



## Legislation Text

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**File #:** 3153-2022, **Version:** 1

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**Background:** City Council passed Ordinance 1732-2019 authorizing the City to enter into an Economic Development Agreement, dated September 27, 2019 (“EDA”), with The Gravity Project 2 LLC (the “Developer”) and Columbus Housing Partnership, Inc. (“Homeport”). In furtherance of the commitments in the EDA, City Council passed Ordinance 0072-2020 (the “TIF Ordinance”) to establish a new tax increment financing (“TIF”) area under Section 5709.40(B) of the Ohio Revised Code (the “Gravity Phase II TIF”). The Gravity Phase II TIF includes Homeport’s parcel(s) at the northwest corner of McDowell St. and W. State St. as well as the parcels originally controlled by the Developer between W. Broad St. on the north, W. State St. on the south, McDowell St. on the west, and the CSX railroad on the east, but it did not include Tax Parcel ID number 010-042942 or Tax Parcel ID number 010-301918, as they existed at the time of the passage of the TIF Ordinance (the “Additional Parcels”), since they were not controlled by the Developer. An affiliate of the Developer acquired the Additional Parcels on November 10, 2021.

In order for the Gravity Phase II TIF to be administered more efficiently due to the combination of these two new parcels into other parcels within the Gravity Phase II TIF, the City has agreed to add the Additional Parcels to the Gravity Phase II TIF. The improvements to the Additional Parcels will have the same one-hundred percent exemption and 30-year term as the current parcels under the TIF Ordinance. The applicable portion of the annual service payments from the Additional Parcels will be distributed directly to the Columbus City Schools. The remaining non-school portion of those service payments will be paid to the City for deposit into the Gravity Phase II TIF Fund to be used to finance certain public infrastructure improvements in accordance with the Cooperative Agreement dated May 1, 2021 by and among the City, the Columbus-Franklin County Finance Authority, the Developer, Gravity 2 - Garage LLC, and the Gravity II New Community Authority, which said agreement was authorized by City Council pursuant to Ordinance 0976-2020. To effectuate these changes, this legislation will amend Ordinance 2283-2012, as previously amended by the TIF Ordinance, to remove the Additional Parcels from the existing East Franklinton TIF. This legislation will also amend the TIF Ordinance to add the Additional Parcels to the Gravity Phase II TIF.

**Fiscal Impact:** No funding is required for this legislation. The City is foregoing real property tax revenue that it would have received from redevelopment on the Additional Parcels. Instead, the non-school portion of that revenue will be diverted to the Gravity Phase II TIF Fund.

**Emergency Justification:** Emergency legislation is necessary to maximize revenue for the public improvements under the cooperative agreement requiring the Additional Parcels be added to the Gravity Phase II TIF immediately; this will allow the City to file the exemption application, on all of the parcels of the Gravity Phase II TIF, collectively with the county and state without delay as the TIF exemption commenced with tax year 2022 in accordance with Section 2 of the TIF Ordinance.

To amend Ordinance 2283-2012 by removing Tax Parcel ID number 010-042942 and Tax Parcel ID number 010-301918, as they existed at the time of the passage of Ordinance 0072-2020, from the East Franklinton TIF; to amend Ordinance 0072-2020 to add the same parcels to the Gravity Phase II TIF; to declare the improvements to said parcels to be a public purpose and exempt from real property taxation for the same exemption percentage and term as the original Gravity Phase II TIF parcels; to require the owner(s) of said parcels to make service payments in lieu of taxes; to require the distribution of the applicable portion of those service payments to the Columbus City School District; to deposit the remainder of those service payments into the Gravity Phase II TIF Fund to finance certain public infrastructure improvements in accordance with the Cooperative Agreement dated May 1, 2021; and to declare an emergency.

**WHEREAS**, pursuant to Section 5709.40(B) of the Ohio Revised Code and Ordinance 2283-2012, City Council created the East Franklinton Tax Increment Financing area bounded by the CSX railroads on the north and east, State Route 315 on the west, and I-70 and the Scioto River on the south; and

**WHEREAS**, pursuant to Ordinance 1732-2019, City Council authorized the City to enter into an Economic Development Agreement dated September 27, 2019 (“EDA”) with The Gravity Project 2 LLC (the “Developer”) and Columbus Housing Partnership, Inc. (“Homeport”) putting forth the commitment to create a new tax increment financing (“TIF”) area encompassing the Developer’s and Homeport’s parcels under Section 5709.40(B) of the Ohio Revised Code (the “Gravity Phase II TIF”); and

**WHEREAS**, in order to facilitate the EDA, City Council passed Ordinance 0072-2020 (the “TIF Ordinance”) to amend Ordinance 2283-2012 to remove from the East Franklinton TIF their parcels at the northwest corner of McDowell St. and W. State St. as well as between W. Broad St. on the north, W. State St. on the south, McDowell St. on the west, and the CSX railroad on the east and to place them into the Gravity Phase II TIF; and

**WHEREAS**, Tax Parcel ID number 010-042942 and Tax Parcel ID number 010-301918, as they existed at the time of the passage of the TIF Ordinance (as depicted on this Exhibit A, the “Additional Parcels”), within the aforementioned described boundaries were not removed from the East Franklinton TIF and included in the Gravity Phase II TIF, as they were not controlled by the Developer at that time; and

**WHEREAS**, an affiliate of the Developer acquired the Additional Parcels on November 10, 2021, and the Developer and the City have agreed to remove the Additional Parcels from the East Franklinton TIF and add them to the Gravity Phase II TIF in order to more easily administer the two TIFs due to the Additional Parcels being combined with existing parcels in the Gravity Phase II TIF; and

**WHEREAS**, it has been determined to be in the best interest of the City to exempt from taxation one-hundred percent of the improvements to the Additional Parcels for the same thirty-year exemption term as the original parcels of the Gravity Phase II TIF (with the Additional Parcels now being included as a “Parcel” and collectively included with the “Parcels” as defined in and for purposes of the TIF Ordinance); and

**WHEREAS**, the City has determined that the applicable portion of the service payments in lieu of taxes shall be paid directly to the Columbus City School District (the “School District”) in an amount equal to the real property taxes that the School District would have been paid if the improvements to the Additional Parcels had not been exempted from taxation; and

**WHEREAS**, the remaining non-school service payments in lieu of taxes from the Additional Parcels will be distributed to the City for deposit into the Gravity Phase II TIF Fund to be used for certain public infrastructure improvements in accordance with Ordinance 0976-2020 and its authorized Cooperative Agreement dated May 1, 2021 (the “Agreement”) by and among the City, the Columbus-Franklin County Finance Authority, the Developer, Gravity 2 - Garage LLC, and the Gravity II New Community Authority; and

**WHEREAS**, notice of this proposed legislation has been delivered to the School District in accordance with and within the time periods prescribed in Sections 5709.40 and 5709.83 of the Ohio Revised Code, as applicable; and

**WHEREAS**, an emergency exists in the usual daily operations of the Department of Development in that to maximize revenue available for remittance under the Agreement it is necessary to proceed as quickly as possible with adding the Additional Parcels to the Gravity Phase II TIF and filing the exemption application before the end of the 2022 tax year when the Gravity II TIF exemption commenced, thereby preserving the public health, peace, safety and welfare; **NOW, THEREFORE**,

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:**

**Section 1.** Amendment to Ordinance 2283-2012 and the TIF Ordinance. Council finds and determines that Exhibit A to Ordinance 2283-2012, as previously amended by the TIF Ordinance, and Exhibit A to the TIF Ordinance, are hereby repealed and replaced with Exhibit A attached hereto to remove the Additional Parcels from the East Franklinton TIF and add them to the Gravity Phase II TIF.

**Section 2.** Parcels of the Gravity Phase II TIF. In consideration of Section 1 above, Council finds and determines that the Parcels, as defined in the TIF Ordinance, and set forth in its Exhibit A, are hereby supplemented to include the Additional Parcels as set forth in this new Exhibit A. The Additional Parcels shall each be considered a Parcel and included in the Parcels for all purposes of the TIF Ordinance, as amended herein.

**Section 3.** No Other Modifications. That except as provided herein, all other provisions of the TIF Ordinance shall remain in full force and effect. It is the intent of City Council that the TIF Ordinance and this Ordinance be construed together as a single instrument.

**Section 4.** Further Authorizations. This Council ratifies the delivery of the notice of this Ordinance to the School District pursuant to Section 5709.40 and Section 5709.83 of the Ohio Revised Code; hereby authorizes and directs the Director of the Department of Development, the City Clerk, or other appropriate officers of the City or their designees to deliver a copy of this Ordinance and status reports to the Ohio Department of Development pursuant to Section 5709.40 (I) of the Ohio Revised Code; to make such arrangements as are necessary and proper for the collection of the service payments in lieu of taxes from the Additional Parcels; and further authorizes those same officials of the City and their designees to execute such other agreements and instruments and to take all actions necessary to implement this Ordinance.

**Section 5.** Effective Date. For the reasons stated in the Preamble hereto, which is made a part hereof, this Ordinance is declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor or ten days after the passage if the Mayor neither approves nor vetoes the same.