

FOR: Presentation at Sam Melden's Neighborhood Meeting, Sanger Library, 6 PM Feb. 11, 2020

Subject: **Vote NO on property tax exemptions for Niki Toledo** (O-039-20)

My name is Harry . I live in Old Orchard, and I am a member of the Old Orchard Neighborhoods Assn. I want to thank Sam Melden, our new District 5 representative, for holding this meeting on short notice.

My statement includes these four main points:

- 1. First and foremost: if Niki Toledo, Bob's Discount Furniture and TJ Maxx cannot exist without these tax exemptions, then they are not viable businesses and should not come to Toledo.**
- 2. Westgate does NOT need tax exemptions to prosper.**
- 3. The proposed retailers do NOT bring anything new or unique to Toledo.**
- 4. The proposed retailers will not bring any NEW jobs to Toledo.**

Niki Toledo, based in California, has purchased the old Elder-Beerman store. They plan to tear down the building and build two new retail stores: Bob's Discount Furniture and a TJ Maxx. For this they want City Council to grant them tax exemptions. Why is that important? Because what they want will cost the Toledo taxpayers over \$4.5 million dollars, that is why!

Normally City Council would have a Committee hearing on such an important issue, whereby the public could speak and ask questions. But that did not happen here. [ref: first on Council's agenda Jan. 28]. A Committee hearing had been scheduled but was cancelled. Last Tuesday I went to Council, and asked if there was going to be a Committee hearing, and if so, when and where. I never got an answer. I was told Council would not vote on this until after tonight's unofficial neighborhood meeting. So if you want to speak on this issue, tonight may be your only chance. And there are only??? Council members here tonight.

So what is this all about? The proposed legislation asks the City to establish what is known as an Enterprise Zone for Niki Toledo's proposed retail development at the old Elder-Beerman site, 3311 Secor Road, and give them a tax exemption. This is a bad deal. The tax exemption will cost Toledo taxpayers over \$4.5 million dollars. It should be rejected. There is a poster that shows on page 1 the complete cost analysis.

Westgate does not need tax exemptions to prosper.

- Retail is NOT economic development! In fact, Toledo's Enterprise Zone Policy says it is not! The first section of the policy, Eligibility states: Quote "Projects that contribute to the net economic welfare are those that market their goods and services beyond the northwestern Ohio region and thus bring new dollars into the region. Examples of such activities include: manufacturing, research and development, as well as transportation and distribution (other than local)." End-quote. {Let me read that again}.
- The Westgate area is NOT industrial, and it is certainly NOT distressed. In just the last couple of years, Secor Road, between Westgate and I-475 have added: 2 new hotels for a total of 4; Whole Foods; Krispy Kreme, Bubba's, Texas Roadhouse, Chick-Fil-A and Packo's; a rebuilt McDonald's and multiple restaurants in shopping centers. Last Call Liquors is under construction, and a Cincy Crab restaurant has been announced – all in one of the fastest growing retail areas in Toledo. **None of these businesses or their landlords asked for Enterprise Zone exemptions.**
- The Ordinance for Niki Toledo says that there have been NO OTHER Enterprise Zone applications in Toledo for at least 10 years! Don't you wonder why City Council is pushing so hard for this one?

The proposed retailers do NOT bring anything unique or special to our area.

- They sell absolutely nothing new or unique. Less than 1 mile from the proposed 'Bob's Discount Furniture' on Monroe is 'Furniture Row', with Living, Dining and Bedroom furniture shops and Denver Mattress. This is **exactly the type** of furniture that Bob's Discount Furniture sells. Also less than one mile away is Value City Furniture on Monroe and a Furniture Palace in the Foodtown Plaza on Central, again selling the same product lines. La-Z Boy Furniture Gallery and Art Van are less than 2 miles away. The furniture business has also changed dramatically in just the last few years: away from brick and mortar stores to the Internet.
- TJ Maxx sells clothing, shoes, bedding, kitchen goods, etc. The **same kind of goods** that Elder-Beerman sold before they went out of business! TJ Maxx will compete with the stores around Franklin Park, such as Macy's, JC Penney, Bed, Bath & Beyond, and Kohl's. None of those corporations are doing well financially, and each are closing stores around the US. And there is already a TJ Maxx about 5 ½ miles away, on W. Alexis.
- Will Bob's Discount Furniture and TJ Maxx still be here in 15 years? If not, how will the City deal with the situation? And if they are, will they want more concessions? **The contract the city wants to sign for this proposal isn't even with Bob's Discount and TJ Maxx.** Niki Toledo is a San Diego, California-based commercial developer/landlord who has no control over the operations of either of these stores.
- A restaurant is proposed in front of these stores, directly on Secor. There are **currently 48** fast food and sit-down restaurants along 1 mile of the Secor Road corridor! We don't need another! I have a list of them if anyone is interested.

The proposed retailers will not bring any NEW jobs to Toledo.

- Niki claims they will add 23 full-time and 40 part-time jobs. But they never mention the jobs that will be lost elsewhere. Toledo's population continues to shrink and the per-capita income is well below the national average. All sales at these new stores will be sales lost by competitors, who will have to lay off staff. This is not a new phenomenon. All you have to do is drive around Toledo to see the results of stores that went out of business when competitors moved in. Will the TJ Maxx on Alexis close if this one opens? The City's Economic Development Department never seems to mention what is lost; only what might be gained. This project is not an economic gain for Toledo as Niki claims.
- What gets short-changed if Niki Toledo gets this exemption? Most likely Toledo's General Fund which pays for Police, Fire & Rescue, and other essential personnel. If Niki Toledo doesn't want to pay their share, those who protect us every day will be affected and the rest of us will pick up the slack.
- Niki Toledo says the exemption is necessary due to the "substantial asbestos remediation and demolition work required." And how much do they estimate the cost of that asbestos remediation and demolition? **~\$1.25 million. Yet they are asking for > \$4.5 million, or nearly 4 times their actual cost!** And who pays for that **>\$4.5 million? Toledo's taxpayers pay.**

The Elder-Beerman store was built in 1961. During that period, asbestos was widely used. It was used in the Elder-Beerman store, in the National Amusements Theater and the Bennett-Emmert Funeral Home, also built in 1961. The Clarion Hotel also contained asbestos. But the developers that demolished these buildings a few years ago did NOT ask for an Enterprise Zone Tax Exemption?

Niki Toledo, based in California, is part of the Niki Group, founded in 1971. The application for tax exemption was signed by a Niki Group official, who lives in California. The Niki Group provides financing and invests with professional development partners. Their website shows 65 buildings for sale, recently acquired, or joint ventures. They are all new developments for stand alone national chain stores or small strip malls.

So Niki Toledo knew, or should have known, that there was asbestos in the building before they purchased it. And they also knew, or should have known, that retail today does NOT favor rehabing large stand-alone

buildings. They should have factored in the cost of asbestos remediation when they determined what they would pay for this building back in Dec. 2016 when they bought it. If they did not, or did not estimate that cost correctly, that's their problem, not the problem of Toledo's taxpayers. Niki Toledo must absorb the cost.

Niki Toledo has implied that leaving the building empty will be a blight. The old Foodtown grocery store, just across Secor from the Elder-Beerman, has been vacant for over 20 years! Yet that has not prevented Secor from becoming one of the most sought-after areas in Toledo. And even empty buildings are required to pay their taxes.

Niki Toledo has also said that Washington Local Schools will not be out any tax revenues. But the schools – which should NOT have to suffer from exemptions – will be reimbursed by Toledo taxpayers. What goes to Washington Local is part of the >\$4.5 million that Toledo taxpayers would pay!

Back in 2002, Mayor Jack Ford considered a Tax Exemption for Southwyck, which was struggling. City Councilman Pete Gerken said tax exemptions are not designed for retail businesses, and other retailers would quickly seek them, too. A new City Councilman concurred, saying the city will have a tough time denying tax exemptions for other retail applications. That new Councilman was Wade Kapszukiewicz, our current Mayor.

Finally, on March 17, Toledo's voters will decide whether to increase Toledo's 'temporary' income tax for 10 years, which Mayor Kapszukiewicz says will generate \$44 million annually. How can Council expect voters to approve a tax increase when they are now **proposing to give away over \$4.5 million to low-wage retailers that we don't need?**

I repeat: if Niki Toledo, Bob's Discount Furniture and TJ Maxx cannot exist without these tax exemptions, then they are not viable businesses and should not come to Toledo.

I ask that you write or call City Council, and say you want Council to vote 'NO' on this tax exemption ordinance for Niki Toledo.

- You can call 419-245-1050, or go www.toledo.oh.gov, and search for Elected Officials. And voice your concerns to Councilman Melden and the other Council members here tonight.