



June 25, 2018

The Honorable Chairman Scott Ryan &  
House Finance Committee Members  
Ohio House of Representatives  
Ohio Statehouse  
Columbus, OH 43215

Dear Chairman Ryan:

My name is Mike Jacoby, and I am president of the Appalachian Partnership for Economic Growth or APEG. I have worked in economic development in Ohio at the local, regional and state level for over 20 years. APEG is a non-profit organization born out of the Foundation for Appalachian Ohio. We are the JobsOhio network partner for 25 counties in southern and eastern Ohio. The counties served by APEG are lagging behind other regions of the state in winning economic development projects and job creation. A significant impediment to the APEG region winning more projects is a lack of competitive sites and buildings. Sites with all utilities, all due diligence studies and ready-to-build pads as well as modern industrial buildings with few columns and high ceilings are relatively rare for a region with over 1 million people.

Despite the fact that the economy has been growing for many years, in 2017, out of 45 JobsOhio-led site and building searches, the APEG region had no JobsOhio-led site visits in 2017. (Six projects did have site visits but those were either APEG generated leads or referrals from JO for APEG to manage.) Typically, searches for buildings are 2-to-3-times more common than searches for sites. Common deficiencies in APEG region buildings were: too few buildings matching desired sizes and ceiling heights, aging buildings in disrepair or functionally obsolete, and a desire for single-tenant buildings vs. multi-tenant space that was available. Common deficiencies among sites included: missing or inadequate utilities, wetlands and other environmental/archeological impediments, and the need for grading & compaction of sites.

In rural communities, speculative development is typically too risky for private developers without some risk mitigation or subsidy. In the past, the Rural Industrial Park Loan Program, Industrial Site Improvement Fund and Urban & Rural Initiatives were programs at the Ohio Department of Development that could fund greenfield site and building development in

distressed areas of Ohio. However, no JobsOhio or Ohio Development Services Agency (ODSA) programs currently exists to help communities or developers fund speculative industrial buildings or greenfield site development.

ODSA's predecessor, the Ohio Department of Development, managed the Rural Industrial Park Loan Program (RIPL), which was a very effective tool to address the need for speculative greenfield sites and buildings in distressed rural Ohio. The program provided a combination of grant and loan funds for up to 75% of eligible development costs. A related program, the Industrial Site Improvement Fund (ISIF) also provided grant funds for the same purposes. By polling local economic development professionals in the APEG region, we are aware of at least 12 projects funded by these programs in the last 11 years. (We believe that number is actually higher.) These projects resulted in the creation of over 600 jobs in the region. Importantly, many of these projects continue to provide cash flow and equity for local economic development organizations to allow them to undertake additional development projects. The RIPL still exists in the Ohio Revised Code, but funding was abolished in recent budgets. However, the Facilities Establishment Fund, which historically has been the source of ODOD and ODSA loans, continues to receive loan repayments and has received budget appropriations in recent biennial budgets. We believe nearly \$200 million resides in the fund.

The economic development professional community from southern and eastern Ohio is seeking General Assembly support to re-activate and re-capitalize the Rural Industrial Park Loan fund. We need your help developing the prerequisites of ready sites and building for growing jobs in this distressed region.

Sincerely,

Mike Jacoby  
President