



Friday, April 19, 2024

Members of City Council,

On April 8, 2024, an article ran in the *Toledo Blade* written by Debbie Rogers titled, "Developer asks for Perrysburg rezoning to build senior living apartments." The article explains how Brian McMahon, president of Danberry National Ltd., was asking for 18.3 of 24.3 acres to be rezoned from commercial to multiple family residential. He had been retained to sell the property, which is poised to be developed by Pride One Construction, based in Medina, Ohio. Michael Knerem, development manager for Pride One, was quoted in the article presenting information to Perrysburg City Council (and since reported to the public) that contained inaccuracies, misleading assumptions and baseless opinions that mislead Council and the Perrysburg Schools community. At the Monday, April 15, 2024, Perrysburg Schools Board of Education Meeting, I presented information to Board Members clarifying these misstatements and wanted to share this information with you.

While I appreciate Mr. Ben Weinerman, Director of Development, Pride One Construction in Medina, Ohio's Tuesday, April 16, 2024 afternoon clarification, the fact of the matter is that this erroneous information has been widely seen by the Perrysburg Schools community and greater Toledo. Mr. Weinerman's correction of their misrepresentation of funding to Perrysburg Schools was emailed to just two City of Perrysburg staff members.

The purpose of this letter is to address the inaccuracies, misleading assumptions and uninformed opinions shared by Mr. Knerem. There are three specific areas that I would like to address in this response: the projected financial benefit to Perrysburg Schools, the claim that "pretty much zero" children would result from this project and that the proposed villas are not big enough for families.

1. Projected financial benefit to Perrysburg Schools

This discussion is in regard to 24.3 acres north of 24259 Dixie Highway and west of St. Clare Commons at 12469 Five Point Road that was originally zoned agricultural land. All 24.3 were rezoned commercial (C-4). Now, there is an appeal led by Mr. McMahon and Mr. Knerem to have 18.3 acres of this property rezoned R-M multi-family. According to materials submitted by the developer, "the total estimated hard costs = \$21,780,000+". It is important to note that the total estimated hard costs is not the actual estimated value of the property, which is sometimes less than the total hard costs as such things as furnishings are not included.

First, the claim by Mr. Knerem that funding from the proposed development to Perrysburg Schools, specifically, the claim, if the site is developed, Perrysburg Schools will get \$10 million

over 10 years in taxes is false. Mr. Knerem’s company sent a letter on the afternoon of Tuesday, April 16, following the Perrysburg Schools Board of Education meeting the day before where the board and public heard a presentation addressing this inaccurate information.

In Ohio, 35% of the total value of the property is used to determine the “Taxable Assessed Valuation.” In other words, Class 1 and Class 2 properties are not taxed at 100% of their value but 35%. If we use \$23 million as the Wood County assessed value for this project, the following formula would be used to determine the taxable assessed value of the project:

\$23,000,000 (value) X 0.35 (taxable assessed value) = \$8,050,000 (Assessed value subject to taxes)

The actual Assessed Value subject to be taxed is \$8,050,000. This amount is then applied to the amount of mills approved by Perrysburg School District voters to be collected by the local school district.

Property tax rates in Ohio are calculated by mills. Each mill equals \$1.00 for every \$1,000 of value that the property is assessed for each year. For example, a house worth \$100,000 would bring in \$35 of tax revenue for each mill. The formula to calculate a mill follows:

$$\begin{aligned} & \$1,000 \text{ (property value)} \times 0.035 = \$35 \\ & \$100,000 \text{ (property value)} \times 0.035 = \$3,500 \end{aligned}$$

Ohio has 609 school districts and what 1 mill generates in each community is unique and dependent on the total assessed valuation of all properties in the school district. The chart below demonstrates the variance in what 1 mill can generate for a local school district:

School District	2023 Assessed Valuation	1 mill - .001 per \$1 in valuation	Amount 1 mill creates in annual revenue
Perrysburg	\$1,346,800,030	\$1,346,800,030 X 0.001	~\$1,346,800
Sylvania	\$1,763,497,110	\$1,763,497,110 X 0.001	~\$1,763,497
Caldwell (Nobel County in SW Ohio)	\$138,983,620	\$138,983,620 X .001	~\$138,984

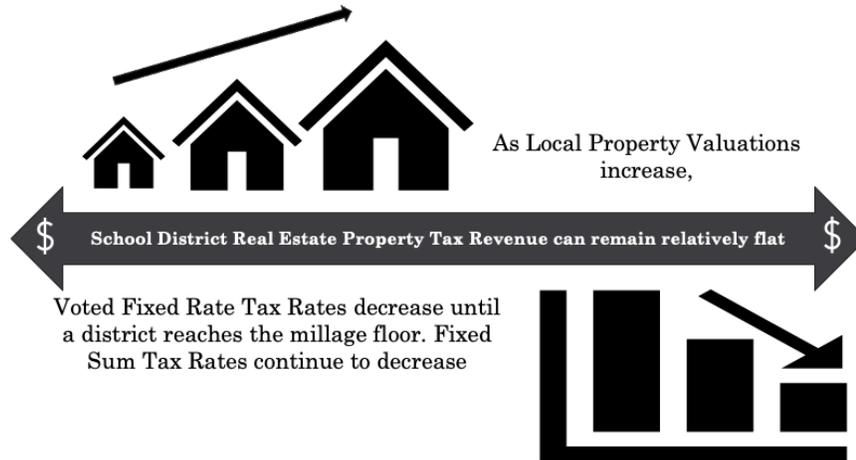
As the chart above shows, if voters pass a 1 mill levy in Perrysburg and Sylvania, it would generate \$1.3 and \$1.7 million annually, respectively, whereas a 1 mill levy passed by voters in Caldwell Schools would generate \$138,984 annually.

In general, the calculation of property taxes follows a simple formula:
 Taxable Assessed Value × Property Tax Rate = Property Taxes Levied in Ohio*
 *Many issues complicate this simple formula.

House Bill 920, passed into law in 1976, limits the inflationary income of voted millage. County auditors reduce property tax millage correspondingly so that the real property tax of the average homeowner does not increase due to increased property valuation. This process creates a reduced tax rate or an effective millage rate that is less than the voted millage rate.

Property Values vs. Tax Rates

How do increasing home values impact tax rates?



An unintended consequence of this law is, since 1976 in Ohio, there have been more than 11,000 school levies. (And not all of them have been in Perrysburg!) The chart below shows how this HB 920 reduction factor works with the following Perrysburg Schools levies:

Year	Fixed or Continuing	Full (VOTER APPROVED) Rate	Effective (ACTUAL COLLECTED) Rate
1976	Continuing	25.8 mills	7.92 mills
1980	Continuing	2.6 mills	0.87 mills
1981	Continuing	6.0 mills	2.01 mills
1986	Continuing	6.0 mills	2.54 mills
1988	Continuing	5.2 mills	2.34 mills
TOTAL	—	45.6 mills	15.68 mills

To further complicate matters, the law specifies that the application of the tax reduction factors cannot cause a school district's effective current expense millage rate (inside and outside combined) to fall below 20 mills (this is referred to as the 20-mill floor). A school district may be at the 20-mill floor in one class of property but not in the other. The Constitution explicitly

authorizes the General Assembly to enact such tax rate “floors,” which must be uniform across taxpayers. Currently only school district taxes have such tax rate floors.

Back to the \$10,000,000 Question - applying the information shared above to this proposed development:

\$23,000,000 (Valuation of the property) X 0.35 = \$8,050,000 (Taxable Assessed Value)
\$8,050,000 X 0.0726 (Full Voted Rate before HB 920 Reduction) = \$584,430 - **Not collected**
\$8,050,000 X 0.044 (Effective Tax Rate) = \$354,200 approximate amount **collected** after HB 920

Within the effective tax rate of 44 mills (0.044 above), a portion of those mills are subject to the HB 920 reduction factor. When those mills fall below 20, also known as the 20 mill floor, the Ohio Revised Code requires the millage rate be raised to 20 mills:

\$8,050,000 X 0.0156 (Effective Tax Rate is below 20 mills or 0.02) = \$125,580 - Portion of 0.044 (Effective Tax Rate) subject to 20 mill floor
\$8,050,000 X 0.020 (20 mill floor) = \$161,000 - Required rate adjusted to 20 mill floor

The exercise above regarding the 20 mill floor is being shared to underscore the complexity with calculating and explaining local school taxes in Ohio.

So the amount Perrysburg Schools is likely to receive would be the effective tax rate including the 20 mill floor. Returning to the \$10 million question, if the proposed property is assessed at \$23 million, and if Perrysburg doesn't experience further growth causing more reductions under HB 920 and if the legislature maintains the 20 mill floor adjustment, the schools may receive a maximum of \$354,200 annually. This falls significantly short of the \$10 million over 10 years promised by the developer.

While we appreciate any additional funding, it is important to provide context: the total cost of employing one additional teacher and one additional full-time bus driver, including salary, medical and retirement benefits, depending on experience, is \$100,000 and \$49,000 respectively. Considering the student growth from the proposed development and the ripple effect of students moving into the homes of those selling to move into the villas, the additional funding doesn't stretch very far.

Ohio school funding and how local taxes are applied are complicated - even for school people. Making a statement that leads the public to believe something that is not correct damages public trust.

2. The claim that “pretty much zero” children would result from this project

From *The Blade*:

Councilman Mark Weber asked if Mr. Knerem could really promise no children would be living in this new community.

“Pretty much zero,” Mr. Knerem said, again referring to the Oregon Road project in Perrysburg Township.

“We have roughly 35 percent leased and we have zero kids. The others that we have built, they’re all less than 5 percent kids,” he said. “They’re two and one-bed units. They’re not conducive to kids.”

Someone asserting "zero kids" lacks the depth of experience and familiarity with our schools and community. In contrast to other communities where similar projects may yield few children for comparable developments, Perrysburg stands apart. Families actively seek enrollment in Perrysburg Schools, often taking extraordinary measures, such as securing different types of housing, to ensure their children can attend.

Over time, developments change. Owners change. New and improved competition is built and managers must fill vacant properties.

Rivers Edge Villas (off Roachton Rd. near PHS) began in the early 2000’s. It was marketed to the City as over 55 or senior development. For some time, there were few if any students. Today, there are approximately 15 students in that community who attend Perrysburg Schools.

Anyone searching for an apartment and uses one of the popular websites to seek available housing would discover Rivers Edge. About Rivers Edge Villas from Apartments.com:

Rivers Edge is a brand-new development of single-story villas for lease in Perrysburg, Ohio. The property is strategically located 2.0 miles south of Levis Commons. The property consists of single-family villa homes, twinplex villas, and multi-family villas for lease. Rivers Edge is amenity rich with a clubhouse, swimming pool, and several ponds. Rivers Edge is not age restricted. We are pet friendly, subject to breed and other restrictions. Actual floor plans may have some slight modifications.

Rivers Edge Villas is a townhouse community located in Wood County and the 43551 ZIP Code. This area is served by the Perrysburg Exempted Village attendance zone.

3. The claim that the proposed villas are not big enough for families

From *The Blade*:

The villas would be one story and 1,300 square feet.

“They’re not big enough for families,” he said. “It’s geared to people who want to downsize. The average age of our communities is over 60.”

Not all families have two parents, 2.5 kids, a cat and a dog, living in a 4 bedroom home with a swingset in the backyard. We have started a Grandparents Raising Grandchildren support group in Perrysburg Schools in response to a need for that support. For single parents and families, 2 bedroom homes with 1,300 sq. ft. may have enough space.

Many Families move to Perrysburg for the schools. Many of the prospective “senior” housing residents for this type of development who reside in Perrysburg now are living in homes where they raised their children. When they sell that home to move to senior housing, most of the time, a family with children moves into that home, which brings more students to Perrysburg Schools. This echo effect is real and contributes to our increased enrollment.

Whether one lives in a 4 bedroom home with a 2.5 car attached garage or a senior housing community, the State of Ohio treats both types of properties the same. Residents living in those homes will be asked to support the schools in raising what the state calls the “local share.”

Some related thoughts in closing.

Rezoning Commercial Property - Local Districts % of Business Taxes

Anthony Wayne	16.8%
Perrysburg	20.7%
Sylvania	21.8%
Oregon	31.4%
Lake	32.3%
Maumee	38.7%
Washington Local	39.2%
Eastwood	41.2%
Rossford	46.7%

One of the biggest challenges Perrysburg Schools faces that is not common to all school districts in our state has to do with how much business income the school district receives. This is a direct result of the community’s economic development and the balance between residential and commercial properties. When a business is recruited to a community, it brings additional support for public institutions like schools without adding students.

State Share Comparisons - More Growth = Less State Funding

	2014 - State Share	2023 - State Share	Shift to Local / State Decrease
Anthony Wayne	30%	20%	-10%
Perrysburg	27%	19%	-8%
Sylvania	27%	23%	-4%
Otsego	41%	41%	0%
Washington Local	42%	39%	-3%

In addition to the challenge of our community's lack of businesses in comparison to other Ohio school districts is the fact that the state shifts the tax burden to local communities when they experience growth. There is no doubt that the community has grown since 2014. As seen above, as local growth brings in additional revenue, the state share decreases its payments to the school district.

Both of these issues are important considerations for our community, especially as further development is proposed. Our taxpayers feel this pinch more than other communities that have less residential makeup.

As I said, this is complicated even for longtime school leaders. I am available to help in any way possible to help educate our community on these unique and complex challenges. I am happy to focus on a specific issue at hand or provide an overview. Please feel free to reach out to me any time if I may be of assistance.

Sincerely,
Thomas L. Hosler
Superintendent
Perrysburg Schools