



Legislation Details (With Text)

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Title: To authorize the Director of the Department of Development to dissolve the City of Columbus Downtown Office Incentive Agreement with ORIX Real Estate Capital Holdings, LLC dba Lancaster Pollard Mortgage Company and Red Mortgage Capital (collectively, referred to as "GRANTEE").

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
7/26/2023	1	CITY CLERK	Attest	
7/25/2023	1	ACTING MAYOR	Signed	
7/24/2023	1	COUNCIL PRESIDENT	Signed	
7/24/2023	1	Columbus City Council	Approved	Pass
7/17/2023	1	Columbus City Council	Read for the First Time	

BACKGROUND: Columbus City Council ("**Council**"), by Ordinance No. 1701-2019 (the "**Ordinance**"), approved on July 22, 2019, authorized the Director of the Department of Development of the City of Columbus ("**CITY**") to enter into a Columbus Downtown Office Incentive Agreement (the "**AGREEMENT**") with ORIX Real Estate Capital Holdings, LLC dba Lancaster Pollard Mortgage Company and Red Mortgage Capital (collectively, hereinafter referred to as "**GRANTEE**") for an annual cash payment equal to fifty percent (50%) of the City of Columbus income tax withheld on the payroll for the new employees added to the city of Columbus for a term of five (5) consecutive years on the retention of one-hundred eighty-seven (187) full-time positions with an estimated payroll of approximately \$18.1 million and the creation of sixty-two (62) net new full-time permanent positions with an annual payroll of \$6.1 million at 10 West Broad Street, Columbus, Ohio 43215, (the "**PROJECT SITE**"). The **AGREEMENT** was made and entered into effective October 31, 2019, with the incentive term beginning January 1, 2020 through December 31, 2024 for a five (5) year credit.

In an electronic written communication from the **GRANTEE** received by the **CITY** on January 11, 2023, the **GRANTEE** requested that the City of Columbus dissolve its current **AGREEMENT** with the **CITY**. Unfortunately, the **GRANTEE** indicated that the anticipated expansion and growth as previously planned will not occur in the City. Due to the prolonged nature of the COVID-19 pandemic and its many ripple effects, the **GRANTEE** will not create the proposed new jobs as described in the **AGREEMENT**. Additionally, the **GRANTEE's** parent company acquired another large company of approximately the same size in 2020 and shifted the company's headquarters from Columbus, Ohio to New York, New York. The **GRANTEE** is voluntarily seeking to cancel the **AGREEMENT** effective immediately because of the effects of the coronavirus ("COVID-19"). There is a need to dissolve this **AGREEMENT** between the **CITY** and **GRANTEE** related to the effects of the COVID-19 pandemic, change of ownership, and the relocation of the company's corporate headquarters.

FISCAL IMPACT:

No funding is required for this legislation.

To authorize the Director of the Department of Development to dissolve the City of Columbus Downtown Office Incentive Agreement with ORIX Real Estate Capital Holdings, LLC dba Lancaster Pollard Mortgage Company and Red Mortgage Capital (collectively, referred to as "GRANTEE").

WHEREAS, the City of Columbus ("CITY") entered into a Columbus Downtown Office Incentive Agreement (the "AGREEMENT") with ORIX Real Estate Capital Holdings, LLC dba Lancaster Pollard Mortgage Company and Red Mortgage Capital (collectively, and hereinafter referred to as the "GRANTEE") effective October 31, 2019; and

WHEREAS, Columbus City Council ("Council"), approved the **AGREEMENT** by Ordinance No. 1701-2019 (the "ORDINANCE"), adopted on July 22, 2019, and granted an annual cash payment equal to fifty percent (50%) of the City of Columbus income tax withheld on the payroll for the New Employees added to the City of Columbus for a term of five (5) consecutive years thereafter (i.e. January 1, 2020 through December 31, 2024 for a 5-year credit); and

WHEREAS, the incentive was granted in consideration of a total proposed investment of approximately \$200,000.00 in stand-alone computers to expand the **GRANTEE's** regional office in a commercial office space within the Central Business District consisting of approximately 68,874 square feet, the retention of one hundred eighty-seven (187) full-time permanent positions with an annual payroll of approximately \$18.1 million and the creation of sixty-two (62) new full-time permanent positions with an estimated annual payroll of approximately \$6.1 million (the "**PROJECT**") at 10 West Broad Street, Columbus, Ohio 43215 (the "**PROJECT SITE**") The **AGREEMENT** was made and entered into effective October 31, 2019, with the incentive term beginning January 1, 2020 through December 31, 2024, for a 5-year credit; and

WHEREAS, in an electronic written communication from the **GRANTEE** received by the **CITY** on January 11, 2023, the **GRANTEE** requested that the City of Columbus dissolve its current **AGREEMENT** with the **CITY**. Unfortunately, the **GRANTEE** indicated that the anticipated expansion and growth as previously planned will not occur in the City. Due to the prolonged nature of the COVID-19 pandemic and its many ripple effects, the **GRANTEE** will not create the proposed new jobs as described in the **AGREEMENT**. Additionally, the **GRANTEE's** parent company acquired another large company of approximately the same size in 2020 and shifted the company's headquarters from Columbus, Ohio to New York, New York. The **GRANTEE** is voluntarily seeking to cancel the **AGREEMENT** effective immediately because of the effects of the Coronavirus ("COVID-19"). There is a need to dissolve this **AGREEMENT** between the **CITY** and **GRANTEE** related to the effects of the COVID-19 pandemic, change of ownership along and the relocation of the company's corporate headquarters; and

WHEREAS, it has become necessary in the usual daily operation of the Department of Development, to take action on this agreement in order for this dissolution to be legislated so that this dissolution of the **AGREEMENT** can be reported to the necessary local and state agencies prior to the end of calendar year 2023, all to preserve the public health, property, safety, and welfare; and **NOW THEREFORE**,

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

SECTION 1. That Columbus City Council finds and determines that there is good reason to dissolve the Agreement entered into by and between the City and ORIX Real Estate Capital Holdings, LLC dba Lancaster Pollard Mortgage Company and Red Mortgage Capital, dated October 31, 2019. The Agreement is hereby dissolved as of the effective date of this Ordinance.

SECTION 2. That the Director of the Department of Development is authorized and directed to notify the necessary

government agencies of the dissolution of this Agreement.

SECTION 3. That this Ordinance shall take effect and be in force from and after the earliest period allowed by law.