



Legislation Details (With Text)

File #: 1498-2020 **Version:** 1

Type: Ordinance **Status:** Passed

File created: 6/18/2020 **In control:** Economic Development Committee

On agenda: 7/6/2020 **Final action:** 7/9/2020

Title: To create the Scioto Peninsula Tax Increment Financing Area encompassing a portion of the Scioto Peninsula redevelopment area; to declare improvements to those parcels to be a public purpose and exempt from real property taxation; to require the owners of those parcels to make service payments in lieu of taxes; to require the distribution of the applicable portion of those service payments to Columbus City Schools; to establish a municipal public improvement tax increment equivalent fund for the deposit of the remainder of those service payments; and to declare an emergency.

Sponsors:

Indexes:

Code sections:

Attachments: 1. ORD1498-2020 Scioto Peninsula TIF Ordinance (6-18-20), 2. ORD1498-2020 Scioto Peninsula TIF Ordinance (6-18-20) Ex.pdf

Date	Ver.	Action By	Action	Result
7/9/2020	1	CITY CLERK	Attest	
7/7/2020	1	ACTING MAYOR	Signed	
7/6/2020	1	COUNCIL PRESIDENT	Signed	
7/6/2020	1	Columbus City Council	Approved	Pass

Background: The City Department of Development has determined to facilitate the urban redevelopment of property currently owned by the City on the Scioto Peninsula to the west of COSI into a mixed use development featuring office, hotel, and multifamily (including workforce housing) components. In connection with that redevelopment, the City has entered into an economic development agreement and a long term lease with, and agreed to transfer a certain portion of the property to, Scioto Peninsula Holdings, Ltd., a subsidiary of the Columbus Downtown Development Corporation, which is serving as master developer for the redevelopment.

In order to pay for costs of public infrastructure improvements necessary to implement the redevelopment plan for this property, the attached Ordinance establishes a tax increment financing (“TIF”) area encompassing the redevelopment area bounded by West Capital Street, West Chapel Street South Belle Street, and Starling Street and provides for a 100% exemption from real property taxation on all improvements to the parcels within the TIF area for a period of not more than thirty (30) years for each parcel. Columbus City Schools will receive, in the same manner as usual, all amounts that it would have received in real property taxes had the tax exemption not been granted. Annual service payments in lieu of taxes will be made with respect to improvements to the TIF parcels. The applicable portion of those service payments will be distributed directly to Columbus City Schools, with the remaining non-school portion of those service payments paid to the City for deposit into the applicable TIF fund established in this Ordinance, to be used to fund infrastructure improvements benefiting the TIF parcels pursuant to a separately authorized TIF and Cooperative Agreement.

Emergency Justification: Emergency legislation is required to allow for immediate effectiveness of this ordinance, which is necessary in order to enable the timely redevelopment of the above described project.

Fiscal Impact: No funding is required for this legislation. The City is foregoing real property tax revenue that it would have received from development on the TIF parcels. Instead, the non-school portion of that revenue will be diverted to

the TIF fund.

To create the Scioto Peninsula Tax Increment Financing Area encompassing a portion of the Scioto Peninsula redevelopment area; to declare improvements to those parcels to be a public purpose and exempt from real property taxation; to require the owners of those parcels to make service payments in lieu of taxes; to require the distribution of the applicable portion of those service payments to Columbus City Schools; to establish a municipal public improvement tax increment equivalent fund for the deposit of the remainder of those service payments; and to declare an emergency.

WHEREAS, the Department of Development has determined to facilitate the redevelopment of property currently owned by the City on the Scioto Peninsula with a mix of uses, including office, hotel and multifamily residential (with workforce housing components), and the City has entered into an economic development agreement and a long term lease agreement with, and agreed to transfer a certain portion of the property to, Scioto Peninsula Holdings, Ltd. (the “Developer”), a subsidiary of the Columbus Downtown Development Corporation, which is serving as master developer for the redevelopment, pursuant to Ordinances 3121-2016; 0193-2017; and 3212-2019, respectively; and

WHEREAS, it is necessary to construct a number of public infrastructure improvements to enable the desired redevelopment, with the costs of a portion of those improvements to be funded by the City as part of its annual Capital Improvements Budget, and a portion to be funded by or on behalf of the Developer from service payments in lieu of taxes paid by owners of redeveloped parcels in the Scioto Peninsula TIF and community development charges to be collected by the Scioto Peninsula New Community Authority to be established by City Council; and

WHEREAS, Ohio Revised Code Sections (“ORC”) 5709.40, 5709.42, and 5709.43 (collectively, the “TIF Act”) authorize this Council, by ordinance, to declare the improvement to parcels of real property located within the City to be a public purpose and exempt from taxation, require the owner of each parcel to make service payments in lieu of taxes, establish a municipal public improvement tax increment equivalent fund for the deposit of those service payments, and specify the purposes for which money in that fund will be expended; and

WHEREAS, to facilitate the desired redevelopment of the Scioto Peninsula and pay costs of the public infrastructure improvements, this Council has determined that it is necessary and appropriate and in the best interest of the City to exempt from taxation one hundred percent (100%) of the improvement to each Parcel (as defined in Section 1 of this ordinance) as permitted and provided in ORC 5709.40(B), as applicable, for up to thirty (30) years and to simultaneously direct and require the current and future owners of each Parcel (each individually an “Owner” and collectively the “Owners”) to make annual Service Payments (as defined in Section 4 of this ordinance) in lieu of real property tax payments, in the same amount as they would have made real property tax payments but for the exemption provided by this Ordinance; and

WHEREAS, the City has determined that a portion of the Service Payments shall be paid directly to Columbus City Schools in an amount equal to the real property taxes that the school district would have been paid if the improvement to each Parcel located within the school district had not been exempt from taxation pursuant to this Ordinance; and

WHEREAS, pursuant to Section 5709.43(A) of the Ohio Revised Code, this Council has determined to establish a municipal public improvement tax increment equivalent fund in which there shall be deposited the remaining Service Payments distributed to the City as provided herein; and

WHEREAS, notice of this proposed ordinance has been delivered to the Board of Education of Columbus City Schools in accordance with and within the time periods prescribed in ORC 5709.40 and 5709.83; and

WHEREAS, an emergency exists in that this Ordinance is required to be immediately effective in order to enable the timely redevelopment of the Parcels, such action being necessary for the preservation of the public health, peace, property and safety; **NOW, THEREFORE**,

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

Section 1. Parcels. The real property subject to this ordinance is identified and depicted on Exhibit A (as currently or subsequently configured, the “Parcels” with each individual parcel a “Parcel”).

Section 2. Public Infrastructure Improvements. This Council hereby designates the public infrastructure improvements described in Exhibit B (the “Public Infrastructure Improvements”) and any other public infrastructure improvements hereafter designated by ordinance as public infrastructure improvements made, to be made, or in the process of being made by the City that directly benefit, or that once made will directly benefit, the Parcels.

Section 3. Exemption. Pursuant to 5709.40(B), this Council hereby finds and determines that one hundred percent (100%) of the increase in assessed value of each Parcel subsequent to the effective date of this ordinance (which increase in assessed value is hereinafter referred to as the “Improvement” as defined in ORC 5709.40(A)) is hereby declared to be a public purpose and exempt from taxation for a period commencing on the earlier of January 1 of the tax year in which at least an aggregate of Five Million Dollars (\$5,000,000) of Improvements would appear on the tax list and duplicate for such tax year for such Parcel (it being the intent that each Parcel be exempt for separate 30 year periods) were it not for the exemption granted by this ordinance and ending on the earlier of (a) thirty (30) years after such commencement or (b) the date on which the City can no longer require service payments in lieu of taxes, all in accordance with the requirements of the TIF Act. The exemption provided by this ordinance is subordinate to any exemption for a Parcel granted pursuant to ORC 3735.65 et. seq. (community reinvestment area), ORC 5709.61 et. seq. (enterprise zone) and O.R.C. Section 5709.08.

Section 4. Service Payments. As provided in ORC 5709.42, the owner of each Parcel is hereby required to make service payments in lieu of taxes with respect to the Improvement allocable to each Parcel to the Franklin County Treasurer on or before the final dates for payment of real property taxes. The service payments in lieu of taxes will be charged and collected in the same manner and in the same amount as the real property taxes that would have been charged and collected against that Improvement if it were not exempt from taxation pursuant to Section 3, including any penalties and interest (collectively, the “Service Payments”). The Service Payments, and any other payments with respect to each Improvement that are received in connection with the reduction required by ORC 319.302, 321.24, 323.152 and 323.156, as the same may be amended from time to time, or any successor provisions thereto as the same may be amended from time to time (the “Property Tax Rollback Payments”), will be deposited and distributed in accordance with Section 6.

Section 5. TIF Fund. This Council establishes, pursuant to and in accordance with the provisions of ORC 5709.43, the Scioto Peninsula Municipal Public Improvement Tax Increment Equivalent Fund (the “TIF Fund”), into which the Service Payments and Property Tax Rollback Payments collected with respect to the Parcels and not required pursuant to this Ordinance to be distributed to Columbus City Schools will be deposited. The TIF Fund will be maintained in the custody of the City. The City may use amounts deposited into the TIF Fund only for the purposes authorized in the TIF Act and this ordinance (as it may be amended). The TIF Fund will remain in existence so long as the Service Payments and Property Tax Rollback Payments are collected and used for the aforesaid purposes, after which time the TIF Fund will be dissolved and any surplus funds remaining therein transferred to the City's General Fund, all in accordance with ORC 5709.43.

Section 6. Distributions; Payment of Costs. Pursuant to the TIF Act, the County Treasurer is requested to distribute the Service Payments and Property Tax Rollback Payments as follows:

- a. To the Columbus City Schools, an amount equal to the amount the school district would otherwise receive as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the Improvement to each Parcel if the Improvement had not been exempt from taxation pursuant to this ordinance.

b. To the City, all remaining amounts for further deposit into the TIF Fund for payment of costs of the Public Infrastructure Improvements, including, without limitation, debt charges on any notes or bonds issued to pay or reimburse finance costs or costs of those Public Infrastructure Improvements.

All distributions required under this Section are requested to be made at the same time and in the same manner as real property tax distributions.

Section 8. Further Authorizations. This Council hereby authorizes the Director of Development, the City Clerk or other appropriate officers of the City to deliver a copy of this ordinance to the Ohio Development Services Agency and to make such arrangements as are necessary and proper for collection of the Service Payments. This Council further authorizes the Director of Development, the City Clerk, the City Attorney or other appropriate officers of the City to prepare and sign all agreements and instruments and to take any other actions as may be appropriate to implement this ordinance.

Section 9. TIRC. The City's Tax Incentive Review Council (TIRC) shall review annually all exemptions from taxation resulting from the declarations set forth in this Ordinance and any other matters as may properly come before the TIRC, all in accordance with Section 5709.85 of the Ohio Revised Code.

Section 10. Effective Date. For the reasons stated in the Preamble hereto, which is hereby made a part hereof, this Ordinance is hereby 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.