



Legislation Details (With Text)

File #: 2621-2020 **Version:** 1

Type: Ordinance **Status:** Passed

File created: 11/10/2020 **In control:** Economic Development Committee

On agenda: 11/23/2020 **Final action:** 11/25/2020

Title: To authorize the Director of Development to amend and execute the original Reimbursement Agreement between the City and MORSO Holding Co. dated August 4, 2008 as amended by a First Amendment to Reimbursement Agreement on November 14, 2012; a Second Amendment to Reimbursement Agreement on November 11, 2014; a Third Amendment To Reimbursement Agreement on December 11, 2017 (all four collectively, "the Reimbursement Agreement"), to add The Georgetown Company as a party, to provide for goals for disadvantaged business inclusion, to provide for use of TIF revenue for projects determined by the City, to provide for affordable and workforce housing commitments, to provide for cash payments to the City for community development purposes, to govern the uses of TIF revenue generated by the TIF extension, and to make certain other technical modifications.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
11/25/2020	1	CITY CLERK	Attest	
11/24/2020	1	MAYOR	Signed	
11/23/2020	1	COUNCIL PRESIDENT	Signed	
11/23/2020	1	Columbus City Council	Approved	Pass
11/16/2020	1	Columbus City Council	Read for the First Time	

Background

City Council approved a tax increment financing program for the Easton area in 1996. Thereafter, Council expanded the TIF area in 2003; removed certain undeveloped parcels from the TIF area in 2014; and reconciled the TIF boundaries to account for certain parcel combinations and splits, resulting in the modern configuration of the TIF depicted on Exhibit A to Ordinance 2601-2020 (the "1996 Easton TIF"). The City and MORSO Holding Co. entered into a Reimbursement Agreement on August 4, 2008, as subsequently amended by a First Amendment to Reimbursement Agreement on November 14, 2012; a Second Amendment to Reimbursement Agreement on November 11, 2014; a Third Amendment To Reimbursement Agreement on December 11, 2017 (all four collectively, "the Reimbursement Agreement"), to provide funding for public infrastructure improvements necessary for the development of Easton and the surrounding area from the 1996 Easton TIF.

The General Assembly enacted Revised Code Section 5709.51 in 2019, which allows a municipal legislative authority to extend a TIF with service payments of at least \$1.5 million in the immediately preceding calendar year for an additional 30 year period. The 1996 Easton TIF meets this threshold, and MORSO Holding Co. (the "Developer" named in the Reimbursement Agreement) in partnership with The Georgetown Company has requested that the 1996 Easton TIF be extended for an additional 30 year period (the "Extension Period") in order to provide for the funding of additional public infrastructure necessary for the continued development of Easton. The Department of Development has submitted for City Council consideration Ordinance 2601-2020 to authorize a 30 year extension pursuant to O.R.C. § 5709.51.

In consideration of this extension, and in addition to the income tax benefits to the City and its residents that are generated by the jobs and economic activity generated by Easton, the Developer and Georgetown have offered the following benefits to the City: (1) the City has the right to retain and utilize 12.5% of the revenue from the 1996 Easton TIF during the Extension Period to use for costs as determined by the City (which must be eligible TIF costs under State law), (2) the Developer and Georgetown will commit to using good faith efforts to award at least 30% (in total value) of construction contracts to qualified minority and women-owned businesses within the City for projects that will be reimbursed pursuant to the Reimbursement Agreement, (3) the Developer and Georgetown will donate the property necessary for a 200-unit affordable residential apartment project to a not for profit or other affordable housing development entity and use commercially reasonable efforts to cause such entity to complete such project pursuant to the guidelines which will allow such project to qualify for federal low income housing tax credits, (4) the Developer and Georgetown will commit to causing 20% of the “Subsequent Apartments” to be subject to the City’s workforce housing restrictions on rent and income (“Subsequent Apartments” are defined as any residential rental apartments constructed on property currently owned by the Developer, Georgetown or their respective affiliates within the Easton Square Place Community Reinvestment Area and the Stelzer-Stygler Community Reinvestment Area (collectively, the “Easton CRA”), except for (a) residential apartments for which the original construction commenced prior to the adoption of this ordinance and (b) the first 1,000 market rate residential apartments for which original construction was commenced by the Developer, Georgetown or their respective affiliates after the adoption of this ordinance, and (5) in each calendar year from and including 2021, through and including 2027, the Developer or Georgetown will make an annual cash payment to the City of \$750,000 (\$5,250,000 total), which amount is not reimbursable under the Reimbursement Agreement or subsequent amendments and may be used by the City for any City community development purpose, such as affordable housing, neighborhood redevelopment, and rental assistance.

This ordinance approves a Fourth Amendment to Reimbursement Agreement and Cooperative Agreement (the “Amended Reimbursement & Cooperative Agreement”) to provide for the foregoing benefits to the City, to govern the payments and uses of TIF revenue generated by the extension of the TIF, to add Georgetown as a party, to make other technical modifications to streamline payments of TIF revenue and the financing of the City’s commitments under the Amended Reimbursement & Cooperative Agreement, and to memorialize the parties’ further economic development agreements and obligations pertaining to Easton.

Fiscal Impact

No funding is required for this legislation. The City is appropriating and authorizing the expenditure of TIF revenues to be deposited in the Easton TIF Fund No. 4401 as a result of the extension authorized by Ordinance 2601-2020 in accordance with the Amended Reimbursement & Cooperative Agreement.

To authorize the Director of Development to amend and execute the original Reimbursement Agreement between the City and MORSO Holding Co. dated August 4, 2008 as amended by a First Amendment to Reimbursement Agreement on November 14, 2012; a Second Amendment to Reimbursement Agreement on November 11, 2014; a Third Amendment To Reimbursement Agreement on December 11, 2017 (all four collectively, “the Reimbursement Agreement”), to add The Georgetown Company as a party, to provide for goals for disadvantaged business inclusion, to provide for use of TIF revenue for projects determined by the City, to provide for affordable and workforce housing commitments, to provide for cash payments to the City for community development purposes, to govern the uses of TIF revenue generated by the TIF extension, and to make certain other technical modifications.

WHEREAS, Ordinance 1704-96, passed by this Council on July 22, 1996 pursuant to Ohio Revised Code (“ORC”) Section 5709.40 (as subsequently amended to add additional territory to the TIF area by Ordinance No. 0703-03 and to remove territory from the TIF area by Ordinance No. 2895-2014, the (“1996 Easton TIF Ordinance”), declared improvements to certain parcels of real property that are part of the Easton development (as identified on Exhibit A to Ordinance No. 2601-2020 as the 1996 Easton TIF “Parcels” to be extended, the “1996 TIF Parcels”) to be a public purpose, required the owners of such parcels to make service payments in lieu of taxes (“Service Payments”) and otherwise established a tax increment financing program for those parcels and the Easton development; and

WHEREAS, the City and MORSO Holding Co. (the “Developer”) entered into the original Reimbursement Agreement dated August 4, 2008, which was subsequently amended by a First Amendment dated November 14, 2012, a Second

Amendment dated November 11, 2014 and a Third Amendment dated December 11, 2017 (collectively, the “Reimbursement Agreement”) which provides that the City shall reimburse the Developer, from Service Payments, for the costs of certain public infrastructure improvements that directly benefit or serve the Easton TIF area; and

WHEREAS, City Council by Ordinance 0248-2017 passed February 6, 2017 and Ordinance 1555-2017 passed June 19, 2017 determined, pursuant to House Bill 384 enacted by the 131st General Assembly, that satisfactory provision had been made for the public improvement needs of the 1996 TIF Parcels; and

WHEREAS, this Council further determined that certain remote public improvements identified generally on Exhibit A to Ordinance 0248-2017 (the “Remote Public Improvements”) and that certain public improvements identified generally on Exhibit B of Ordinance 1555-2017 (the “Neighborhood Public Improvements”) will be in support of urban redevelopment within the meaning of Section 5709.41 of the Ohio Revised Code; and

WHEREAS, the Developer, in partnership with The Georgetown Company (“Georgetown”) has requested that City Council extend the TIF exemption for the 1996 TIF Parcels for an additional 30 year period (the “Extension Period”) pursuant to Revised Code Section 5709.51 (the “TIF Extension”) and amend the Reimbursement Agreement to add Georgetown as a party; and

WHEREAS, the Reimbursement Agreement does not currently afford the City the opportunity to utilize Service Payments for TIF eligible projects at the City’s direction and, as a benefit to the City and its residents, the Developer has offered to amend the Reimbursement Agreement to provide that the City has the right to retain 12.5% of the annual Service Payments received from the 1996 TIF Parcels for each year during the Extension Period to utilize for Remote Public Improvements and Neighborhood Public Improvements as directed by the City; and

WHEREAS, as a further benefit to the City and its residents, in order to ensure opportunities for qualified minority and women-owned businesses within the City to participate in projects at Easton, the Developer and Georgetown have offered to use good faith efforts to award at least 30% (in total value) of construction contracts to such qualified minority and women-owned businesses within the City for projects the costs of which will be reimbursed pursuant to the Reimbursement Agreement; and

WHEREAS, as a result of prior agreements and commitments, the Easton Square Place Community Reinvestment Area and the Stelzer-Stygler Community Reinvestment Area (collectively, the “Easton CRA”) is not currently subject to the City’s workforce housing requirements for CRA abatements and, as a further benefit to the City and its residents, the Developer and Georgetown will donate the property necessary for a 200-unit residential apartment project to a not for profit or other affordable housing development entity and use commercially reasonable efforts to cause such entity to complete such project pursuant to the guidelines which will allow the project to qualify for federal tax credits under federal low income housing tax credit rules; and

WHEREAS, in order to provide for additional housing opportunities for low and moderate income families in the Easton area as a further benefit to the City and its residents, the Developer and Georgetown have offered to cause 20% of the “Subsequent Apartments” to be subject to the City’s workforce housing restrictions on rent and income (“Subsequent Apartments” are defined as any residential rental apartments constructed on property currently owned by the Developer, Georgetown or their respective affiliates within the Easton CRA, except for (a) residential apartments for which the original construction commenced prior to the adoption of this ordinance and (b) the first 1,000 market rate residential apartments for which original construction was commenced by the Developer, Georgetown or their respective affiliates after the adoption of this ordinance; and

WHEREAS, as a further benefit to the City and its residents, and since Service Payments from the Easton TIF are restricted to TIF eligible capital expenditures, the Developer has offered to make an annual cash payment each calendar year beginning in 2021 through and including 2027 in the amount of \$750,000 per year (\$5,250,000 in total), which amount is not reimbursable under the Reimbursement Agreement or subsequent amendments, in order to provide cash assistance to the City that is not restricted to TIF eligible expenditures and that the City may use for any City community development purpose approved by City Council, such as affordable housing, neighborhood redevelopment, and rental

assistance; and

WHEREAS, in consideration of City Council’s approval of the TIF extension, and in order to provide for the foregoing benefits to the City and its residents (collectively, the “City Benefits”), the City and the Developer desire to amend the Reimbursement Agreement to provide for the Developer’s and Georgetown’s commitment to provide such City Benefits and to govern the payments and uses of TIF revenue generated by the TIF Extension; **NOW, THEREFORE**,

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

Section 1. This Council hereby authorizes the Director of Development, for and in the name of the City, to execute with MORSO Holding Co. (the “Developer”) and The Georgetown Company, a Fourth Amendment to Reimbursement Agreement and Cooperative Agreement (the “Amended Reimbursement & Cooperative Agreement”) 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 by the Director, and the character of those changes and amendments as not being substantially adverse to the City, shall be evidenced conclusively by the Director’s execution and delivery thereof, in order to add The Georgetown Company as a party to the Amended Reimbursement & Cooperative Agreement, to include the City Benefits, to make other technical amendments to the Reimbursement Agreement that are not substantially adverse to the City, and to govern the payments and uses of TIF revenue generated by the TIF Extension.

Section 2. The Director of Development and other appropriate officers of the City are hereby authorized and directed to take such actions, execute such agreements and documents, and make such arrangements, subject to approval by the City Attorney’s Office, that are consistent with the purpose of this ordinance or contemplated by the Reimbursement & Cooperative Agreement and necessary and proper to implement this ordinance.

Section 3. That the service payments in lieu of taxes and property tax rollback payments deposited into the Easton TIF Fund No. 4401 as a result of the TIF Extension shall be deemed appropriated for the purposes set forth in the Amended Reimbursement & Cooperative Agreement and authorized to be expended therefrom in accordance with Amended Reimbursement & Cooperative Agreement, and that the City Auditor is authorized to make payments to the Developer or its designee from the Easton TIF Fund No. 4401 in accordance with the Amended Reimbursement & Cooperative Agreement upon order of the Director of Development 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 4. This ordinance shall take effect and be in force from and after the earliest date permitted by law.