup> As we set housing policies, incorporating concepts such as educational opportunities, school loan forgiveness, and housing incentives to recruit specialized employees to the city will serve multiple positive goals throughout the city simultaneously.

Middletown has been creating Master Plans for the past 50 years. In 1963, the city identified dilapidated and deteriorating neighborhoods in the city.

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<sup>3</sup> 2005-2010 Middletown Master Plan, Objective ED 4, p. 3-15.

Table 2. 1963 Master Plan Substandard Conditions



Many of those identified areas in the 1963 Master Plan continue to deteriorate today, 50 years later. The 2005-2010 Middletown Master Plan identified 5 objectives with accompanying strategies for Housing and Neighborhoods. The five objectives included:

- Target resources on one neighborhood or redevelopment project at a time to create a noticeable and long-term benefit;
- Modernize the housing stock to enhance housing options for a new generation of residents;
- Right-size the housing inventory so supply equals demand;
- Encourage private investment in distressed neighborhoods; and
- Stop and prevent negative housing cycles in healthy neighborhoods.

While these goals and the accompanying strategies still have relevance, the Great Recession limited the City's ability to implement meaningful change in our neighborhoods and housing options. Most of the past 10 years was spent solely on demolition of blighted residential property, leaving over 600 vacant residential grassed lots scattered throughout our older neighborhoods. Demolishing those homes removed blighted conditions, but the resulting vacant lots also left holes in the neighborhoods, created ongoing, costly mowing obligations for the City, and precluded those former home sites from ever contributing future property or income tax revenues to the City to fund services. Modernizing the housing stock of the City will require a combination of new home construction, in-fill construction of new homes in these vacant-lot neighborhoods, and renovations of quality, desirable homes in identified target neighborhoods.

In addition, the City utilized Community Development Block Grant (CDBG) funds in many of those previously noted deteriorating neighborhoods, investing millions of dollars during the 1990's in renovation programs that provided a temporary boost in property maintenance code compliance, but that left many homeowners unable to pay back zero percent interest

renovation loans and that further left other homeowners unable to financially maintain home renovations into the future that were provided at no cost to the homeowner at the time.

Finally, previous Master Plans stressed housing conditions only, while often ignoring or ineffectively evaluating the overall neighborhood including infrastructure, parks, and other intangible factors that make a neighborhood healthy and desirable for the existing residents and for a potential future workforce.

With this background in mind, the City started this policy process by gathering updated information on the existing condition of our neighborhoods. As the U.S. Census offers objective data on many of the aforementioned housing demographics, census tracts were selected as the boundaries for review. The resulting analysis produced 22 housing charts, by census tract, evaluating different aspects of demographics, infrastructure conditions, and quality of life conditions in our neighborhoods.<sup>4</sup> As is the case in many cities, the areas of disinvestment in Middletown often co-exist with areas of high concentrations of poverty and minority residents.

With an ongoing large drop in housing values and the new housing demographic charts in hand, the City Manager held a number of public meetings to discuss the immediate need to take action on preserving housing values and using quality housing to return residents to our City.

A large number of residents asked to participate in the process of developing the new housing policy. As a result, a Housing Committee was formed representing not only various disciplines related to housing such as realtors, home builders, remodelers, landlords, and developers, but also a representative cross section of the neighborhoods most likely to be impacted by the new policies.

The Housing Committee started meeting in May, 2018, and systematically worked through the following topics:

Global Issue One – Tax Delinquent Property Global

Issue Two – Vacant Residential Property Global

Issue Three – Vacant Residential Land

Global Issue Four – Property Maintenance Code Compliance

Global Issue Five – Housing Buffer Around Heavy Industry Areas

Global Issue Six – Home Ownership

Global Issue Seven – Rental Housing

Global Issue Eight – Overabundance of Less Competitive Housing

Global Issue Nine – Healthy Neighborhood Infrastructure

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<sup>4</sup> See Appendix 1.

Global Issue Ten – Non-Infrastructure Aspects of a Health Neighborhood

Global Issue Eleven – Unintended Consequences of Housing Choices – Gentrification

Global Issue Twelve – Selection of a Neighborhood for Revitalization

Those discussions formed the basis of this recommended policy. The Committee understands that housing is just one subset of the City’s overall Master Plan and that housing goals and strategies must be consistent with other adopted plans including the City’s Community Visioning from 2017, the Downtown Master Plan, the City’s new Development Code adopted in 2018, the City’s paving and water and sewer infrastructure plans, and the City’s Transportation and Parks Plans currently under development.

In setting this policy, the Committee made global housing recommendations, understanding that there will be exceptions to every rule and that specific types or clusters of housing, individual houses, or certain neighborhoods may require a different approach from the overall recommendation.

In addition, the Committee advocates, where possible, a general policy of implementing change from least intrusive to most intrusive city intervention, concentrating on vacant land first, vacant residential housing second, landlords with vacant property third, and finally to homeowners and other occupied housing units.

The City of Middletown has one Opportunity Zone.<sup>5</sup> Middletown’s Opportunity Zone encompasses the municipal airport along with a small amount of residential housing surrounding the airport. As the rules and applications of Opportunity Zones are still being developed as of this policy adoption, the use of Opportunity Zones will not be included in this housing policy. The City will undertake a separate analysis of the best ways to utilize the Opportunity Zone and any residential implications will be addressed in that analysis.

Implementation of this policy will take years of concentrated effort, with full implementation of the policy’s goal projected to be completed in the 10-20 year range.

## Tax Delinquent Property

According to the Butler County Auditor, in 2018 there were 1,276 parcels in Middletown which are subject to potential tax foreclosure for failure to timely pay property taxes.

Those 1,276 parcels owed a collective \$6,189,484 in delinquent property taxes. Of that almost \$6.2 million dollars, \$4.5 million is owed to the Middletown City school district, almost \$600,000 is owed to the City, \$744,000 is owed to Butler County, and \$282,000 is owed to other entities (Library, Miami Valley Conservancy, etc.).

Along with the \$6.2 million in property taxes, 374 of those parcels have past due water bills totally \$49,800. 137 parcels have filed city income tax returns but have not paid their balances of \$67,000. Another 304 parcels have filed no city income tax returns for the past two years. To give you an idea of what that means to the city, if each of those houses had the

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<sup>5</sup> General footnote to what an opportunity zone is here....

City's median household income of \$36,898 and filed and paid their income taxes, the City would have received another \$392,595.00 in income tax.

In the past, the City has at times been criticized for "picking on" minorities and the poor. The question posed to the committee was "if these residents are delinquent on property taxes, delinquent on water bills, and many haven't filed or paid City income tax, do you think: 1) that they will ever be able to catch up?, and 2) that their property is compliant with the property maintenance code?"

The answer in most cases is no.

Given valid concerns for the poor and minority residents of the City, and given that residents want their streets paved and quality of life restored to the City, what should be the role of City government in dealing with tax delinquent properties? If the City requests tax foreclosure on these parcels, are we "picking on" the poor and minorities or are we acting in the best overall interest of the City as a whole?

Said another way, if the owners of these properties can never catch up, are we ready as a community to assist those property owners in leaving properties they cannot afford? Can we then put those houses into the hands of people who can pay their taxes and maintain the property? That doesn't necessarily mean driving lower income families out of the City, but it would mean actively helping them get out of their current unsustainable situation and into housing that they can afford.

Given the high number of tax delinquent properties, there will be a lot of properties available for foreclosure that wouldn't impact residents. If there is an out of town landlord who is collecting rent but not maintaining the property or paying taxes, shouldn't we get them out of control of the property? If the property is vacant and/or abandoned, we should probably start the process to get that house freed up for a more productive use. If the parcel is just vacant land, no occupying homeowner or renter would be hurt by the tax foreclosure.

As with our general policy, tax delinquent property should be approached from a least intrusive to a most intrusive manner. The City should start tax foreclosure processes in Target Revitalization neighborhoods and in industrial residential buffer areas. There must be a plan for the property post-tax foreclosure before asking the county for tax foreclosure. Beyond revitalization neighborhoods and an industrial residential buffer area, single properties could be targeted for blight, nuisance, high crime and other issues that the owner will not address. Gentrification programs should be in place to assist low income homeowners who cannot maintain their properties.

Land and title taken through tax foreclosure could be held by Middletown Moving Forward (the City's CIC), by the City, or by the Butler County Land Bank.

Once tax foreclosure is complete, the City, depending on the condition of the property could rehabilitate the property for sale to a new homeowner, list the property for sale to a new qualified owner as a pass through, or the property could be demolished due to blight, with a follow up plan for vacant land final use.



## Vacant Residential Property

According to the U.S. Census, Middletown still has over 3,000 vacant housing units as of 2016. While there are many legitimate reasons for a house to be vacant (house is for sale, rentals between tenants, etc.) there are still a number of vacant homes with no activity throughout the City.

The Ohio Fire Code and our Property Maintenance Code require that vacant houses be boarded to prevent unauthorized entry. Under the Property Maintenance Code, houses that are boarded up for more than one year without activity are subject to demolition. We have never been that aggressive enforcing that provision of the code.

We continue to have more vacant property than the rest of Butler County and Ohio as a whole. Middletown lists 14.8% of our housing as vacant. Butler County is at 9.6%. Ohio is at 10.6%. Translating percentages to actual homes, if we wanted to look more like the rest of Butler County and Ohio, we would need to re-occupy another 1,000 housing units currently sitting vacant.

There is a balance between an individual owner's property rights to keep their code compliant property empty and pay their property taxes versus the City's interest in having occupied neighborhoods paying income tax.

If you re-occupied 1,000 Middletown vacant homes and each home produced the median household income for Middletown of \$38,898, then those vacant homes could be producing another \$600-700,000 in income tax each year if they were occupied. That's 3 additional streets each year we could repave.

Over 80 Ohio cities have vacant property ordinances of some type. Some have no fees and only require registration. Others impose significant fees each year and require a crime prevention plan and reoccupation plan as part of the ordinance.

There are a number of best practices being utilized around the country to re-occupy vacant housing. They include:

- Utilizing the land bank to seize vacant property and then utilize housing rehabbers to renovate the home to code and put back into use with a homeowner
- Taking control of vacant property and partnering with educational partners teaching construction skills as workforce development. The completed home would be sold to a homeowner and the "profits" returned to the educational partner to fund the workforce program.
- Working with large employers to assist in financing renovations. Creation of a housing fund with seed money whereby homes are renovated and sold to homeowners and the proceeds go back into the fund for future renovations.
- Creation of a multi-tiered incentive program to lure needed talent to open Middletown positions. The types of positions recruited could tie the salary of the position to the cost of available housing to match potential employees with good quality, desirable, affordable housing. Examples could include teachers, hospital employees, advanced

manufacturing positions, etc. A bank of available incentives tailored to the individual workforce recruit could include a choice of downpayment assistance, buy-down of interest rates, renovation funding, or school loan repayments for purchasing a home in Middletown and working at a Middletown employer in the program.

- Lease to own. For potential homeowners with stable, good employment who had their credit damaged during the foreclosure crisis, some communities use a “lease to own” model whereby the potential homeowner rents the home for a period of years before purchasing the home. A portion of the rent is retained for downpayment. The renter builds credits with years of one-time rent payments, goes through credit counseling, and at the end, is bank qualified with a downpayment to own the property they have rented. If they do not complete the program, the accrued downpayment is lost as rent paid.
- For lower income residents who potentially could be displaced as part of this overall policy, some communities have initiated a land cooperative. Under the cooperative concept, the cooperative would own the land, and the resident would own the home sitting on the real estate. For limited income residents, this could provide an affordable way to move from blighted, non-compliant housing, to better quality housing while still being able to afford maintenance and taxes on the new property.
- Many communities offer renovation programs for revitalization neighborhoods under a forgivable loan program. The renovations must be completed within a set time period, and if the homeowner maintains the property to code and lives in the property as their primary residence, the loan is forgiven over a five year period.
- Taking control of the property and selling homes needing only minor renovations on GovDeals.com.

Each of these types of programs would be reviewed and availability and funding would depend on annual Council priorities and the goals of revitalization neighborhood projects.

## Vacant Residential Land

The 2005-2010 Middletown Master Plan recommended creation of an infill housing program for development on vacant residential lots in viable neighborhoods.<sup>6</sup> Recommendations included creation of a vacant lot database of sites suitable for infill construction, acquisition by the City of nuisance structures for demolition and infill redevelopment opportunities, and then strong marketing of infill opportunities to housing developers.

Through state grants given to County land banks, the City of Middletown has removed approximately 600 blighted homes during the past decade. While removing blight and places where crime are occurring is a good thing, in this case, we created a new problem as we solved an old problem.

We punched holes throughout many neighborhoods, leaving blank empty lots scattered throughout lower income neighborhoods. Not only did the empty grassed lots serve no municipal purpose at this point, but we also had to mow them as a city at a cost of about

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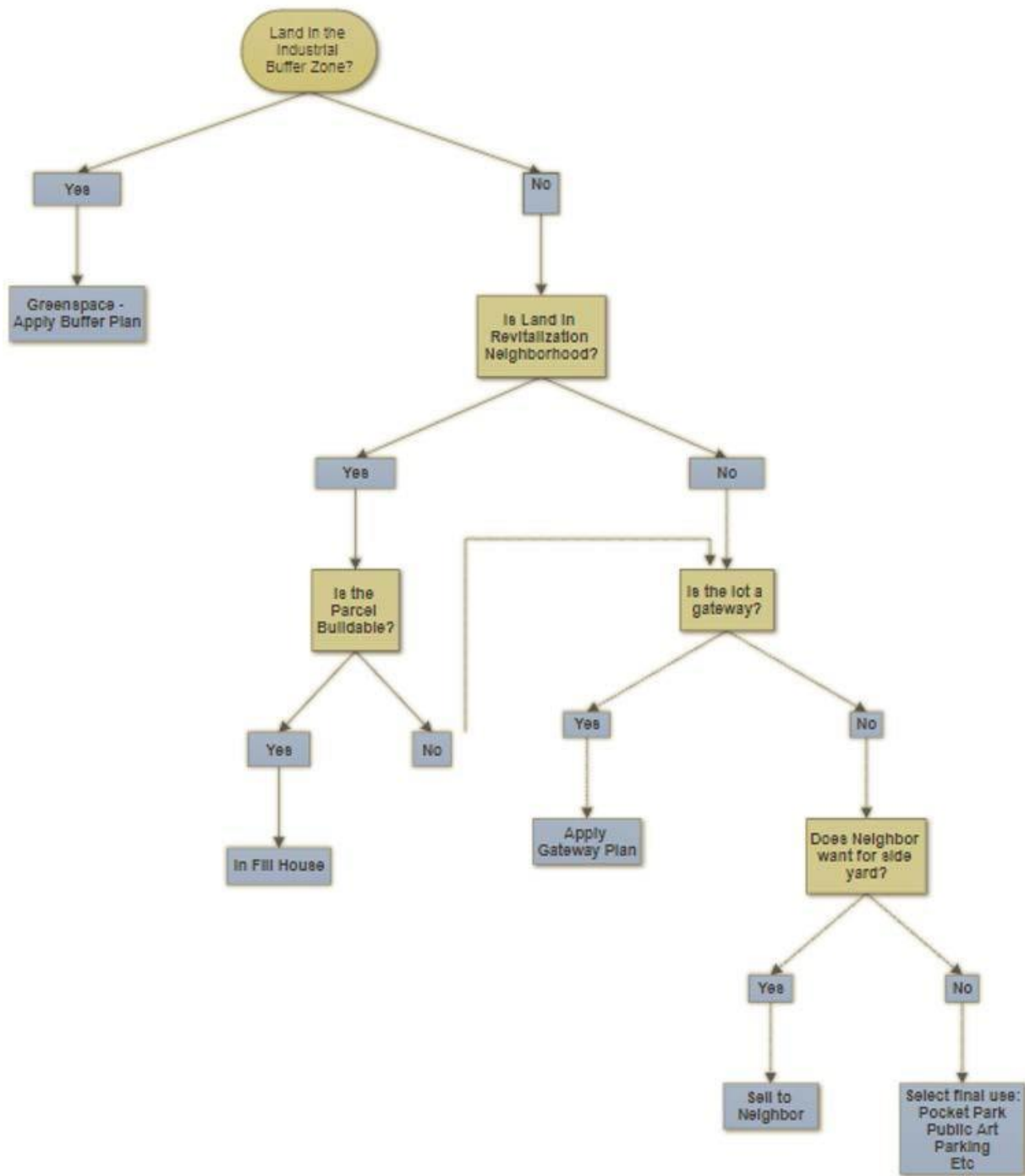
<sup>6</sup> 2005-2010 Middletown Master Plan, Objective HN 2.2, p. 5-13.

\$250,000 per year. And...now there are no property taxes coming in where the house used to be and no potential for future income tax.

The City initiated various programs to sell vacant lots to the neighbor next door, and we've sold off several vacant lots each year. We still have hundreds of vacant residential lots and no existing plan to do anything except mow them. While removing immediate blight is not a terrible short term strategy, leaving grassy residential lots indefinitely is not a long term solution.

Other communities have utilized these lots for many different purposes. Bigger lots can have infill construction to build a new house on the now vacant lot. Smaller lots have been utilized for neighborhood basketball courts, green space, pocket parks, off street parking, public art and cultural exhibits, walking trails and community gardens.

The flow chart below is a starting point to develop a long term use of vacant residential lots. Individual end uses will be determined by the City and the neighborhood.



## Property Maintenance Code Compliance

The 2005-2010 Master Plan recommended strict enforcement of building maintenance codes to improve the quality, vitality and desirability of Middletown’s neighborhoods and

housing stock.<sup>7</sup> The plan advocated for increased enforcement capability, creating an inventory of dilapidated housing and rental units, use of fines and penalties to force compliance with the codes, nuisance and demolition proceedings for units not voluntarily brought back into compliance, programs for qualified lower income households to make repairs to become code compliant, and emergency assistance to homeowners for health and safety repairs on housing not deemed feasible for full rehabilitation. The plan contemplated City purchase of the worst properties as they became available for sale or through foreclosure to be demolished.

The prior Master Plan also recognized the need to monitor healthy Middletown neighborhoods to ensure that strong neighborhoods do not start declining over time.

The City currently utilizes a variety of ordinances to enforce property maintenance. The City adopted the International Property Maintenance Code as its standard for housing maintenance. The City also utilizes local ordinances to control tall grass, weeds, bushes and trash on the property. The City has enacted a chronic nuisance ordinance which addresses problem properties for additional abatement. Under all of these ordinances, if the City must step in and spend tax dollars to abate a nuisance, the cost is placed as a lien on the property taxes to be recouped by the City.

In a typical year, the City employs two nuisance inspectors and spends approximately \$25,000 per year in boarding vacant property and \$250,000 per year in abating mowing and trash violations. In 2017, code enforcement staff completed 8,591 inspections, resolving 6,568 violations and assessing \$688,975 against violating properties.

Prior tools used to gain property maintenance code compliance included voluntary compliance, the Volunteer Improvement Program, which granted costs of materials for residents capable of supplying labor to complete repairs, use of volunteers and non-profits to complete repairs to those who lacked the financial or physical ability to complete repairs, work with area landlords to improve property values, use of the municipal court system, and abatement by the city of nuisances with liens on real property for costs of repairs made. In 2019, the City will introduce a civil penalty for chronic abusers. Future efforts could also include weatherization and/or energy grants and historic preservation programs.

Past enforcement has centered on exterior violations. This sometimes left properties looking good from the street but deplorable inside with multiple violations regarding light, ventilation, occupancy, plumbing, mechanical and electrical systems, and fire safety requirements. As the City moves forward with neighborhood revitalization, it will be important to review homes completely, and not just for exterior appearance. To remain viable, housing must be compliant with codes both externally and within.

Where internal and external repair costs to become compliant become more than 50% of the County Auditor's stated value, demolition should be the goal of the City, with relocation assistance made available to tenants and/or homeowners to find compliant property that they can afford to live in. Any existing or newly developed programs designed to assist with property

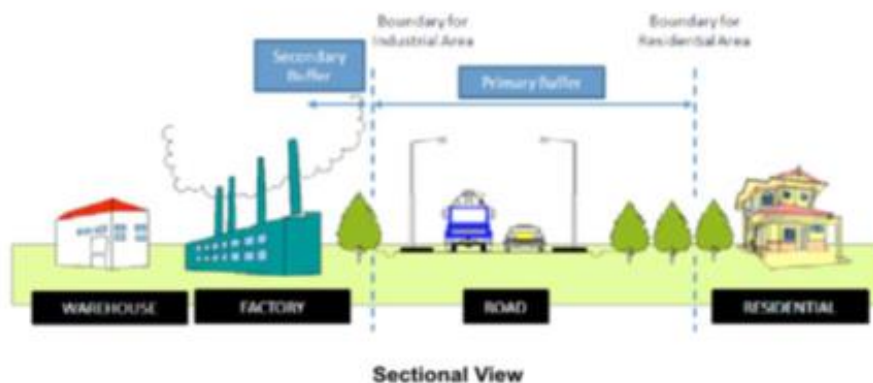
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<sup>7</sup> 2005-2010 Middletown Master Plan, Objective HN 3.1, p. 5-14.

code compliance should only be available one time per property. If the property is made code compliant with assistance, and then becomes non-compliant again, and if the owner cannot make repairs, the City should assist the owner in relocating to housing that they can maintain in compliance with city property maintenance codes. Not every resident will be able to own their own home and be able to afford to maintain it properly within the neighborhood.

## Housing Buffer Around Heavy Industry Areas

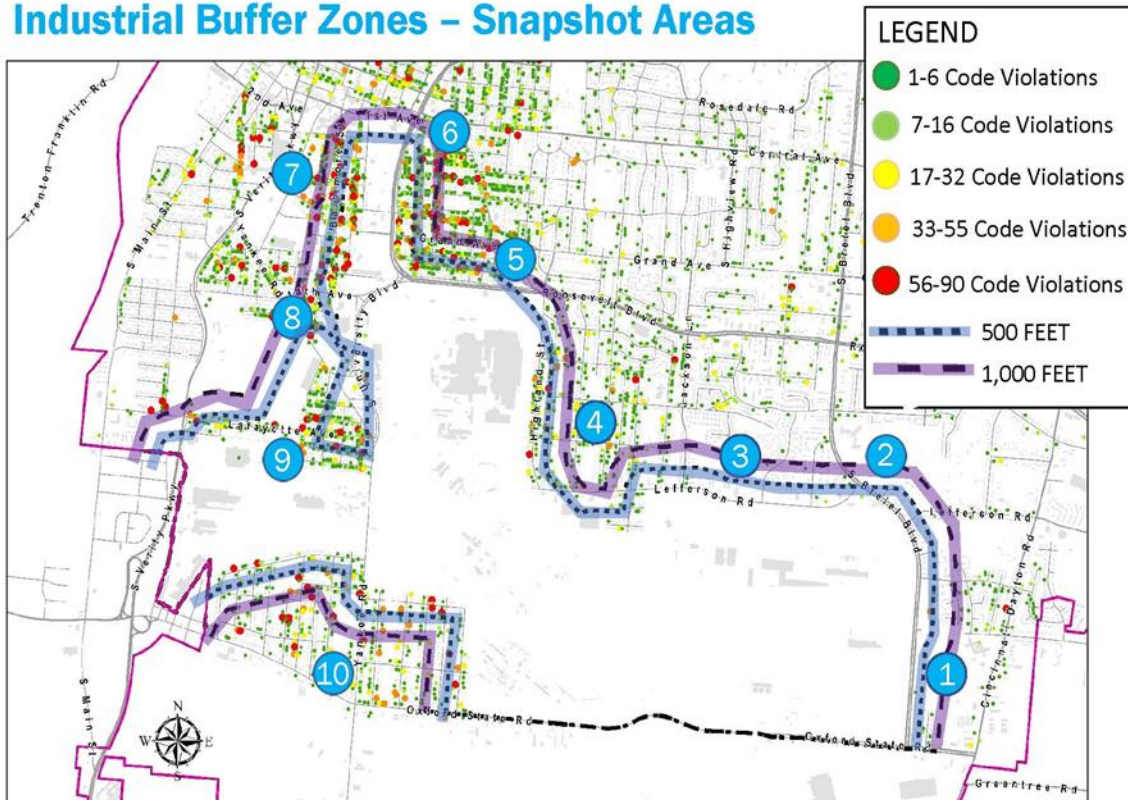
“Buffer Zones” are defined as areas created to provide space between land uses or developments to separate potentially harmful impacts of one or more uses onto another. In the case of Middletown, we are specifically concerned with our heavy industrial zoned properties and their impacts on our surrounding residential communities and uses.



Today when planning a City, there would never be heavy industrial uses placed directly next to residential uses without some required separation for safety. Buffer zones shield housing from industrial off-site impacts and nuisances such as sound, odor, air quality, etc. The separation between incompatible uses can be achieved by having commercial uses located between, restricting motor vehicle access, increasing setbacks, requiring additional landscaping, restricting signs, and in some cases by requiring additional information and proof of mitigation from factories that may cause potentially harmful outputs from production.

The presentation provided to the Committee gave a closer look at the properties located within close proximity of our heavy industrial area. The areas surrounding the industrial zone were divided into ten different snapshot areas.

## Industrial Buffer Zones – Snapshot Areas



Each area was reviewed in terms of the existing housing stock, median home value, existing conditions, and housing/zoning code violations. In review, the Committee recommends that:

Area 1 – The existing residential buffer is sufficient;

Area 2 – Consisting of mostly existing multi-family – The existing residential buffer is sufficient;

Area 3 – The existing residential buffer is sufficient;

Area 4 – Most of Highland Street is right on the AK Steel fence. The City should look at removing housing against the fence over time. Look at additional screening for the neighborhood;

Area 5 – The City should look at removing homes along Hill and Roosevelt over time. Look at additional screening for the neighborhood;

Areas 6 - Crawford – High concentration of rentals with low \$30-55K average value. Look at removing housing along University. Look at additional screening for the neighborhood;

Area 7 – Oakland – Review and incorporate the Oakland revitalization plan into the buffer concept;

Area 8 - Look more closely at Young Street and Calumet Avenue as revitalization plans are formed for this neighborhood;

Area 9 – Almost all of this area fits into the buffer concept and the City should look at removal of housing as funding is available;

Area 10 – This area fits into the buffer concept and the City should look at removal of housing as funding is available. Look at this area for future industrial development.

## Home Ownership

During the Great Recession, so many people lost their homes that at the worst of the crisis, the City had over 3,000 vacant houses. Middletown struggled with lower city tax revenues to keep those vacant homes in property maintenance compliance, to keep the grass mowed, and to keep people from squatting in abandoned houses.

After the recession, there was a shift in many people's thoughts on home ownership in general. Some had lost their home and never wanted to be in that position again. Others lost a home and their credit was so badly damaged that they couldn't have become homeowners again if they wanted to buy a home.

Is there an ideal level of home ownership that we should be striving towards in Middletown? How does home ownership affect neighborhood stability and the goal to have a balance of housing options available to people wanting to live in Middletown?

If we are going to recruit and retain quality families to live in Middletown, we need housing for all potential housing cycle points and enough available desirable housing that if you live here or want to move here, there are enough choices available to fit your individual needs. That being said, does having the housing available necessarily mean that we must have homeowners living in the available housing?

In 2016, according to the U.S. Census, Middletown's home ownership rate was at 52.6%. The remainder of Butler County had 71.5% home ownership. The State of Ohio had 66% home ownership overall and the United States had 63.6% home ownership across the country.

If you take percentages and transform them into houses, then for Middletown housing to look like the rest of Ohio (at 66% home ownership), we would need to convert 2,627 rental units back to home ownership. With that in mind, the Housing Committee recommended that we start with a goal of moving home ownership from 52.6% up to the U.S. level of 63.6%.

Keeping in mind that home ownership percentages go up not only by adding homeowners, but also by reducing rentals. Both actions tip the scales in the right direction. The City should utilize the following best practices in increasing home ownership rates.

- Add New Construction Housing
- Demolish Poor Quality Rentals
- Fill Vacant Houses with Homeowners



- Utilization of the Land Bank for Home Renovation to Sell to New Homeowners
- Down Payment Assistance - Targeted
- In-fill New Home Construction – Targeted
- Housing Incentives to Professionals (City/School/Hospital/Artists?)
- Housing Incentives to Recent College Graduates (Hamilton program)
- Incentive to Relocate to Fill Open Jobs in the City (Workforce Development)
- Lease to Own Program (Have Job/Bad Credit)
- Land Cooperative (Have Job/ Low Income)?
- Renovation Programs – 203K, Others Grants/Loan Available to New Home Purchasers

## Rental Housing

As of 2016, 47% of Middletown housing was rental housing. In the rest of Butler County, only 28.5% of total housing was rental. That means we are carrying the heaviest load for rental property in the County. This gap is even more pronounced as you compare Middletown to our closest neighbors. In 2016, 88% of all housing structures in Monroe were single family homes. In Springboro, single family homes represent 90% of all housing units.

Ohio as a state has 34% of its total housing as rental units. The United States rental rate is at 36.4%. We are more than 13% higher in rental housing than the state as a whole.

The housing committee recommended that we set a home ownership goal in the City of Middletown at 63.6%, equal to the United States home ownership rate. If that is our recommended home ownership rate, then the math leaves us with a rental housing rate of 36.4%, or a reduction of more than 10% from current levels.

Converting percentages to houses, we will need to convert over 2,000 rentals into home ownership to meet our goal.

As with overall rentals and with subsidized housing, our use of single family homes as rental units is also well beyond the rest of Butler County and the State of Ohio. As of 2016, 23.8% of Middletown single family homes were being utilized as rentals. Butler County, (less Middletown), utilized 11.2% of single family homes as rentals. Ohio utilized 15.2%.

Best practices to reduce the percentage of single family homes utilized as rental property include:

- Add New Homeowner Housing (New Construction, Infill)
- Add New Market Rate Multi-Family Units
- Demolish Poor Quality Rentals (Single and Multi-family)
- Remove Single Family Rentals in the Industrial Buffer Area

- Fill Vacant Houses with Homeowners
- Convert Single Family Rentals Back to Home ownership
- Adding a Single Family Rental Tax – Revenue to Nuisance Abatement Fund
- Single Family Rental Limitations by Neighborhood– most effective ordinances limited single family homes being converted to rental on some objective basis including clustering of single family rentals, overall volumes in a neighborhood, amount/number of vacant properties available to become single family rentals, and landlord’s compliance with city codes on other rental units.

As part of the prior City Master Plan, a recommendation was made to enact a landlord registration or licensing program.<sup>8</sup> Many Ohio communities have a rental licensing program of some type incorporated into their property maintenance code.

The City of Middletown has many existing ordinances designed to stop nuisance behavior, but they are not always fully enforced due to lack of City inspectors and budget. If, in the future, the City would look further at rental registration, we should start by adding sufficient code enforcement staff to fully enforce the ordinances we already have in place. If that becomes insufficient to keep both home owners and landlords from allowing nuisance activity on their properties, then we can look at additional targeted tools to further address remaining problem areas.

## Overabundance of Less Competitive Housing

The City of Middletown has an abundance of smaller and less valuable housing when compared to other communities.

According to 2016 census estimates, 40.3% of all Middletown houses are two bedrooms or less. To transfer percentages to changes in housing, the City of Middletown would need to demolish 4,303 two-bedroom and less homes and replace them with a similar number of three and four bedroom homes to balance with the percentages of the rest of Butler County.

In terms of housing values, 55.4% of Middletown housing is valued at less than \$100,000. In the State of Ohio as a whole, only 34.5% of Ohio housing is valued under \$100,000. To balance with Butler County percentages, the City would need to demolish 3,788 homes valued at less than \$100,000 and replace them over time with homes priced between \$150-\$499,000. Danter’s housing demand study is consistent with these numbers, showing that there is current demand for each of the next five years to sell 127 single family homes and 33 condominiums valued over \$150,000 each if the City could build them.

As with many aspects of our housing stock, there are multiple approaches to be taken to start moving towards more competitive housing. New construction of higher value homes is one answer. Removal of lower value homes in the industrial buffer area also improves the mean value of area homes. Where appropriate in revitalization neighborhoods, the City should

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<sup>8</sup> 2005-2010 Middletown Master Plan, Objective HN 5.4, p. 5-16.

consider adding a master suite third bedroom to otherwise attractive housing to make the product more desirable to a larger audience.

## Healthy Neighborhood Infrastructure

The 2005-2010 Master Plan advocated for modernization of water, sewer, roads and communication infrastructure to be ready for existing and future needs.<sup>9</sup> It is understood that reinvestment in deteriorated neighborhoods is much less likely with poor supporting infrastructure. Where possible, streets should have a pedestrian orientation. The City should identify areas in neighborhoods where parking contributes to visual clutter, both in appearance and in function. Parking should be off street where appropriate.

### Neighborhood Revitalization – the Case for Density

Increased housing density should be considered when looking at infrastructure costs and access to transit and jobs. Dense development in older neighborhoods raises tax revenues with lower infrastructure/public service costs associated with dense development and already existing services. Denser development patterns can generate an average of 10 times more tax revenue per acre when compared to traditional suburban sprawl designs. Density also reduces costs by making active transportation (walking, biking and public transportation) feasible.

Investment in infrastructure, however, includes not only items like paved streets and adequately maintained sidewalks, but it also includes neighborhood gateways, adequate street lighting, lighted and safe alleyways, wayfinding, landscaping and renovated, modern parks. The City should identify areas in the neighborhood where traffic calming may be needed. Best practices include concepts such as speed bumps, traffic diverters (street narrowing, curved streets), landscaped medians, and roundabouts. Each neighborhood will likely have its own areas requiring traffic calming, and the neighborhood should work with the City on the appropriate traffic calming measures for the particular problem at hand.

Neighborhood gateways are the first impression of the neighborhood. Design gateways and entry monuments to provide a sense of arrival and create a definitive statement about going from the public realm (street) to the semiprivate realm (the neighborhood).

The Illuminating Engineering Society of North America (IES) has developed standards for neighborhood illumination levels. For pedestrians and public spaces, lighting must be sufficient to determine if a person is friendly or hostile in sufficient time to make a decision on the appropriate response. Neighborhood lighting should provide sufficient illuminance to identify a person and their behavior from at least 30 feet. Street, alley and park lighting should all be modified as needed to create adequately lighted neighborhoods.

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<sup>9</sup> 2005-2010 Middletown Master Plan, Objective I 1, p. 7-16.

## Rethinking Alleys

Alleys should be designed as part of the public realm. They must be adequately lighted and maintained to minimize their use for illegal activities. Infill designs should incorporate alley use where possible. Both sides of the new house should be functional.

Most cars sit vacant at least 75% of the time. As we become more walkable, demand for parking spaces will decline. Additionally, new generations utilize Uber and other ride share options in increasing volumes. They don't think of a car as a product that is purchased and parked, but rather as a transportation service that is purchased on a per-ride basis.

Redesign of neighborhood streets should incorporate more bikes and walkability and less lanes for automobile traffic. Best new practices for alleys incorporate features such as rain gardens, permeable pavers and pavement, historic brick, LED and induction lighting, crosswalks, native landscaping features. Green alleys are designed to capture stormwater before it enters the sewer system. Alleys can be transformed into living spaces that encourage walking and bicycling. Where possible, take parking off of the street and add parking spaces behind the residences in the alleyways. Consider placing planters at the mid-point of the alley as part of crime reduction planning.



## Wayfinding

Wayfinding is a collective means of informing and directing all forms of vehicular and pedestrian movement. It clarifies boundaries, the layout of routes and pathways, landmarks and lighting. Good wayfinding provides comfort and security because people understand their surroundings better, provides order with clear distinctions between various types of vehicular functions and pedestrian activities, and provides additional safety when operating in the area.

Neighborhoods should adopt a comprehensive signage wayfinding program that identifies perimeters, main gateways, landmarks, parks, internal vehicular routes and parking, pedestrian pathways and interior corridors and walkways. Orientation is helpful ("You are here"). Wayfinding can also be used for motivational accomplishments and to promote neighborhood pride. Street names and house addresses must be clearly displayed and easily readable at night throughout the neighborhood.

## Neighborhood Public Landscaping

The simple fact is that most people will not step over a small row of bushes that delineate and buffer between public and private space. Landscaping can be used in neighborhood design to define, direct and limit access; to separate and define space; to buffer disruptive elements (sun, wind, noise); and to calm behaviors. Often one landscaping feature can be used for all four benefits. Choice should be given to low maintenance plantings that are well suited to our climate. Fences should be lower, see-through or intermitted separated with low or see-through portions for safety. Use paver crosswalks, public art, benches planters, railings, fountains, and floodlighting of key buildings.

## Parks

When reviewing overall park design, the park should define the perimeter clearly. Consider the use low maintenance materials, incorporate signage and landscaping and add lighting sufficient for public safety and wayfinding. Hours of operation, location of restrooms and emergency phones, rules of conduct, maintenance, emergency city contact info, and surveillance cameras with notice should all be considered in park design. Encourage neighborhood use of the park, provide infrastructure for neighborhood gatherings, encourage a mixture of uses, and supply public parking nearby. Park restrooms should be low maintenance and utilize a two entrance/exit system to prevent entrapment. Consider the addition of a message board in neighborhood parks to notify residents of planned activities.

## Pathways

If pedestrian/bicycle neighborhood pathways will be part of the neighborhood revitalization plan, utilize appropriate lighting, lower height and maintenance landscaping, supply a comprehensive wayfinding system including “you are here” signage, minimize hiding or entrapment areas, supply sufficient trash receptacles, and consider emergency phones along the route.

## Non-Infrastructure Aspects of a Healthy Neighborhood

Liveability is concerned with the quality of space and the built environment. How easy is a place to use and how safe does it feel? It includes environmental quality, functionality of a place, social behavior and public safety. A family’s neighborhood affects people’s emotional responses to their environment and each other. The positive affect is less about buildings and more about the sound of happy children playing. Affect can be negative as well... the rumble of heavy trucks, derelict properties, or a dirty, litter-filled environment.

Strong neighborhood design not only enhances the well-being of the residents, but it also strengthens the community, improves social and physical health and increases civic engagement. It should include mixed uses and emphasize the quality of public spaces to meet and socialize. A great neighborhood has lots of comfortable places to sit, wait and people watch; a sense of identity, belonging, vitality and authenticity.

Non-infrastructure aspects of livability, affect and good neighborhood design include concepts such as Wi-Fi access, neighborhood businesses within walking distance, access to adequate health care, access to healthy food, access to quality education, availability of child day care, good transportation options, low crime, recreational and social opportunities, and workforce participation opportunities.

### Access to WiFi

Reliable high speed internet is no longer a convenience, it has become a necessity. Children need the internet to do their homework, emergency services need reliable communication links and business needs real time access to markets and information to be competitive. People of color and people of lower income tend to live in older buildings and neighborhoods. Telecoms avoid investing in these neighborhoods because of the cost of upgrading infrastructure and the effect on their bottom line. The investment isn't profitable. To assist the school district and to make this neighborhood competitive, local government will need to find new ways to share the risks and costs of making internet access available throughout older neighborhoods.<sup>10</sup>

### Retail Recruitment for Neighborhoods

Use neighborhood design to create socially useful businesses as places to meet and socialize, a good place for non-profits, craft enterprises such as meat shop, produce, bakers, personal services, and day care. Ask the neighborhood what products and services are needed in the area.

### Neighborhood Health

The city and our school district understand that the health of the neighborhood often centers not only on infrastructure and housing, but also actually depends on the physical health characteristics of the residents living in the neighborhood. Revitalization should include an evaluation and plan for improving the physical health of residents living in the target neighborhood. The 2018-2021 Middletown City School District Strategic Plan specifically plans for increased student and family wellness with the new medical facility at the high school, the addition of mental health capability for students, and a plan to increase physical activity level of school district students.

In 2017, Butler County completed a Community Health Assessment of Middletown. The top leading causes of death in Butler County included heart disease and cancer. Minority infant mortality rates are significantly higher than surrounding areas. The combined health departments recommend targeted reductions in infant mortality rates, childhood obesity, cancer, drug related deaths, suicide, hepatitis C rates and increases in prenatal care and percentage of residents covered by health insurance.

As far as practical, the recommendations and strategies incorporated into the Community Health Assessment should be incorporated into the redevelopment strategies of target

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<sup>10</sup> On Common Ground, Summer 2018, *Bringing Broadband to Underserved Communities*, Kurt Buss, p. 34.

revitalization neighborhoods. Public transit should be utilized to increase accessibility to quality health care including substance abuse and mental health care.

Housing programs for renovations in target neighborhoods should include lead abatement, radon and carbon monoxide detectors along with smoke detectors.

### Access to Healthy Food

Many target neighborhoods will require increased access to healthy foods and healthy food outlets within walking distance. GIS mapping can demonstrate where the hardest to reach food places exist. Best practices include funding that partners health departments with non-profits to provide food education, workshops, demonstrations on health eating, and that offer support through giving out seeds, seedlings, compost piles, etc., to create community gardens. Partnerships with existing city grocers to promote and provide guidance on introducing healthy and fresh foods in low income neighborhoods. Cities have provided updated and customized exterior signage to grocers willing to participate. Food preparation classes using basic ingredients to create healthy meals. Other cities have initiated a double up program... for every \$5 spent on food, the resident gets \$5 in free produce.

### Educational Levels

The 2005-2010 Master Plan discussed achieving educational attainment levels that are a community asset and that are competitive with surrounding schools.<sup>11</sup> While the old plan looked at kindergarten readiness and improvement of test scores, newer thinking includes recruitment of college graduates to live in the City, workforce preparedness not only at the MCSD level but also in the form of work force readiness for open and needed job classifications throughout the City.

### Low Crime

Opportunity plays a role in almost all crimes. Opportunities vary by time and space. Crime shifts by hour of the day, day of the week, lighting, access, lack of definition between public and private places, landscaping, and the everyday movement of people. Neighborhood crime can be reduced by reducing opportunity.

Neighborhood design should include a plan to deal with both actual and perceived crime.

Actual crime is measured by calls for service. The City has robust data on calls for police service by geography, types of calls, and temporal distribution (hour, day, week, month, etc.). Where patterns of actual crime exist, the City should utilize task forces and the chronic nuisance ordinance to deal with “hot spots” in the neighborhood.

When you talk to neighborhood residents, however, it is surprising often to find that where crime is taking place is not where residents feel most unsafe. Middletown Division of Police should look at forming Neighborhood Watch groups in each target neighborhood. Beyond that, however, MPD should work with neighborhood residents to perform a Neighborhood

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<sup>11</sup> 2005-2010 Middletown Master Plan, Objective QL 1, p 6-14.

Safety Audit. The audit addresses attitude and fears. Where do residents not feel safe and what aspects of that location make safety a concern? The audit should be conducted after dark to find lighting issues. MPD and residents should look at visibility, the ability to hear a call for help, and have multiple groups walk multiple areas to gather relevant data.

When a neighborhood undertakes this type of audit and forms plans to address both real crime and perceived unsafe areas in the neighborhood, criminals should not only have a difficult time entering semi-private or private space without being observed to commit a crime, but they should also be provided with no legitimate reason to explain their presence in private areas.

The introduction of low-intensity commercial uses into a neighborhood creates resident interaction and more movement throughout the neighborhood, fostering a greater awareness of what is happening in the neighborhood and deterring crime. Encourage uses that promote retail activity during the day and the outdoor presence of residents at night.

The physical environment should be designed to bring people together through informal activity and programmed events. Build festivals/cultural events, sports, into the fabric of the neighborhood. Coordinate with schools and churches in the neighborhood for local programming – community building opportunities.

Neighborhoods should be target hardened. The City should work with the neighborhoods on programs that provide sturdier locks, doors and windows. Some communities partner with neighborhoods in high crime areas to make residential burglar alarms affordable in target neighborhoods.

## Unintended Consequences of Housing Choices – Gentrification

If low income and people of color continue to face systemic challenges to homeownership, there is no reason to believe that wealth gaps will not continue to widen throughout the community. The modern trend is to incentivize developers to make housing more affordable, as opposed to prior options like requiring builders to allocate a certain percentage of new housing to for low-income residents.<sup>12</sup>

The City of Middletown will need to create and/or implement several new programs to protect against gentrification in lower income neighborhoods. In many cases, residents in minority or lower income neighborhoods stayed in their homes during the Great Recession. Some stayed because they believed in Middletown and like living here. Others stayed because the value of their home made it impossible to sell the property and clear their mortgage. After weathering the storm during the bad times, the City should not push these at-risk property owners out now that the city is on the rebound.

The City already utilizes several sources of revenue and programs geared towards distressed neighborhoods.

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<sup>12</sup> Solving the Home Affordability Crisis; A Guide for Policy Makers & Local Government Leaders, [www.governing.com](http://www.governing.com).



### HUD Community Development Block Grants (CDBG)

The City of Middletown is an entitlement community under HUD guidelines, and the City receives about \$650,000 annually in CDBG allocations to be used for improving low income neighborhoods.

### HUD HOME Funds

The City of Middletown participates in a consortium with Butler County and receives approximately \$350,000 in HOME funds annually. HOME funds may be used by a participating jurisdiction to provide incentives to develop and support affordable homeownership through the acquisition, new construction, reconstruction or rehabilitation of non-luxury housing including real property acquisition, site improvements, conversion, demolition and other expenses including finance costs, and relocation expenses. The regulations lay out the particular requirements for individual use of HOME funds in housing projects.

### Community Reinvestment Areas (CRA)

As the City revitalizes whole neighborhoods in both housing and infrastructure, it is anticipated that property values will rise throughout the neighborhood, placing pressure on lower income residents to pay ever increasing property tax bills. The City should consider a 5-10 year CRA that would abate increases in property taxes in the target neighborhood for improvements in value over the CRA period. While the City cannot protect lower income families indefinitely, a 10 year CRA would keep property tax payments level throughout the CRA period, and let the property owner make a choice at the end of the CRA as to whether paying the increased tax rate or selling the higher valued property is their better long term answer.

### Middletown Moving Forward

The City should consider using Middletown Moving Forward, the City's Community Improvement Corporation (CIC) to obtain control of strategically located real estate, working with developers to bring desired projects to the site through the gap financing program. As a private non-profit partner with the City, the CIC offers many potential benefits to long term housing goals.

The CIC can own and rent property for cash flow long term to support housing and the gap financing program. It could establish a Revolving Loan Fund for housing and/or small business in the neighborhoods. It could provide loan guarantees and offer a Microenterprise Lending Program. As the actual neighborhood revitalization plans come into focus, the actual best use of the CIC will need to be evaluated by the City and Middletown Moving Forward to determine best practices.

### Home Energy

One way to offset increased housing expenses is to assist revitalization neighborhood property owners in getting better energy efficiency out of their older homes. There are non-profits and our local utility provider, Duke Energy, that could be utilized to perform energy audits for

existing homeowners to reduce home energy costs. The City could work with energy providers, non-profits and other partners to look at solar options, better home weatherization options, LED lighting and other programs to reduce residential energy usage in older homes.

### Use of Non-Profits

In the 1990's and early 2000's, Habitat for Humanity in Middletown utilized a model of building sturdy, but small homes for low income families. The results were often brick-wrapped small two bedroom homes less than 800 square feet in size. Over the past 10 years, Habitat pulled back from the Middletown market and concentrated their resources on areas in Cincinnati. Their service model has evolved to include smart, energy efficient renovations of existing homes and new construction of in-fill desirable homes in existing neighborhoods that match the tone and culture of existing housing. Where the land bank takes title to existing homes through tax foreclosure, Habitat has a place in our revitalization efforts, especially for residents who now live in what is proposed to become our industrial buffer area. Utilizing Habitat's model, a lien-free title from tax foreclosure, and other tools, we should be able to assist buffer area property owners to move to better housing in renovated neighborhoods while maintaining affordability and the ability to maintain their homes into the future.

## Selection of a Neighborhood for Revitalization

The 2005-2010 Master Plan advocated for the selection of one neighborhood or redevelopment project to create a noticeable and long-term benefit.<sup>13</sup> Underlying strategies included developing a neighborhood database to identify neighborhoods for potential revitalization, identifying the target market for renovated homes, creating a revitalization plan for the target neighborhood, marketing the plan to the community, and then implementing the plan using all available tools and resources.

The Great Recession made implementation of these concepts at the time unsustainable. That being said, the approach continues to offer the best practices for revitalization of neighborhoods.

## Oakland Neighborhood

The 2005-2010 Middletown Master Plan laid out several objectives for neighborhood revitalization that would encourage private investment in distressed neighborhoods.<sup>14</sup> The first was increased code enforcement in the target neighborhood to increase investor confidence in bringing private funds into the neighborhood. Creation of a neighborhood-based group to guide revitalization efforts was critical to the success of any planning. The plan advocated for development of various incentive programs to stimulate reinvestment into housing in the area including things such as downpayment assistance, demolition of blight in the neighborhood, and waiving of fees for vacant lots, water hookups and other building related permit fees to make it easier and more profitable for developers to successfully invest.

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<sup>13</sup> 2005-2010 Middletown Master Plan, Objective HN 1, p. 5-12.

<sup>14</sup> 2005-2010 Middletown Master Plan, Objective HN 4, p. 5-15.

Additionally, minimum standards for redevelopment should be set to build value into new investments.

Utilizing the demographic data from the U.S. Census, the Oakland Neighborhood was identified as the most distressed neighborhood in Middletown. The Housing Committee chose Oakland as a starting point for target neighborhood revitalization.

The Oakland neighborhood has wonderful housing opportunities but also has challenges with a lack of nearby services that would be beneficial to the neighborhood. The 2005-2010 Middletown Master Plan recommended converting underutilized or blighted commercial and industrial properties to mixed use facilities to modernize housing options and to offer needed neighborhood services.<sup>15</sup> The Oakland neighborhood has two properties that are prime for acquisition and redevelopment; the old Vail Middle School property on Girard, and the blighted Paperboard Property adjacent to the neighborhood on Route 4.

Work is underway to redesign the Oakland Neighborhood.

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<sup>15</sup> 2005-2010 Middletown Master Plan, Objective RD 1 and RD 2, p. 4-7, 4-11.