



Legislation Text

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BACKGROUND: The Department of Development is proposing the creation of two tax increment financings (“TIF”) under Section 5709.41 of the Ohio Revised Code, one composed of parcels located within the Pen West West area and to be known as the “Jaeger Site TIF,” and one composed of parcels located within the Pen West East area and to be known as the “Buggyworks TIF.” This Ordinance establishes these two TIFs and provides for a 100% exemption from real property taxation on all development on the TIF parcels for a period of not more than thirty (30) years.

The Columbus City School District will receive, in the same manner as usual, all amounts that it would have received in real property taxes had the TIF exemptions not been granted. Annual service payments in lieu of taxes will be made with respect to redevelopment on the TIF parcels. The applicable portion of those service payments will be distributed directly to the Columbus City School District, with the remaining non-school portion of those service payments paid to the City for deposit into the TIF funds established in this Ordinance.

This Ordinance removes unimproved parcels from the existing Pen West West and Pen West East TIFs and incorporates them into the new Jaeger Site and Buggyworks TIFs, respectively, thereby allowing a full 30-year TIF on those parcels.

FISCAL IMPACT: No funding is required for this legislation. The City is foregoing real property tax revenue that it would have received with respect to redevelopment on the TIF parcels. Instead, the non-school portion of that revenue will be diverted to the specified TIF funds.

To remove parcels from the existing Pen West West and Pen West East tax increment financing areas by amending Ordinances 2092-01 and 2093-01; to create the Jaeger Site and the Buggyworks tax increment financing areas; to declare improvements to those parcels to be a public purpose and exempt from taxation; to authorize the Director of the Department of Development to amend the Reimbursement Agreement between the City and NWD Investments, LLC; and to declare an emergency. **(AMENDED BY ORD. 2545-2020; PASSED 11/23/2020)**

WHEREAS, Sections 5709.41, 5709.42 and 5709.43 of the Ohio Revised Code (collectively, the “TIF Statutes”) authorize the legislative authority of a municipal corporation engaged in urban redevelopment, by ordinance, to declare the improvements to certain parcels of real property located within the municipal corporation and for which it held fee title, to be a public purpose and exempt from taxation, require the owner of each parcel to make Service Payments (as defined in Section 4 of this Ordinance) in lieu of taxes, provide for the distribution of the applicable portion of those Service Payments to the overlapping city, local or exempted village school district, establish an urban redevelopment tax increment equivalent fund for the deposit of the remainder of such Service Payments and authorize the costs to be paid from that fund; and

WHEREAS, to encourage redevelopment on and in the area of the Jaeger Site Parcels (as defined below) this Council, by its Ordinance No. 2092-01 enacted December 17, 2001, created the Pen West West TIF pursuant to Sections 5709.40, 5709.42 and 5709.43 of the Ohio Revised Code that included those Jaeger Site Parcels; and

WHEREAS, to encourage redevelopment on and in the area of the Buggyworks Parcels (as defined below) this Council, by its Ordinance 2093-01 enacted December 17, 2001, created the Pen West East TIF pursuant to Sections 5709.40, 5709.42 and 5709.43 of the Ohio Revised Code that included those Buggyworks Parcels; and

WHEREAS, the Parcels (as defined below) remain subject to redevelopment, and the owners of the Jaeger Site Parcels and Buggyworks Parcels, and the City desire to remove them from the Pen West West TIF and the Pen West East TIFs and include them in two new TIFs created pursuant to the TIF Statutes, thereby allowing a full 30-year TIF for the Parcels and further encouraging and supporting the redevelopment of the Parcels and the surrounding area; and

WHEREAS, Section 5709.41 of the Ohio Revised Code requires that the City hold fee title to the Parcels prior to enacting this Ordinance, and its Director of Development, acting on behalf of the City pursuant to Ordinance 0848-2016 passed April 4, 2016 previously accepted title to the Jaeger Site Parcels and Buggyworks Parcels for the City demonstrated by instrument numbers 201605170061955, 201603210032747 and 201606170077261; and

WHEREAS, this Council has determined that it is necessary and appropriate and in the best interest of the City to exempt from taxation one hundred percent (100%) of the Improvements (as defined in Section 4 of this Ordinance) to each parcel of real property identified and depicted in Exhibit A1 (the “Jaeger Site Parcels”) and Exhibit A2 (the “Buggyworks Parcels”) attached hereto (with each current or future parcel of such real property referred to herein individually as a “Parcel” and collectively as the “Parcels”) as permitted and provided for in TIF Statutes for up to thirty (30) years (the “TIF Exemption”) and to simultaneously direct and require the current and future owner(s) of each Parcel (each such owner individually, an “Owner,” and collectively, the “Owners”) to make annual Service Payments in lieu of real property tax payments, in the same amount as they would have made real property tax payments except for the TIF Exemption provided by this Ordinance; provided that the TIF Exemption and the obligation to make Service Payments are subject and subordinate to any tax exemptions applicable to any Improvements pursuant to Section 140.08 or Sections 5709.12 and 5709.121 or under Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code; and

WHEREAS, the City has determined that a portion of the Service Payments shall be paid directly to the Columbus City School District (the “School District”) in an amount equal to the real property taxes that School District would have been paid if the Improvement to each Parcel located within that School District had not been exempt from taxation pursuant to this Ordinance; and

WHEREAS, pursuant to Section 5709.43(B) of the Ohio Revised Code, this Council has determined to establish urban redevelopment tax increment equivalent funds in which there shall be deposited to each applicable fund the remaining Service Payments distributed to the City as provided herein; and

WHEREAS, this Council has determined to provide for the construction of the public infrastructure improvements described in Section 7 (the “Public Infrastructure Improvements”); and

WHEREAS, the City finds that the Jaeger Site Parcels may be redeveloped for residential purposes (the “Project”) as defined by the TIF Statutes, and in order to declare residential improvements to be a public purpose under Section 5709.41 of the Ohio Revised Code those residential improvements must be made in a “blighted area” of an “impacted city,” each as defined in Sections 5709.41 and 1728.01 of the Ohio Revised Code; and

WHEREAS, the Department of Development has undertaken a TIF Eligibility Report of the Jaeger Site Parcels, which concludes that the Parcels are a “blighted area” as that term is defined in Sections 5709.41 and 1728.01 of the Ohio Revised Code, and that assessment and study and those findings have been submitted to this Council; and

WHEREAS, the Director of the Ohio Development Services Agency has certified Columbus to be an “impacted city” within the meaning of Sections 5709.41 and 1728.01 of the Ohio Revised Code; 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 5709.41 and 5709.83 of the Ohio Revised Code; and

WHEREAS, to encourage redevelopment of the Parcels, the City desires to amend the Reimbursement Agreement dated as of September 17, 2009, as amended (the “Reimbursement Agreement”), by and between the City and NWD Investments, LLC (“NWD”); and

WHEREAS, an emergency exists in the usual daily operations of the Department of Development in that it is necessary to proceed as quickly as possible to establish the TIF areas for the redevelopment of the sites to create new job opportunities and for the preservation of the public health, peace, property and safety; **NOW, THEREFORE**,

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

SECTION 1. Exhibit A to Ordinance 2092-01 passed on December 17, 2001, is hereby amended to remove all the Jaeger Site Parcels included in Exhibit A1 to this Ordinance, and the Department of Development shall prepare and attach to that Ordinance 2092-01 a substitute Exhibit A reflecting those deletions. Exhibit A to Ordinance 2093-01 passed on December 17, 2001, is hereby amended to remove all the Buggyworks Parcels included in Exhibit A2 to this Ordinance, and the Department of Development shall prepare and attach to that Ordinance 2093-01 a substitute Exhibit A reflecting those deletions.

SECTION 2. The real property subject to this Ordinance is identified and depicted on attached Exhibit A1 and Exhibit A2 (as currently or subsequently configured, the “Parcels” with each individual parcel a “Parcel”). This Council finds that the City is engaged in urban redevelopment and held fee title to each of the Parcels prior to passage of this Ordinance. This Council further finds that the Jaeger Site Parcels shown on attached Exhibit A1 constitute a “blighted area” as defined in Sections 5709.41 and 1728.01 of the Ohio Revised Code.

SECTION 3. Pursuant to and in accordance with the provisions of Section 5709.41 of the Ohio Revised Code, this Council hereby finds and determines that one hundred percent (100%) of the increase in assessed value of each Parcel subsequent to the acquisition of that Parcel by the City (which increase in assessed value is hereinafter referred to as the “Improvement” as defined in Section 5709.41(A) of the Ohio Revised Code) is hereby declared to be a public purpose and will 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 Improvement first appears on the tax list and duplicate of real and public utility property, and ending on the earlier of (a) 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 granted pursuant to this Section 3 and the payment obligations established in Section 4 of this Ordinance are subject and subordinate to any tax exemption applicable to the Improvement under Section 140.08, Sections 5709.12 and 5709.121, Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code.

SECTION 4. Subject to any tax exemption applicable to the Improvement pursuant to Section 5709.12 or under Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code, and pursuant to Section 5709.42 of the Ohio Revised Code, this Council hereby directs and requires the Owner of each Parcel it owns to make annual service payments in lieu of taxes with respect to the Improvement allocable thereto to the Franklin County Treasurer (the “County Treasurer”) on or before the final dates for payment of real property taxes. Each service payment in lieu of taxes, including any penalties and interest at the then current rate established under Sections 323.121(B) (1) and 5703.47 of the Ohio Revised Code (collectively, the “Service Payments”), shall be charged and collected in the same manner and in the same amount as the real property taxes that would have been charged and payable against the Improvement if it were not exempt from taxation pursuant to Section 3 of this Ordinance. The Service Payments, and any other payments with respect to each Improvement that are received by the County Treasurer in connection with the reduction required by Sections 319.302, 321.24, 323.152 and 323.156 of the Ohio Revised Code, 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”), shall be allocated and distributed in accordance with Section 6 of this Ordinance. This Council further hereby authorizes and directs appropriate officers of the City to make such arrangements as are necessary and proper for collection of the Service Payments from the Owners, including the preparation and filing of any necessary exemption applications.

SECTION 5. This Council hereby establishes, pursuant to and in accordance with the provisions of Section 5709.43 of the Ohio Revised Code, the Jaeger Site Urban Redevelopment Tax Increment Equivalent Fund (the “Jaeger Site TIF Fund”) and the Buggyworks Urban Redevelopment Tax Increment Equivalent Fund (the “Buggyworks TIF Fund” and together with the Jaeger Site TIF Fund, the “TIF Funds”), into which the County Treasurer shall deposit the Service Payments collected from the Parcels not required to be distributed to the School District pursuant to Section 6 of this Ordinance. The TIF Funds shall be maintained in the custody of the City and shall receive all distributions, as applicable, to be made to the City pursuant to Section 6 of this Ordinance. Those Service Payments and Property Tax Rollback Payments received by the City with respect to the Improvement of each Parcel and so deposited pursuant to Sections 5709.42 and 5709.43 of the Ohio Revised Code shall be used solely for the purposes authorized in the TIF Statutes or this Ordinance. The TIF Funds shall remain in existence so long as such Service Payments and Property Tax Rollback Payments are collected and used for the aforesaid purposes, after which time the TIF Funds shall be dissolved and any surplus funds remaining therein transferred to the City’s General Fund, all in accordance with Section 5709.43 of the Ohio Revised Code.

SECTION 6. 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 District, an amount equal to the amount it would otherwise have received as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the Improvement to each Parcel located within that School District if the Improvement had not been exempt from taxation pursuant to this Ordinance; and
- b) to the City, all remaining amounts for further deposit into the applicable TIF Fund for payment of Urban Redevelopment Costs (as defined and authorized in Section 7 below), including, without limitation, debt charges on any securities of the City issued to pay or reimburse financing costs or Urban Redevelopment Costs.

All distributions required under this Section 6 are requested to be made at the same time and in the same manner as real property tax distributions.

SECTION 7. The Service Payments and Property Tax Rollback Payments deposited in the TIF Funds shall be deemed appropriated for the purposes set forth in this Ordinance. Subject to vouchers approved by the Director of the City’s Department of Development (the “Director”), the City Auditor is hereby authorized to make payments from the TIF Funds in accordance with this Ordinance. Money deposited into the TIF Funds may be used to pay for or finance the costs of Public Improvements (as defined below) to or on, or servicing, the Arena Area TIF Districts (as defined below), together with all necessary appurtenances and related costs, including but not limited to all costs enumerated in Section 133.15(B) of the Ohio Revised Code, together with any other costs hereafter designated by ordinance (collectively, the “Urban Redevelopment Costs”).

“Public Improvements” shall mean those TIF eligible public improvements described in Exhibit A to the Reimbursement Agreement.

“Arena Area TIF Districts” shall mean the TIF districts created by this Ordinance and City Ordinances 2356-98, 2357-98, 2092-01 and 2093-01.

SECTION 8. The form of Second Amendment to the Reimbursement Agreement (the “Second Amendment”) presently on file with the Department of Development is hereby approved and authorized to be executed by the Director along with such changes and 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. The Director is hereby further authorized to execute an amended Reimbursement Agreement reflecting and incorporating all authorized amendments to that Agreement.

SECTION 9. This Council ratifies the delivery of the notice of this Ordinance to the School District and hereby authorizes and directs the Director, the City Clerk or other appropriate officers of the City to make such arrangements as

are necessary and proper for the implementation of this Ordinance and collection from the Owners of the Service Payments, and to prepare, execute and deliver all other documents and instruments (including but not limited to any exemption applications under the TIF Statutes) and to take any other actions as may be appropriate to implement this Ordinance.

SECTION 10. Pursuant to Section 5709.41(E) of the Ohio Revised Code, the Department of Development is hereby directed to deliver a copy of this Ordinance to the Director of the Ohio Development Services Agency within fifteen (15) days after its effective date. Further, and on or before March 31 of each year the exemption set forth in Section 3 of this Ordinance remains in effect, the Director of Development or other authorized officer of the City shall prepare and submit to the Director of the Ohio Development Services Agency the status report required under Section 5709.41(E) of the Ohio Revised Code.

SECTION 11. The City's Tax Incentive Review Council 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 that Council, all in accordance with Section 5709.85 of the Ohio Revised Code.

SECTION 12. For the reasons stated in the Preamble hereto, which is hereby made a part hereof, this Ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor or ten days after the passage if the Mayor neither approves nor vetoes the same.