CHAPTER 4
REDEVELOPMENT

Redevelopment is a pervasive theme in this Master Plan. Residents and the steering committee consistently expressed their desire for the redevelopment of vacant or underutilized commercial property as a top Master Plan priority. Improving the city’s quality of life, creating new economic activity, and stabilizing neighborhoods hinge on the successful removal and/or revitalization of blighted nonresidential structures. Master Plan Goal B is dedicated to this end.

Rekindled Interest in Urban Areas

The timing is right for Middletown to reposition brownfield and greyfield properties located in its mature neighborhoods. As recently outlined in the May 2004 issue of Urban Land the real estate market is gaining strength in traditional urban areas. Old neighborhoods are becoming gentrified and downtowns are seeing healthy levels of new housing starts. Many factors can be contributed to this renewed interest but planners typically cite two. Tired of long commutes, people are starting to move back into cities to live closer to work. Others, dissatisfied with the suburban living, seek fuller community experiences and access to cultural and civic amenities. A summary of ULI’s findings follow:

- Many of the most successful new communities being developed today emulate Middletown’s older neighborhoods including walkable streets, mixed use, and smaller residential lots with access to neighborhood parks, schools, and commerce.

- Recycling old buildings as part of urban infill projects is becoming a common market practice. Older areas and structures offer unique urban spaces and design features which attract consumers and developers alike.

- Developers are spending extra dollars on urban design and planning. Well designed and planned projects require very little marketing, relying instead on word of mouth and positive press.

- The ideal of “live-work-play-shop-learn” shapes the most interesting and successful projects. More and more, people want to live full lives in their communities, not shuttle from one suburban pod to another for work, relaxation, or family activities.

GOAL B: Turn Current Liabilities into Future Assets.

Middletown has underutilized properties and outdated infrastructure that are legacies from another era. Many of these are drains to our tax base and blighting influences on our neighborhoods. Middletown needs to find ways of restoring these properties to active use and updating our infrastructure to meet current and future needs.

Successful New Urbanist development in downtown Cincinnati
Demographically and economically mixed neighborhoods are finding success. Diversity is a goal for cities and developers alike.

Higher density sells if it is well done. Buyers are open to the idea of trading large lots for high-quality public spaces and amenities. Although it is probably desirable to reduce some density, in fact, many busy homeowners prefer homes without labor-intensive yards.

## Redevelopment Challenge

Redevelopment, by its very nature is complex. There are a myriad of potential costs and legal concerns associated with brownfield and to a lesser extent greyfield redevelopment. These costs and concerns in turn act as market deterrents. Federal, state, and local governments are increasingly being called upon to proactively remove development obstacles, some of which are listed below:

### Increased Development Costs. Redevelopment is expensive. Costs to place property back in a development ready posture can, in some cases, exceed the entire budget of a greenfield development project. Redevelopment costs include environmental assessments, environmental remediation, demolition of existing structures, and infrastructure improvements in older areas.

### Environmental Uncertainties. Developers have historically complained about ambiguity in environmental law, changing clean up targets/expectations during the remediation process, and remaining environmental liability after a site has been remediated.

### Market Constraints. In many cases, market support is not strong enough to warrant brownfield or greyfield redevelopment costs. This appears to be true in Middletown where most of the brownfield properties are located in the downtown vicinity far removed from the interstate.

### Lending Practices. Lenders, wanting to make sound investments, are generally not as willing to offer equal financing terms for urban redevelopment projects as greenfield projects. Redevelopment projects may require more developer equity and/or higher rates.

### Land Use Restrictions. Land use restrictions and unusable land area imposed by governing authorities with brownfield redevelopment oversight can limit the reuse and market potential of a site.

### Lot Assembly and Clearance. Development typically consumes more land today than it did even a few decades ago due to larger retail formats and more demand for on-site parking and landscaping buffer yards. In some cases, developers must purchase, clear, and assemble additional adjacent properties to make the redevelopment site marketable.

### Barriers to Brownfield Redevelopment

<table>
<thead>
<tr>
<th>Environmental liability</th>
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<tbody>
<tr>
<td>Unknown environmental issues/regulations</td>
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<tr>
<td>Environmental clean up costs</td>
</tr>
<tr>
<td>Land use restrictions because of contamination</td>
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<tr>
<td>Lender hesitancy</td>
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<tr>
<td>Demolition of existing structures</td>
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<tr>
<td>Weak Market / Location (in Middletown)</td>
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<tr>
<td>Removing/relocating marginal uses in existing building</td>
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PUBLIC PARTICIPATION TECHNIQUES

The use of public resources in the redevelopment process is a legitimate urban vitality initiative. Local government can offer many programs and incentives to make brownfields a more attractive investment. In cooperation with a partner or team of partners, the city will explore potential for creative methods to “kick start” redevelopment projects on a case-by-case basis as opportunities and resources arise.

- **Phase I and II Environmental Assessment Grants.** The city can apply for EPA assessment grants to determine the nature and extent of environment contamination of the site. Grant dollars can be used for Phase I and Phase II environmental assessments. The assessments provide a clear understanding of the type and extent of contamination.

- **Prepare Remediation Plan.** The city can provide assistance towards the creation of a remediation plan. Remediation plans indicate EPA-approved methods and costs of clean up. The level of clean up is based on the proposed end use. Combined, the environmental assessment and remediation plan is designed to remove any question on what the expectations are for clean up.

- **Clean Up Grants.** Remediation can be time consuming and costly. The City can apply for EPA Clean up grants and others to cover most of the costs.

- **Property acquisition.** In many cases, the current property owner can be recalcitrant against any redevelopment plan because of fear of environmental liability and remediation costs. Cities can take such property under nuisance laws or enter into an agreement to convey the property to the city or one of its partners, as permitted by law. The city should not take title of property unless a responsible party is clearly identified. Of course, cooperative and voluntary participation on part of the property owner is optimal.

- **Write-down costs.** The city can provide a developer with reduced land costs or a competitive lease of municipal property to the extent permitted by law as a potential cost savings to the city’s development partner. The city can create a condominium whereby the city owns the land, where the contamination exists, and the developer owns the building.

- **Environmental Insurance.** The city can provide environmental insurance to protect property owners and their lenders from any future liability.

- **Mortgage or Interim Financing Guarantees.** The city can provide gap financing when a lender requests additional developer equity or the city can guarantee a loan. These two techniques should be contemplated only when no other alternatives exist to get project financing approved.

- **Capitalization of Interest.** The city can pay the developer’s interest payment until construction is done or the project is leased or sold. This technique is not atypical when a developer works on a speculative municipal project.

- **Infrastructure Upgrades.** The utility and roadway infrastructure around brownfield sites is typically old and outdated. The city can make improvements to accommodate the new use, such as relocation, repair and upgrading of road and utility infrastructure.
- **Demolition of Existing Structures.** Removing existing structures is one of the more obvious tasks that are not part of greenfield development. Removing structures including subsurface improvements can be very helpful to a developer’s cause.

- **Vacation of Public Streets and Alleys.** Obsolete roads, alleys, and easements can be vacated to provide more land for development.

- **Collateral improvements.** Redevelopment sites need to have a critical mass that provides a market catalyst for change in the immediate vicinity. Improvements should be made on surrounding properties and public facilities to make the entire area more attractive. Stepped up code enforcement is also important amid marketing efforts that will ensue.

- **Project Manager.** A staff person could be assigned as a project manager to help the city’s developer partners navigate through local, state and federal laws and the overall redevelopment processes. The project manager can act as a trouble shooter and project advocate in city government.

**PUBLIC/PRIVATE PARTNERSHIPS**

The City does not necessarily want to get in the land development business, but it does want to expedite the rate by which vacant properties get reutilized. To capture developer interest and get partners to the table, the city must do the leg work, be on the front line, prepare the neighborhood residents, and implement plans to even the playing field with greenfield development sites. Reliance purely on the private sector to champion redevelopment projects is unlikely due to the associated costs and market constraints.

To be successful, the city must be able to join forces with the private sector and other public sector entities to create strategic public-private partnerships. There are three basic types of public-private partnerships identified in Table 14. The table lists the actions of the public and private entity for all three partnership types. The city and its development partners should consider which partnership makes the most sense for the projects based on the scope of the project, the city’s expectations, and the developer’s capacity.
<table>
<thead>
<tr>
<th>Type of Project and Participants</th>
<th>Design</th>
<th>Financing</th>
<th>Development</th>
<th>Construction</th>
<th>Operation</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Partner in conjunction with City</td>
<td>Private with little or no Public Input</td>
<td>Private with Marginal Public Capital or Noncapital Investment</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
<td>Private</td>
</tr>
<tr>
<td>Traditional Public/Private Partnership</td>
<td>Private with Public Input</td>
<td>Private and Public/others</td>
<td>Private</td>
<td>Private with Public Oversight</td>
<td>Private or Public</td>
<td>Private and/or Public</td>
</tr>
<tr>
<td>City in conjunction with private developer</td>
<td>Private contract or City in-house</td>
<td>Public/other Developer on a Fee Basis</td>
<td>Private with Public Oversight</td>
<td>Private or Public</td>
<td>Public/other Public</td>
<td></td>
</tr>
</tbody>
</table>

Source: Public and Private Finance and Development Methodology, Deal Structuring, Developer Solicitation. Stainback, John
As discussed in Chapter 5, many of Middletown’s older neighborhoods suffer from disinvestment and cannot compete with suburban development located on the fringe. Key factors in this trend are the obsolescence of housing and the absence of nearby amenities such as employment and retail. Brownfield and greyfield redevelopment projects offer the opportunity to provide the missing elements, introduce new housing options and restore these neighborhoods as fully functioning, self-contained communities. This approach will give older neighborhoods a distinct niche in the regional market.

The city will be in a unique position to implement this approach by influencing the design, quality and character of redevelopment projects as a development partner. Redevelopment projects should not be viewed as a quick fix but rather as an opportunity to make a long-term positive impact on the surrounding neighborhood. Settling for lackluster designs, for the sake of development, will disappoint residents and undermine support for future mixed-use infill efforts.

As such, the city must clearly articulate minimum redevelopment performance standards and goals for redevelopment projects as outlined in the adjacent insert. Good urban design must be a hallmark of each city-sponsored redevelopment project to create a stronger sense of neighborhood identity and desirability. Redevelopment efforts shall be consistent with the Key Neighborhood Revitalization and Design Principles identified in Chapter 5.

The redevelopment design goals are time tested and appropriate for utilization at all identified redevelopment sites identified in this Master Plan. The idea is to create comfortable live, work, play spaces to pull and keep people in the neighborhood.
REDEVELOPMENT OBJECTIVES AND STRATEGIES

OBJECTIVE RD 1: Convert all underutilized commercial and industrial properties to productive uses.

ISSUE: Many commercial and industrial properties that could become new development opportunities currently sit idle and/or obsolete and are underutilized.

RD 1.1 Create and maintain an inventory of redevelopment opportunities throughout the city, with information needed by potential developers.

1.1.1. Include properties that are vacant or underutilized and are a significant blighting influence and/or fiscal drain on the city.

1.1.2. Compile data for each site including owner, land area, utility information, zoning, infrastructure, environmental constraints, date and results of environmental assessments, existing use/tenants and history.

1.1.3. Prepare environmental assessments where needed to determine obstacles and constraints.

1.1.4. Map locations and prepare aerial photos for planning purposes and interested investors. Make information widely available to interested investors and residents.

RD 1.2 Create an all-volunteer Brownfield (& Greyfield) Resource Team with broad community representation to guide and facilitate redevelopment.

1.2.1. Include individuals from the business community, developers, financial professionals, realtors, City staff, concerned citizens, environmental consultants, architects, etc. The purpose of the team is to brainstorm, make recommendations, prioritize brownfield/greyfield redevelopment projects and use of resources, and facilitate the creation of partnerships.

RD 1.3 Obtain critical feedback on proposed city brownfield redevelopment policies before implementing any plan or strategy.

1.3.1. Review policies with at least two Ohio municipalities that have had brownfield redevelopment success. Such municipality should not be in competition for the same developers and local resources.

1.3.2. Consult with environmental consultants and Ohio EPA to make sure policies are consistent with Ohio EPA requirements for grant funding.
1.3.3. Request resident, business community and partner feedback to ensure support for city policies are realized early in the process.

RD 1.4 Develop a brownfield redevelopment program.

1.4.1. Utilize a brownfields decision making matrix to prioritize redevelopment opportunities and resource allocations.
   a. Identified end user, market potential and location were identified as important criteria at the Redevelopment Roundtable.
   b. Blight elimination, corridor improvement, improved environmental and community health, public costs, project viability, recreation and transportation opportunities were also mentioned as worthy criteria.

1.4.2. Assign a project manager within city government to each brownfield redevelopment project. The project manager will act as a case worker and inside problem solver to help partners navigate the review and permitting process and to provide coordination with other governmental departments from project start to finish.

1.4.3. Prepare Phase I and Phase II environmental assessments to determine the extent of contamination.

1.4.4. Assess the real estate market. Invite realtors, developers, and bankers to discuss how they view the real estate market of the impacted area and potential land use options.

1.4.5. Create remedial plans to determine cleanup costs and remediation methods.

1.4.6. Inform business community and partners of specific actions and intentions. Ask for assistance and participation.

1.4.7. Seek an end user and development partner as soon as possible to increase chances of obtaining grants.

1.4.8. Apply for USEPA Brownfield Cleanup, USEPA Brownfield Revolving Loan, and Clean Ohio Brownfield Revitalization grants to assist in remediation costs.

1.4.9. Enter into Voluntary Action Plan (VAP) agreement with Ohio EPA. VAP agreements establish the level of mitigation required to reuse the property for desired land use.

1.4.10. Implement VAP and receive a “covenant not to sue” which limits exposure to liability once the VAP standards are met.

1.4.11. Create an RFP seeking developer assistance if a public-private partnership is not established at this point in time. An RFP can be distributed as soon as the costs for cleanup, goals for land use and design, and levels of gap financing are known. This step is not needed if a developer is identified earlier in the process.

Former paper factory on Park Street
1.4.12. Partner with the developer that is willing to work cooperatively with city towards achieving master plan goals. Land use and design standards should be articulated and required as part of an overall development agreement.

1.4.13. Restart process after initial brownfield project is completed or well underway or as resources dictate.

RD 1.5  Redevelop greyfield properties in a targeted and prioritized fashion.

1.5.1. Utilize the same process as outlined in RD 1.4, except for brownfield-related tasks 1.4.5, 1.4.8, 1.4.9, and 1.4.10

1.5.2. Allow for more resident involvement in the greyfield planning process especially where the subject property was a neighborhood anchor. MRH campus serves as an example after the hospital moves to its new location. This involvement however must be tempered with market and fiscal realities to create a plan that is both financially viable and meets resident expectations.

RD 1.6  Build critical support for redevelopment by educating the community and developing strategic partnerships.

1.6.1. Share the redevelopment component of the Master Plan with residents, business community, and impacted property owners to build support. Use various outreach methods including televised City Council meetings, chamber meetings, civic club meetings, neighborhood meetings, press releases, and the aforementioned Brownfield/Greyfield Resource Team.

1.6.2. Set realistic expectations given fiscal and market realities. The problem was not created overnight. The solution will likewise require time and persistence. Residents and the business community must be knowledgeable of the magnitude of the problem and the redevelopment obstacles that must be overcome to redevelop problem properties.

1.6.3. Meet with brownfield/greyfield property owners to learn of their plans and needs and market the city’s ability to provide mitigation assistance.

1.6.4. Market the City’s plans and redevelopment opportunities to brownfield/greyfield developers, investors, and potential reuse candidates. Concentrate efforts on priority sites.

1.6.5. Partner with CDCs for technical assistance on planning, development facilitation, gap financing, fund raising, loan underwriting, grant management, etc. Explore option of

Underutilized shopping center on South Breiel Boulevard
creating a Middletown-based CDC if others are not responsive to requests for assistance.

1.6.6. Work with other government agencies for technical assistance, political support, and financing including Butler County Port Authority, Ohio Department of Development, and Ohio EPA.

RD 1.7 Consider undertaking a pilot study or small demonstration project before tackling a large, complicated redevelopment project, if time and priorities permit.

RD 1.8 Acquire property through an effective landbanking strategy.

1.8.1. Utilize this strategy when a high-priority property does not have a defined end user or has weak market potential but does represent a nuisance or serious health, safety, and welfare issue that must be removed.

1.8.2. Purchase brownfield/greyfield properties as they come available through lender and tax-delinquent foreclosures, eminent domain or by other similar method of easy and quick transactions. This should be done with close consultation with legal counsel to limit the city’s liability.

1.8.3. Remove nuisance structures as soon as possible. Such action removes blighting influences and prepares site for future redevelopment.

1.8.4. Mitigate contamination if resources are available. Hold and maintain property until such property can be conveyed to a development partner (in return for a development agreement that clearly lays out City’s expectations).

RD 1.9 Utilize public incentives to “kick-start” greyfield and brownfield development as needed on a case-by-case basis.
**OBJECTIVE RD 2:** Use redevelopment opportunities to introduce mixed land use developments that satisfy the needs of the neighborhood.

**ISSUE:** Many neighborhoods are relatively dense with few supportive amenities such as convenience oriented shopping and jobs.

Use mixed use redevelopment opportunities to make Middletown’s neighborhoods and housing more attractive and competitive in conjunction with objectives and strategies stated in Goal C.

**RD 2.1 Identify and prepare sites for mixed-use redevelopment.**

2.1.1. Work with Middletown Schools and Butler Metropolitan Housing Authority to identify plans for residual properties and identify potential adaptive reuse strategies for buildings or infill development.

2.1.2. Designate brownfield/greyfield sites suitable for mixed use development as such on the brownfield / greyfield inventory databases and map (see RD 1.1).

2.1.3. Prepare brownfield/greyfield properties for mixed use redevelopment utilizing the strategies found under Objective RD 1 including site prioritization, partnership building, and property acquisition and clearance, if needed.

2.1.4. Coordinate revitalization of surrounding blocks with the redevelopment project, in order to support redevelopment efforts.

**RD 2.2 Promote the benefits of mixed use development.** Build public support, buy-in, and understanding for the need and importance of mixed use infill projects.

2.2.1. Work with community and neighborhood leaders to take the message back to their constituents.

2.2.2. Organize neighborhood workshops and task forces. Listen to concerns and address in individual plans.

2.2.3. Discuss merits of mixed use often at City Council and Planning Commission meetings and in press releases and City newsletter.

2.2.4. Work with local developers, banks, and realtors to gain their support and overcome obstacles. Infill properties often present mixed use opportunities though are often located in weak markets. Development professionals therefore need to be shown hidden opportunities such as underserved markets, untapped labor supply, possible incentives, developed infrastructure, cultural amenities, and parks. Also share the city’s vision for the entire area.

2.2.5. Discuss obstacles that developers encounter when pursuing mixed use developments, along with potential solutions. For example, higher density housing is often needed when the retail and office market is weak.

**RD 2.3 Encourage good urban design.** Mixed use development is more than just a collection of uses. Careful thought must be given to how each use relates to another and with the surrounding community. Mixed use should make communities more livable by connecting residences with schools, parks, shopping and employment.
2.3.1. Create a community-wide design manual including traditional neighborhood development standards for infill and mixed use projects. Such manual will articulate the City’s minimum design goals which can be reviewed by developers in advance of making investments. Include provisions for:

- a. Residential, office, and retail land uses;
- b. Open space and internal pedestrian path system;
- c. Well-designed access to transit and bike paths as a means to make automobiles optional versus required;
- d. Street design to include appropriate scale, wide sidewalks, on-street parking, street furniture, and landscaping to create pedestrian-friendly environments;
- e. Building mass, scale and context;
- f. Architectural features like decorative façade treatments, storefronts, balconies, porches, building materials, etc.

2.3.2. Do not accept undesirable designs for the sake of facilitating development. Such developments will disappoint residents and undermine future mixed-use infill efforts.

RD 2.4 Include the public in the decision-making process while planning a mixed use project. Public involvement is needed to accurately articulate use and design expectations, overcome obstacles, and gain consensus.

<table>
<thead>
<tr>
<th>Community Barriers to Mixed use Development</th>
<th>Problematic Solutions</th>
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<tbody>
<tr>
<td>Single-use zoning regulations</td>
<td>Need rezoning and public hearing</td>
</tr>
<tr>
<td>Market support may not exist for all uses</td>
<td>Often requires City approval of higher densities to satisfy banker needs</td>
</tr>
<tr>
<td>Resistance to new ideas/higher densities</td>
<td>Community advocacy</td>
</tr>
<tr>
<td>Fears of increased traffic</td>
<td>Design for transportation alternatives and transit</td>
</tr>
</tbody>
</table>

2.4.1. Organize neighborhood workshops and design charrettes. Listen to resident concerns and address in plans for site specific mixed use projects.

2.4.2. Prepare a mixed use development plan for specific priority projects to illustrate how design standards could be applied.

RD 2.5 Encourage higher density housing in mixed-use development. Higher density creates a “built-in” market, increases demand for local goods and services, and bolsters the financial viability of a redevelopment project. This technique is vital for downtown revitalization.

2.5.1. Blend housing in with other uses to create
active neighborhoods during all hours of the day.

2.5.2. Create a balanced neighborhood with a variety of owner- and renter-occupied housing options at varying price points to offer something for everybody (e.g., young adults, couples without children, families, and seniors).

2.5.3. Reserve some units as affordable housing to give LMI households access. This approach will likely require incentives such as low income tax credits and HOME funding to make the project marketable.

2.5.4. Plan for minimum of 10 units per acre to support walkable business districts, retail, and transit and to bolster the financial viability of the redevelopment project. The need for goods and services increases as residential density increases. Public service delivery efficiencies likewise increase.