



## Legislation Text

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**File #:** 1159-2005, **Version:** 1

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**Background:** The Department of Development is proposing the establishment under Section 5709.40(B) of the Revised Code of two tax increment financing (TIF) areas, and under Section 5709.40(C) of the Revised Code of three tax increment financing incentive districts on East Broad Street from Taylor Station Road to Waggoner Road.

The attached ordinance establishes the TIF areas and those incentive districts and provides for a 100% exemption on all development within the TIF areas and the incentive districts for a period of not more than 30 years. Annual service payments in lieu of taxes with respect of development within the TIF areas and the incentive districts will be paid into five separate TIF Funds, each established in this ordinance. It is important to note that the Columbus City School District, Reynoldsburg City School District, Jefferson Township-Licking Heights School District, and Gahanna-Jefferson City School District will each 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 exemptions not been granted. Revenue derived from the service payments in lieu of taxes from the TIF areas will be used to fund various public improvements benefiting the TIF areas and the East Broad Street corridor. Revenue derived from the service payments in lieu of taxes from the incentive districts will be used to fund public infrastructure improvements benefiting the incentive districts and the East Broad Street corridor.

**Fiscal Impact:** No funding is required for this legislation. The City is foregoing real property tax revenue that it would have received in respect of development within the TIF areas and incentive districts. Instead, that revenue will be diverted to the specified TIF Fund to be used for public infrastructure improvements benefiting the TIF areas and the incentive districts.

An ordinance creating three tax increment financing incentive districts pursuant to Section 5709.40(C) of the Revised Code; creating two TIF areas pursuant to Section 5709.40(B) of the Revised Code; declaring improvements to the real property located in the incentive districts and TIF areas to be a public purpose; exempting from real property taxation 100 percent of those improvements; requiring the owners thereof to make service payments in lieu of taxes; establishing municipal public improvements tax increment equivalent funds for the deposit of the service payments collected from the incentive district and TIF area property owners; protecting the school districts serving the incentive districts and TIF areas against any loss of tax revenue as a result of the exemptions granted by this Ordinance; describing the public infrastructure improvements to be made within the incentive districts and TIF areas; and authorizing the execution of a tax increment financing agreement with respect to the incentive districts and TIF areas (\$0).

**WHEREAS**, the owners (the "*Commercial Owners*") of the real property located in the City of Columbus, County of Franklin, Ohio (the "*City*") depicted on Exhibit A attached hereto (the "*Commercial Property*", with the real property identified as "Lucent" on Exhibit A referred to herein as the "*Lucent Commercial Property*" and the real property identified as the "Columbus Corporate Center" and "East Broad/Waggoner Road Retail" on Exhibit A referred to herein as the "*East Broad Commercial Property*"), or their successors or assigns, have or will develop various commercial projects in the Commercial Property described in Exhibit E attached hereto (collectively, the "*Commercial Project*") and this Council expects to make the public infrastructure improvements described on Exhibit C hereto (the "*Commercial Public Infrastructure Improvements*"), that once made will directly benefit the Commercial Property; and

**WHEREAS**, this Council has determined that it is necessary and appropriate and in the best interest of the City to exempt from taxation 100% of the improvements to the East Broad Commercial Property as permitted and provided in Section 5709.40(B) of the Ohio Revised Code (the "*Revised Code*") for up to 30 years, and to simultaneously direct and require the current and future owner (s) of the East Broad Commercial Property to make annual service payments in lieu of the real property tax payments in the same amount as they would have made real property tax payments except for the exemption provided by this Ordinance (the "*East Broad Commercial Service Payments*"), which East Broad Commercial 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 has determined that it is necessary and appropriate and in the best interest of the City to exempt from taxation 100% of the improvements to the Lucent Commercial Property as permitted and provided in Section 5709.40(B) of the Ohio Revised Code (the "*Revised Code*") for up to 30 years, and to simultaneously direct and require the current and future owner(s) of the Lucent Commercial Property to make annual service payments in lieu of the real property tax payments in the same amount as they would have made real property tax payments except for the exemption provided by this Ordinance (the "*Lucent Commercial Service Payments*"), which Lucent Commercial Service Payments shall be made to the Franklin County Treasurer on or before the final dates for payment of real property taxes; and

**WHEREAS**, the City has determined that a portion of the East Broad Commercial Service Payments and the Lucent Commercial Service Payments shall be paid to the Columbus City School District, Reynoldsburg City School District, Jefferson Township-Licking Heights School District, and Gahanna-Jefferson City School District (together, the "*School Districts*") in an amount equal to the real property taxes that each School District would have been paid if improvements to the Commercial Property located in such School District had not been exempted from taxation pursuant to this Ordinance; and

**WHEREAS**, pursuant to Section 5709.43(A) of the Revised Code, this Council has determined to establish a municipal public improvement tax increment equivalent fund for the East Broad Commercial Property which there shall be deposited East Broad Commercial Service Payments distributed to the City; and

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

**WHEREAS**, the owners (the "*Residential Owners*") of the real property located in the City and depicted on Exhibit B attached hereto (the "*Residential Property*"), or their successors or assigns, have or will develop various residential projects in the Residential Area described in Exhibit F attached hereto (collectively, the "*Residential Project*") and this Council expects to make the public infrastructure improvements described on Exhibit D hereto (the "*Residential Public Infrastructure Improvements*"), that once made will directly benefit the Incentive Districts (as defined below); and

**WHEREAS**, Section 5709.40(C) of the 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 incentive districts known as the Lucent Incentive District (the "*Lucent District*"), Dominion Incentive District (the "*East Broad Dominion District*") and Waggoner Incentive District (the "*Waggoner M/I District*"), and together with the Lucent District and the East Broad Dominion District, the "*Incentive Districts*") pursuant to Section 5709.40(C) of the Revised Code, the boundary of which shall be coextensive with the boundary of the Residential Property; and

**WHEREAS**, by Resolution No. 2124-2004, this Council previously approved an Economic Development Plan for the Residential Property (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 Residential Property; and

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

**WHEREAS**, the City has determined that a portion of the Residential Service Payments shall be paid to the School Districts in an amount equal to the real property taxes that each School District would have been paid if improvements to the Residential Property located in such School District had not been exempted from taxation pursuant to this Ordinance; and

**WHEREAS**, pursuant to Section 5709.43(A) of the 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 Residential Service Payments distributed to the City; and

**WHEREAS**, this Council has determined to provide for the execution and delivery of a Tax Increment Financing Agreement to provide for the development of the Commercial Property and the Residential Property; and

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

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

**Section 1.** Pursuant to and in accordance with the provisions of Section 5709.40(B) of the Revised Code, this Council hereby finds and determines that 100% of the increase in assessed value in each parcel of the East Broad Commercial Property subsequent to the effective date of this Ordinance (which increase in assessed value is hereinafter referred to as the "*East Broad Commercial Improvement*") is hereby declared to be a public purpose, and shall be exempt from taxation for a period commencing with the first tax year that begins after the effective date of this Ordinance and in which an East Broad Commercial Improvement first appears on the tax list and duplicate of real and public utility property and ending on the earlier of (a) thirty (30) years after such exemption commenced 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 Sections 5709.40 and 5709.42 of the Revised Code.

**Section 2.** Pursuant to and in accordance with the provisions of Section 5709.40(B) of the Revised Code, this Council hereby finds and determines that 100% of the increase in assessed value in each parcel of the Lucent Commercial Property subsequent to the effective date of this Ordinance (which increase in assessed value is hereinafter referred to as the "*Lucent Commercial Improvement*") is hereby declared to be a public purpose, and shall be exempt from taxation for a period commencing with the first tax year that begins after the effective date of this Ordinance and in which a Lucent Commercial Improvement first appears on the tax list and duplicate of real and public utility property and ending on the earlier of (a) thirty (30) years after such exemption commenced 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 Sections 5709.40 and 5709.42 of the Revised Code.

**Section 3.** Pursuant to Section 5709.40(C) of the Revised Code, the City hereby creates the "*Lucent Incentive District*", "*East Broad Dominion Incentive District*" and "*Waggoner M/I Incentive District*", the boundaries of which shall be coextensive with the boundaries of the Residential Property as depicted on Exhibit B. This Council hereby finds and determines that 100% of the increase in assessed value of each parcel of the Residential Property subsequent to the effective date of this Ordinance (which increase in assessed value is hereinafter referred to as the "*Residential Improvement*") is hereby declared to be a public purpose, and shall be exempt from taxation for a period commencing with the first tax year that begins after the effective date of this Ordinance and in which a Residential Improvement first appears on the tax list and duplicate of real and public utility property and ending on the earlier of (a) thirty (30) years after such exemption commenced 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 Sections 5709.40 and 5709.42 of the Revised Code.

**Section 4.** Pursuant to Section 5709.42 of the Revised Code, the City hereby directs and requires the current and future owners of the East Broad Commercial Property to make annual East Broad Commercial Service Payments to the Franklin County Treasurer on or before the final dates for payment of real property taxes.

**Section 5.** Pursuant to Section 5709.42 of the Revised Code, the City hereby directs and requires the current and future owners of the Lucent Commercial Property to make annual Lucent Commercial Service Payments to the Franklin County Treasurer on or before the final dates for payment of real property taxes.

**Section 6.** Pursuant to Section 5709.42 of the Revised Code, the City hereby directs and requires the current and future owners of the Residential Property to make annual Residential Service Payments to the Franklin County Treasurer on or before the final dates for payment of real property taxes.

**Section 7.** The City hereby designates the Commercial Public Infrastructure Improvements described in Exhibit C attached hereto as public infrastructure improvements that directly benefit and/or serve the Commercial Property as further specified on Exhibit C.

**Section 8.** The City hereby designates the Residential Public Infrastructure Improvements described in Exhibit D attached hereto as public infrastructure improvements that directly benefit and/or serve the Incentive Districts as further specified on Exhibit D.

**Section 9.** In accordance with the Sections 5709.40 and 5709.42 of the Revised Code, and this Ordinance, the Franklin County Treasurer shall pay directly to the School Districts a portion of the East Broad Commercial Service Payments made to the Franklin County Treasurer equal to the amount of the real property taxes that each School District would have received if the East Broad Commercial Improvements had not been exempted from taxation pursuant to this Ordinance. The Franklin County Treasurer shall pay to the City for deposit into the East Broad Commercial TIF Fund (defined in Section 12 hereof) the remainder of those East Broad Commercial Service Payments.

**Section 10.** In accordance with the Sections 5709.40 and 5709.42 of the Revised Code, and this Ordinance, the Franklin County Treasurer shall pay directly to the School Districts a portion of the Lucent Commercial Service Payments made to the Franklin County Treasurer equal to the amount of the real property taxes that each School District would have received if the Lucent Commercial Improvements had not been exempted from taxation pursuant to this Ordinance. The Franklin County Treasurer shall pay to the City for deposit into the Lucent Commercial TIF Fund (defined in Section 13 hereof) the remainder of those Lucent Commercial Service Payments.

**Section 11.** In accordance with the Sections 5709.40 and 5709.42 of the Revised Code, and this Ordinance, the Franklin County Treasurer shall pay directly to the School Districts a portion of the Residential Service Payments made to the Franklin County Treasurer equal to the amount of the real property taxes that each School District would have received if the Residential Improvements had not been exempted from taxation pursuant to this Ordinance. The Franklin County Treasurer shall pay to the City for deposit into the Residential TIF Funds (defined in Section 14 hereof) the remainder of those Residential Service Payments, as appropriate.

**Section 12.** The City hereby establishes the "East Broad Commercial Tax Equivalent Fund" (the "*East Broad Commercial TIF Fund*"), into which the Franklin County Treasurer shall deposit the portion of the East Broad Commercial Service Payments collected from the Commercial Property not required to be distributed to the School Districts pursuant to Section 9 hereof. Any expenditure of East Broad Commercial Service Payments deposited into the East Broad Commercial TIF Fund is subject to the expenditure restrictions and appropriation requirements of Sections 27 through 31 of the Charter of the City. The East Broad Commercial TIF Fund shall remain in existence so long as East Broad Commercial Service Payments are collected and used for the aforesaid purposes, after which the East Broad Commercial TIF Fund shall be dissolved in accordance with Section 5709.43 of the Revised Code.

**Section 13.** The City hereby establishes the "Lucent Commercial Tax Equivalent Fund" (the "*Lucent Commercial TIF Fund*"), into which the Franklin County Treasurer shall deposit the portion of the Lucent Commercial Service Payments collected from the Lucent Commercial Property not required to be distributed to the School Districts pursuant to Section 10 hereof. Any expenditure of Lucent Commercial Service Payments deposited into the Lucent Commercial TIF Fund is subject to the expenditure restrictions and appropriation requirements of Sections 27 through 31 of the Charter of the City. The Lucent Commercial TIF Fund shall remain in existence so long as Lucent Commercial Service Payments are collected and used for the aforesaid purposes, after which the Lucent Commercial TIF Fund shall be dissolved in accordance with Section 5709.43 of the Revised Code.

**Section 14.** The City hereby establishes for the Incentive Districts, the "Lucent Tax Equivalent Fund" (the "*Lucent TIF Fund*"), "East Broad Dominion Tax Equivalent Fund" (the "*East Broad Dominion TIF Fund*") and the "Waggoner M/I Tax Equivalent Fund" (the "*Waggoner M/I TIF Fund*"), together with the Lucent TIF Fund and the East Broad Dominion TIF Fund, the "*Residential TIF Funds*"), into which the Franklin County Treasurer shall deposit the portion of the Residential Service Payments collected from the Incentive Districts not required to be distributed to the School District pursuant to Section 11 hereof. Any expenditure of Residential Service Payments deposited into the Residential TIF Funds is subject to the expenditure restrictions and appropriation requirements of Sections 27 through 31 of the Charter of the City. The Residential TIF Funds shall remain in existence so long as Residential Service Payments are collected and used for the aforesaid purposes, after which the Residential TIF Funds shall be dissolved in accordance with Section 5709.43 of the Revised Code.

**Section 15.** The form of Tax Increment Financing Agreement between the City, certain of the Commercial Owners and certain of the Residential Owners (the "*TIF Agreement*") presently on file with the City Clerk, providing for, among other things, filing of exemption applications and the expenditure of amounts in the Commercial TIF Fund and the Residential TIF Funds, is hereby approved and authorized with changes therein not inconsistent with this Ordinance and not substantially adverse to the City and which shall be approved by the Director of the City's Department of Development (the "*Director*"). The Director, for and in the name of the City, is hereby authorized to execute the TIF Agreement in substantially that form with any one or more of the Commercial Owners or Residential Owners, provided that the approval of changes thereto by the Director, and the character of those changes as not being substantially adverse to the City, shall be evidenced conclusively by the execution thereof by the Director. The Director is hereby directed to enter into the TIF Agreement within 10 business days of the effective date of this Ordinance. This Council further hereby authorizes and directs the City Auditor to make such arrangements as are necessary and proper for the receipt of the Service Payments from the Commercial Owners and the Residential Owners.

**Section 16.** Pursuant to Section 5709.40(G) of the 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 exemptions set forth in Section 1, Section 2 and Section 3 hereof remain in effect, 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) of the Revised Code.

**Section 17.** This Ordinance shall take effect and be in force from and after the earliest period allowed by law.