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Annexations slow to a crawl

Franklin County land transfers hit 11-year low as home-construction business loses steam

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Debbie Gebolys
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Developers and landowners have slammed the brakes on annexations in Franklin County.

Statistics show that just 508 acres of township land moved into adjoining municipalities last year in only 25 annexations.

By contrast, more than 1,500 acres were annexed in 50 petitions in 2004. The number and size of annexations in 2006 were the smallest in at least 11 years, records show.

Observers say they expect the trend to continue in 2007, as central Ohio's economy and real-estate market head into another weak year.

"I don't see it improving," said Don Brosius, a lawyer who specializes in annexation cases. "It's going to be a couple of years ... because it's going to be tough to dig out of this hole."

Building permits for new homes in central Ohio last year were down more than a third from 2005 levels, according to Columbus Chamber economist Bill Lafayette. In his 2007 forecast delivered last week, he and two other economists predicted another bad year for builders.

Jim Hilz, executive director of the Building Industry Association of Central Ohio, said he isn't surprised that the annexation pipeline is drying up. Homebuilders began seeing a buyer slowdown 18 months ago and it hasn't stopped.

"It's the lack of job growth," Hilz said. "We're experiencing a very difficult time. ... It's not just new-home sales. It's existing-home sales as well. The inventory is extremely high."

Unsold homes aren't the only inventory that's high. Land that developers expected to need for house sites also is piling up.

Dominion Homes and M/I Homes, the biggest builders in central Ohio, said in Securities and Exchange Commission filings late last year that they both are trying to sell millions of dollars worth of undeveloped land.

Delaware County's housing boom is also influencing the drop-off in Franklin County, said Jim Schimmer, development director for Franklin County.

"Delaware County's boom has been something that pulled a lot of residential development

energy out of Franklin County."

Nonetheless, he said the weak economy is the biggest factor in the housing downturn.

"There aren't a number of large developments that are occurring," Schimmer said. "Instead of new subdivisions, they do phase three of an existing project. It makes a lot of sense because it's less speculative."

It's quite a change, though, from the region's boom years. In 1990, Columbus gained more than 1,200 acres that eventually became the Polaris Centers of Commerce. In 1995, Columbus got more than 2,000 acres of Hamilton Township for Rickenbacker Air Industrial Park.

More recently, there was the 2001 rush, when more than 4,000 acres were annexed. That was the last year before state law changed and some feared annexation would become more difficult. It also was when the Hayden Run corridor, planned for thousands of new homes between Dublin and Hilliard, was annexed to Columbus.

"Developers drive annexation," said Columbus Planning Director Vince Papsidero, "and annexation occurs years in advance of development."

He isn't dismayed by the downturn.

"It isn't necessarily a bad thing," he said. "We've seen some developers find the vacant ground within the (city) to be developed." Schimmer agreed that there's an upside. "Our development may be slow as compared to the national average but it's been consistent," he said. "There's a lot of strength in that because we don't have a volatile market."
dgebolys@dispatch.com

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