



City of Columbus

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Legislation Text

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Background: Through a series of annexations and rezoning ordinances passed this decade for properties within the Rocky Fork-Blacklick community of northeast Columbus, City Council has approved infill developments consisting of primarily multi-family developments and some smaller commercial developments. Through these various ordinances, there is projected to be up to 1,134 new multi-family units with an estimated value of almost \$150,000,000 likely to be constructed over the next couple of years. These developments are also not currently within one of the City's existing tax increment financing ("TIF") incentive districts that have been historically used to finance public infrastructure improvements necessary to accommodate the new population growth in this area. Through collaboration between multiple City departments, there is anticipated to be a need for additional TIF revenue as the estimated costs of planned public infrastructure improvements (with additional work contemplated as being necessary) are outstripping the revenue generated by the existing TIFs.

This Ordinance establishes a new non-school TIF area pursuant to Ohio Revised Code Sections 5709.40(B), 5709.42, and 5709.43 that will include the aforementioned developments primarily between State Route 161 and Walnut Street to the north and south and Cabbage Road and New Albany Road to the west and east as depicted on Exhibit A attached hereto (the "Rocky Fork II TIF"). The proposed Rocky Fork II TIF will provide for a one-hundred percent (100%) exemption from real property taxation on the improvements to those parcels within the Rocky Fork II TIF for a coextensive period for all parcels of not more than thirty (30) years. Eastland-Fairfield Career & Technical Schools, Columbus City Schools, New Albany-Plain Local Schools, and Westerville City Schools will receive, in the same manner as usual, all amounts they would have received in real property taxes had the tax exemption herein not been granted. Annual service payments in lieu of taxes will be made by the owners of each parcel with respect to improvements to the Rocky Fork II TIF parcels. The applicable portion of those service payments in lieu of taxes will be distributed directly to the applicable school districts, and the remaining portion of those service payments in lieu of taxes will be paid to the City for deposit into the appropriate TIF fund established by this Ordinance to be used to finance public infrastructure improvements benefiting the Rocky Fork II TIF parcels.

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 Rocky Fork II TIF parcels. Instead, the non-school portion of that revenue will be diverted to the TIF fund.

To create the Rocky Fork II TIF encompassing undeveloped infill parcels within the Rocky Fork-Blacklick community of northeast Columbus; 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 the Eastland-Fairfield Career & Technical Schools, Columbus City Schools, New Albany-Plain Local Schools, and Westerville City Schools; and to establish a municipal public improvement tax increment equivalent fund for the deposit of the remainder of those non-school service payments.

WHEREAS, through a series of annexations and rezoning ordinances passed this decade for properties within the Rocky Fork-Blacklick community primarily between State Route 161, Walnut Street, Cabbage Road, and New Albany Road,

City Council has approved infill developments consisting of primarily multi-family developments and some smaller commercial developments; and

WHEREAS, through these various ordinances, there is projected to be up to 1,134 new multi-family units with an estimated value of almost \$150,000,000 to be constructed that are also not currently within one of the City’s existing tax increment financing (“TIF”) incentive districts; and

WHEREAS, there is a need for additional TIF revenue for public infrastructure improvements identified in Exhibit B attached hereto (collectively, the "Public Infrastructure Improvements" and each a "Public Infrastructure Improvement") to accommodate the new population growth in the Rocky Fork-Blacklick community as the estimated costs of such are outstripping the revenue generated by the existing TIFs; and

WHEREAS, Ohio Revised Code (“R.C.”) Sections 5709.40, 5709.42, and 5709.43 (collectively, the “TIF Statutes”) 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, provide for the distribution of the applicable portion of such service payments to the school districts in which those parcels are located and to the City, establish a municipal public improvement tax increment equivalent fund for the deposit of those non-school service payments, and specify the purposes for which money in that fund will be expended; and

WHEREAS, in order to pay for the 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 establish a tax increment financing area encompassing the aforementioned properties as depicted on Exhibit A attached hereto (the “Rocky Fork II TIF”) to exempt from taxation one-hundred percent (100%) of the improvements to each parcel of real property within the Rocky Fork II TIF (collectively the “Parcels” and each a “Parcel”) as permitted and provided in R.C. 5709.40(B) for up to a thirty (30) year coextensive period for all Parcels 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 payments in lieu of taxes (the “Service Payments”), in the same amount as they would have made real property tax payments but for the exemptions provided by this Ordinance; and

WHEREAS, the City has determined that the applicable portion of the Service Payments shall be paid directly to Eastland-Fairfield Career & Technical Schools, Columbus City Schools, New Albany-Plain Local Schools, and Westerville City Schools (the “School Districts”) in an amount equal to the real property taxes that the School Districts would have been paid if the improvement to each Parcel located within the School Districts had not been exempt from taxation pursuant to this Ordinance; and

WHEREAS, pursuant to R.C. Section 5709.43(A), this Council has determined to establish a municipal public improvement tax increment equivalent fund in which there shall be deposited the appropriate remaining non-school 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 the School Districts in accordance with and within the time periods prescribed in R.C. Sections 5709.40 and 5709.83, respectively; **NOW, THEREFORE,**

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

SECTION 1. Parcels and Creation of TIF Area. That the Parcels, and each individual Parcel as currently or subsequently configured, subject to this Ordinance are identified and depicted on Exhibit A. The Parcels will be included in a new tax increment financing area the boundaries of which shall be corresponding with the boundary of, and shall include, the Parcels known hereafter as the Rocky Fork II TIF.

SECTION 2. Public Infrastructure Improvements. This Council hereby designates the Public Infrastructure Improvements described in Exhibit B 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 that directly benefit, or that once made, will directly benefit the Parcels.

SECTION 3. Exemption. Pursuant to R.C. Section 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 R.C. Section 5709.40(A)) is hereby declared to be a public purpose and exempt from taxation for a coextensive period for all Parcels, which commences for all Parcels with the tax year that begins on January 1, 2024 (for service payments to be first paid and collected in 2025) 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 Statutes (the “TIF Exemption”). The TIF Exemption provided by this Ordinance is subordinate to any exemption for a Parcel granted pursuant to R.C. Section 3735.65 et. seq. (community reinvestment area), R.C. Section 5709.61 et. seq. (enterprise zone) and R.C. Section 5709.08 (government and public property) (collectively, the “Authorized Superior Exemptions”). Accordingly, and in accordance with R.C. Section 5709.911(B), by this duly enacted Ordinance, this Council provides its duly authorized consent to any Authorized Superior Exemptions to the Parcels applied for after the TIF Exemption.

SECTION 4. Service Payments. As provided in R.C. Section 5709.42, each Owner and collectively the Owners are hereby required to make service payments in lieu of taxes with respect to the Improvement allocable to each Parcel to the Franklin County Treasurer or its designee 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 this Ordinance, 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 R.C. Sections 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 this Ordinance.

SECTION 5. TIF Fund. This Council establishes, pursuant to and in accordance with the provisions of R.C. Section 5709.43, the Rocky Fork II Municipal Public Improvement Tax Increment Equivalent Fund (the “TIF Fund”) into which the appropriate Service Payments and Property Tax Rollback Payments collected with respect to the Parcels and not required pursuant to this Ordinance to be distributed to the School Districts 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 Statutes 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 R.C. Section 5709.43.

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

a. To the School Districts, an amount equal to the amount the School Districts 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 to be made at the same time and in the same manner as real property tax distributions.

SECTION 7. Further Authorizations. This Council hereby authorizes the Director of the Department of Development, the City Clerk or other appropriate officers of the City to deliver a copy of this Ordinance to the Ohio Department of Development and to make such arrangements as are necessary and proper for collection of the Service Payments. This Council further authorizes the Director of the Department 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 8. 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 9. Effective Date. That this Ordinance shall take effect and be in force from and after the earliest period allowed by law.