



Legislation Text

File #: 2093-2023, **Version:** 1

Background: City Council passed Ordinance No. 3097-2015 (the “Original TIF Ordinance”) on December 14, 2015 that declared improvements to certain parcels of real property located in the City to be a public purpose, and established a non-school tax increment financing (TIF) area pursuant to R.C. Section 5709.40(B) in the vicinity of the Milo-Grogan neighborhood (the “Milo-Grogan TIF”). The non-school portion of those service payments in lieu of taxes (the “Service Payments”) paid to the City for deposit into the Milo-Grogan TIF Fund will be used to finance public infrastructure improvements benefiting the Milo-Grogan TIF parcels in anticipation of new developments around the neighborhood.

Half Baked Holdings, LLC (the “Developer”) is redeveloping the former Kroger Bakery site on Cleveland Avenue (the “Site”) directly south of the Milo-Grogan TIF into a mixed-use development consisting of approximately 40,300 square feet of office, 9,600 square feet of retail, 363 multi-family units, 401 garage parking spaces, and an urban green space (collectively, the “Project”). Pursuant to Ordinance No. 0508-2021 passed on March 8, 2021 by City Council, the City entered the southern manufacturing building on the Site, which is also the former Ford Motor Company Branch Assembly Plant, on the Columbus Register of Historic Properties.

To further support the preservation of the now vacant, historical Site, and repurposing it for the Project, the City is submitting an ordinance for City Council consideration to amend the Original TIF Ordinance by adding the nonresidential improvements on the Site and other parcels surrounding the Milo-Grogan TIF to the same 100% exemption and 30-year term as the currently exempted parcels under the Original TIF Ordinance, and requiring that new Service Payments be deposited into the tax increment equivalent fund established for the Milo-Grogan TIF (the “Milo-Grogan TIF Fund”). This Ordinance will authorize the City to enter into a TIF Agreement with the Developer, and appropriate and authorize the expenditure of Service Payments deposited in the Milo-Grogan TIF Fund to reimburse the Developer for the costs of certain public infrastructure improvements, as defined in R.C. 5709.40(A)(8), pursuant to that TIF Agreement. This Ordinance will also authorize the appropriation and transfer of Service Payments from the Milo-Grogan TIF Fund to the Housing Business Tax Incentive Fund for the City’s retention of its economic development fees under the TIF Agreement as those fees are authorized by Ordinance No. 3169-2022.

Fiscal Impact: The City is appropriating and authorizing the expenditure of service payments in lieu of taxes deposited, and to be deposited, into the Milo-Grogan TIF Fund in accordance with a tax increment financing agreement between the City and Half Baked Holdings, LLC.

To authorize the appropriation and transfer of \$10,000.00 of service payments in lieu of taxes between the Milo-Grogan TIF Fund and the Housing Business Tax Incentive Fund; to authorize the appropriation and transfer of \$5,000.00 annually of service payments in lieu of taxes between the Milo-Grogan TIF Fund and the Housing Business Tax Incentive Fund during the term of the tax increment financing agreement; to appropriate and authorize the expenditure of service payments in lieu of taxes deposited, or to be deposited, into the Milo-Grogan TIF Fund to the developer or its designee; to authorize the Director of the Department of Development, on behalf of the City, to enter into a tax increment financing agreement between the City and Half Baked Holdings, LLC for reimbursement of certain public infrastructure improvements, as defined by R.C. 5709.40(A)(8). (\$10,000.00)

WHEREAS, pursuant to R.C. Section 5709.40(B) and Ordinance No. 3097-2015 (the “Original TIF Ordinance”) passed December 14, 2015, City Council declared improvements to certain parcels of real property to be a public purpose, and established a non-school tax increment financing (TIF) including those certain parcels in the area generally bounded on all sides by the railroads surrounding the Milo-Grogan neighborhood (the “Milo-Grogan TIF”); and

WHEREAS, directly south of the Milo-Grogan TIF, Half Baked Holdings, LLC (the “Developer”) acquired approximately ±9.3 acres on which it is redeveloping the former Kroger Bakery site on Cleveland Avenue (the “Site”) into a mixed-use development consisting of approximately 40,300 square feet of office, 9,600 square feet of retail, 363 multi-family units, 401 garage parking spaces, and an urban green space (collectively, the “Project”); and

WHEREAS, Ordinance No. 0508-2021, passed on March 8, 2021 by City Council, authorized the City to enter the southern manufacturing building on the Site, which is also the former Ford Motor Company Branch Assembly Plant, on the Columbus Register of Historic Properties; and

WHEREAS, to help preserve the historic Site and repurpose it for the Project, the City is submitting for City Council consideration an ordinance to expand the Milo-Grogan TIF area and declare nonresidential improvements to certain parcels of real property in the expanded area to be a public purpose, and to exempt from taxation one-hundred percent (100%) of the nonresidential improvements of the Project on the Site, and nonresidential improvements on other parcels surrounding the Milo-Grogan TIF, for the same thirty-year exemption term as the existing parcels of the Milo-Grogan TIF; and

WHEREAS, the non-school service payments in lieu of taxes from the additional parcels will be distributed to the City for deposit into the tax increment equivalent fund established for the Milo-Grogan TIF (the “Milo-Grogan TIF Fund”), along with the existing collection of non-school service payments in lieu of taxes in that fund, to be used for the costs of certain public infrastructure improvements benefiting the Site and the Project, as defined by R.C. 5709.40(A)(8); and

WHEREAS, it is now necessary to appropriate and authorize the expenditure or transfer of the non-school service payments in lieu of taxes deposited, and to be deposited, into the Milo-Grogan TIF Fund, as provided hereafter; and

WHEREAS, this legislation will authorize the City to enter into a TIF Agreement with the Developer to use the non-school service payments within the Milo-Grogan TIF Fund for the reimbursement of certain public infrastructure improvements, as defined by R.C. 5709.40(A)(8), thereby preserving the public health, peace, safety and welfare; **NOW, THEREFORE,**

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

SECTION 1. TIF Agreement. That in consideration of the above, and consistent with the authority identified in R.C. 5709.40(B), the Director of the Department of Development (the “Director”), or his or her designee, for and in the name of the City, is authorized to execute and enter into the tax increment financing agreement (the “TIF Agreement”) with the Developer presently on file with the Director, along with any changes or amendments thereto not inconsistent with this Ordinance and not substantially adverse to the City, and which shall be approved by the Director and the City Attorney, provided that the approval of such changes and amendments thereto, and the character of those changes and amendments as not being substantially adverse to the City, shall be evidenced conclusively by the execution and delivery hereof, and to pay for the costs of certain public infrastructure improvements as identified in the TIF Agreement.

SECTION 2. Subsequent Actions. That the Director or other appropriate officers of the City are authorized to execute such other agreements, modifications, and instruments, subject to approval by the City Attorney’s Office, and to take all actions as may be necessary to implement this Ordinance and the transactions contemplated by the TIF Agreement.

SECTION 3. City TIF Closing Fee Appropriation. That from the unappropriated monies and from all monies estimated to come into said fund from any and all sources and unappropriated for any other purpose during the fiscal year ended December 31, 2023, the sum of \$10,000.00 is appropriated in Fund 7469 (Milo-Grogan TIF Fund), Dept-Div 4402

(Economic Development), Object Class 10 (Transfer Out Operating) per the account codes in the attachment to this ordinance.

SECTION 4. City TIF Closing Fee Transfer. That the transfer of \$10,000.00 or so much thereof as may be needed, is authorized from Fund 7469 (Milo-Grogan TIF Fund), Dept-Div 4402 (Economic Development) to Fund 2229 (Housing Business Tax Incentive Fund), Dept-Div 4402 (Economic Development) per the account codes in the attachment to this ordinance.

SECTION 5. City TIF Administrative Fee. That subject to the authorization of the Director, the City Auditor is authorized to appropriate and make annual transfers as funds are received in Fund 7469 to Fund 2229 for the City TIF Administrative Fee, as that term is further described in the TIF Agreement and is currently \$5,000.00 per each outstanding TIF included in the TIF Agreement pursuant to this Ordinance and Ordinance No. 3169-2022.

SECTION 6. Appropriation and Expenditure. That the service payments in lieu of taxes and property tax rollback payments deposited and to be deposited into the Milo-Grogan TIF Fund (Fund 7469) created by the Original TIF Ordinance shall be deemed appropriated for the purposes set forth in the TIF Agreement and authorized to be expended therefrom in accordance with the Original TIF Ordinance, this Ordinance and the TIF Agreement authorized herein. The City Auditor is authorized to make payments to the Developer, or its authorized designee, from the Milo-Grogan TIF Fund in accordance with the TIF Agreement upon order of the Director, or his or her designee, and that no order shall be drawn or money paid except by voucher, the form of which shall be approved by the City Auditor.

SECTION 7. Accounting Codes. Funds are deemed appropriated and expenditures and transfers are authorized to carry out the purposes of this ordinance. That the City Auditor is authorized to establish such accounting codes as necessary, to make any accounting changes to revise the funding source for all agreements, contracts, amendments, or modifications associated with this Ordinance and the transactions contemplated by the TIF Agreement.

SECTION 8. Unencumbered Balance. That the City Auditor is authorized to transfer the unencumbered balance in a project account or subfund to the unallocated balance account within the same fund upon receipt of certification by the Director of the Department administering said project that the project has been completed and the monies are no longer required for said project.

SECTION 9. Effective Date. That this Ordinance shall take effect and be in force from and after the earliest period allowed by law.