



City of Columbus

Office of City Clerk
90 West Broad Street
Columbus OH 43215-9015
columbuscitycouncil.org

Legislation Text

File #: 0349-2005, **Version:** 1

Background: The Department of Development is proposing the establishment under Section 5709.40(C) of the Ohio Revised Code of two tax increment financing (TIF) incentive districts in the northwest area of Columbus.

The attached ordinance establishes those incentive districts and provides for a 100% exemption on all development within the incentive district for a period of not more than 30 years. Annual service payments in lieu of taxes with respect to development within the incentive district will be paid into a special TIF Fund. It is important to note that the Columbus City School District will receive at the same time and in the same manner as usual all monies that it would have received in real property taxes had the TIF exemption not been granted. Revenue derived from the service payments in lieu of taxes will be used to fund public infrastructure improvements benefiting the development of approximately 450 acres, which will include the construction of approximately 2,650 residential units (single-family residences, town homes and ranch condominiums) and benefiting commercial development to service the new residential development, and benefiting the Hayden Run Corridor.

Fiscal Impact: The City is foregoing real property tax revenue that it would have received in respect of development within the incentive districts. Instead, that revenue will be diverted to the TIF Fund.

An ordinance creating the Hayden Run Corridor North Incentive District and the Hayden Run Corridor South Incentive District; declaring the increase in assessed valuation of parcels within each Incentive District to be a public purpose; exempting from taxation 100 percent of that increase in assessed valuation; describing the public improvements to be made to benefit those parcels; requiring owners thereof to make service payments in lieu of taxes; establishing municipal public improvement tax increment equivalent funds for the deposit of service payments; and protecting the Columbus City School District against any loss of tax revenue. **(AMENDED BY ORD. 2592-2014 PASSED 11/17/2014)**

WHEREAS, the parcels of real property specifically identified and depicted in Exhibit A-1 and Exhibit A-2 attached hereto (collectively, the "*Property*") are located in the City of Columbus (the "*City*"), County of Franklin, State of Ohio; and

WHEREAS, the City has previously acted to facilitate the development of the Property and the Hayden Run Corridor by its Ordinance No. 1433-2004 passed November 22, 2004 authorizing a Memorandum of Understanding with M/I Homes of Central Ohio, LLC, ("*M/I*"), Dominion Homes, Inc ("*Dominion*"), Huntington Tower Associates, LLC ("*Huntington*") and Lifestyle Communities Ltd., ("*Lifestyle*") (M/I, Dominion, Huntington and Lifestyle are sometimes hereinafter individually referred to as a "*Developer*" and collectively as the "*Developers*"), executed to foster the development of the Property and the Hayden Run Corridor and authorizing the execution of documents necessary to complete the development; and

WHEREAS, Section 5709.40(C), Ohio Revised Code ("*Revised Code*"), authorizes the legislative authority of a municipal corporation, by ordinance, to create an incentive district and to declare improvements to parcels of real property located within the incentive district to be a public purpose and exempt from taxation; and

WHEREAS, this Council has determined to create two incentive districts known as the Hayden Run Corridor North Incentive District (the "*Hayden Run North District*") and the Hayden Run Corridor South Incentive District (the "*Hayden Run South District*"), and together with the Hayden Run North District, the "*Incentive Districts*") pursuant to Section 5709.40(C), Revised Code, the boundary of which shall be coextensive with the boundary of the Property; and

WHEREAS, by Ordinance No. 1959-2004, passed on November 22, 2004, this Council previously approved an economic

development plan for the Incentive Districts (the "*Development Plan*"), which plan is on file in the office of the City Clerk; and

WHEREAS, the Columbus City Engineer has certified to this Council that (i) each Incentive District is less than 300 acres in size, (ii) the Incentive Districts are enclosed by continuous boundaries, and (iii) the public infrastructure serving the Incentive Districts are inadequate to meet the development needs of the Property as evidenced by the Development Plan; and

WHEREAS, each Developer intends to make or cause to be made certain improvements to certain parcels within the Incentive Districts owned by it, which improvements are described in Exhibit C attached hereto (collectively, the "*Project*"), and which improvements this Council has determined are a public purpose under Section 5709.40(C), Revised Code; and

WHEREAS, this Council has determined that the life of the Incentive Districts shall be 30 years and that it is necessary and appropriate and in the best interest of the City to exempt from taxation 100% of the improvements to parcels within the Incentive Districts as permitted and provided in Section 5709.40(C), Revised Code for the 30 year life of the Incentive Districts and to simultaneously direct and require the current and future owner(s) of parcels within the Incentive Districts (each individually an "*Owner*" and collectively the "*Owners*") to make annual service payments in lieu of the real property tax payments in the same amount as the real property tax payments they would have made except for the exemption provided by this Ordinance ("*Service Payments*"), which Service Payments shall be made to the Franklin County Treasurer on or before the final dates for payment of real property taxes; and

WHEREAS, this Council intends to cause to be constructed the public infrastructure improvements described in Exhibit B attached hereto (the "*Public Infrastructure Improvements*"), that once made would directly benefit and/or serve the Incentive Districts; and

WHEREAS, pursuant to Section 5709.43(A), Revised Code, this Council has determined to establish a municipal public improvement tax increment equivalent fund for each Incentive District into which there shall be deposited Service Payments distributed to the City; and

WHEREAS, this Council has determined that a portion of the Service Payments shall be paid to the Columbus City School District, Ohio (the "*School District*") in an amount equal to the real property taxes that the School District would have been paid if improvements to parcels within the Incentive Districts had not been exempted from taxation pursuant to this Ordinance; and

WHEREAS, notice of this proposed Ordinance has been delivered to the Board of Education of the School District in accordance with and within the time periods prescribed in Sections 5709.40(C) and 5709.83, Revised Code; **NOW, THEREFORE,**

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

Section 1. Pursuant to Section 5709.40(C), Revised Code, the City hereby creates the "Hayden Run Corridor North Incentive District", the boundary of which shall be coextensive with the boundaries of the property identified on Exhibit A-1 attached hereto, and the "Hayden Run Corridor South Incentive District", the boundary of which shall be coextensive with the boundary of the property on Exhibit A-2 attached hereto. Each Incentive District shall have a life of 30 years, commencing on the effective date of this Ordinance.

Section 2. In accordance with Section 5709.40(C), Revised Code, the City hereby finds and determines that the increase in the assessed value of the parcels within each Incentive District subsequent to the effective date of this Ordinance is and shall be a public purpose, which increase in assessed value is hereinafter referred to as the "*Improvement*", as defined in Section 5709.40(A), Revised Code.

Section 3. The City hereby exempts 100% of the Improvement from taxation (the "*Exemption*"), as and when an exemption is claimed and allowed in the manner provided by law. The exemption granted in this Ordinance shall commence on the effective date of this Ordinance shall end no later than 30 years from that effective date.

Section 4. The City hereby directs and requires the Owners to make annual Service Payments to the Franklin County Treasurer on or before the final dates for payment of real property taxes, and authorizes and directs the Director of the Department of Trade and Development (the "*Director*"), the Clerk of Council, the Director of Law, the City Auditor, or other appropriate officers of the City, to make such arrangements as are necessary and proper for collection from the Owners of said service payments in lieu of taxes.

Section 5. The City hereby designates the Public Infrastructure Improvements described in Exhibit B attached hereto as Public Infrastructure Improvements that directly benefit and/or serve both Incentive Districts.

Section 6. In accordance with the Sections 5709.40 and 5709.42, Revised Code, and this Ordinance, the Franklin County Treasurer shall pay directly to the School District a portion of the Service Payments made to the Franklin County Treasurer equal to the amount of the real property taxes that the School District would have received if the Improvement had not been exempted from taxation pursuant to this Ordinance. The Franklin County Treasurer shall pay to the City for deposit into the respective TIF Fund (defined in Section 7 hereof) the remainder of those Service Payments.

Section 7. The City hereby establishes the "Hayden Run North Tax Equivalent Fund" (the "*Hayden Run North TIF Fund*") and the "Hayden Run South Tax Equivalent Fund" (the "*Hayden Run South TIF Fund*"), together with the Hayden Run North TIF Fund, the "*TIF Funds*"), into which the Franklin County Treasurer shall deposit the portion of the Service Payments attributable to the respective Incentive District and not required to be distributed to the School District pursuant to Section 6 hereof. Any expenditure of Service Payments deposited into the TIF Funds is subject to the expenditure restrictions and appropriation requirements of Sections 27 through 31 of the Charter of the City. The TIF Funds shall remain in existence so long as Service Payments are collected and used for the aforesaid purposes, after which the TIF Funds shall be dissolved in accordance with Section 5709.43, Revised Code.

Section 8. The Director is authorized to prepare or cause to be prepared a Tax Increment Financing Agreement (the "*TIF Agreement*") with the City providing among other things, the payment of such service payments in lieu of taxes. Any TIF Agreement shall be presented to this Council for its approval.

Section 9. Pursuant to Section 5709.40(G), Revised Code, the City Clerk is hereby directed to deliver a copy of this Ordinance to the Director of Development of the State of Ohio within fifteen days after its effective date. Further, and on or before March 31 of each year that the Exemption set forth in Section 3 hereof remains in effect as provided in Section 3 hereof, the City Clerk or other authorized officer of the City shall prepare and submit to the Director of Development of the State of Ohio the status report required under Section 5709.40(G), Revised Code.

Section 10. This Ordinance shall take effect and be in force from and after the earliest period allowed by law.