



Legislation Text

File #: 1775-2016, **Version:** 1

BACKGROUND: Community Reinvestment Areas (CRAs) have been designated by Columbus City Council under the general guidelines of Ordinance 1698-78. Such areas allow for granting real property tax incentives to encourage industrial, commercial and residential growth.

Columbus City Council (Council) by Ordinance 2849-2015, adopted November 23, 2015, designated the Hamilton-161 Community Reinvestment Area as a "Community Reinvestment Area" pursuant to Chapter 3735 of the Ohio Revised Code. Effective December 17, 2015, the Director of the Ohio Development Services Agency determined that the aforementioned area designated in the aforementioned Council Ordinance contained the characteristics set forth in Ohio Revised Code Section 3735.66 and confirmed that area as a "Community Reinvestment Area" pursuant to said Chapter 3735.

As part of the new Hamilton Quarter development, a 330-acre mixed-use district at Hamilton Road and State Route 161, Hamilton Crossing BL LLC, a single-purpose entity established to invest in a 25-acre site to support the corporate office relocation of Big Lots, Inc., proposes to construct a new approximately 300,000-square-foot corporate office campus and one or more associated parking structures at the southwest quadrant of State Route 161 and Hamilton Road. This corporate campus will be the future corporate headquarters facility for Big Lots, Inc. and will be leased to Big Lots, Inc. or one of its affiliates. The campus will comprise approximately 25 acres and all or part of parcels 010-286113; 010-286114; 010-221377; 010-280216; and 010-247887 within the City of Columbus in Franklin County.

Big Lots, Inc. will retain and relocate 750 full-time permanent positions from their current headquarters located at 300 Phillipi Road to the Project Site with an associated annual payroll of \$65,000,000 and create 5 new full-time permanent positions with an associated new annual payroll of approximately \$362,500. The project involves a total investment of approximately \$40,000,000 - \$65,000,000. All investments related to real property improvements, approximately \$30,000,000 - \$45,000,000, will be borne by Hamilton Crossing BL LLC, the site owner, with the balance related to the acquisition of machinery, equipment, furniture, fixtures, and other cost. This investment range is the result of an evolving project budget related to the site parking solution and campus finishes.

The Department of Development recommends a Community Reinvestment Area property tax abatement of one-hundred percent (100%) for a period of ten (10) years on real property improvements related to the commercial office space portion of the project. This proposal is consistent with the Columbus Tax Incentive Policy for Community Reinvestment Area projects.

The Columbus City School District has been advised of this project and, pursuant to Ohio Revised Code 3735.671(A)(1), has approved the 100%/10-year abatement for Hamilton Crossing BL LLC and Big Lots, Inc. A copy of the Columbus City School District Resolution approving the abatement is attached which was contingent upon the execution of a Community Reinvestment Area Compensation Agreement between the City of Columbus and the Columbus City School District.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to enter into a Community Reinvestment Area Agreement with Hamilton Crossing BL LLC and Big Lots, Inc. for a property tax abatement of one-hundred percent (100%) for a period of ten (10) years on real property improvements in consideration of a proposed total investment of approximately \$30,000,000.00 -

\$45,000,000.00 in new building construction, the retention of 750 full-time permanent positions, and the creation of 5 new full-time permanent positions; and to authorize the Director of Development to enter into a Community Reinvestment Area Compensation Agreement with the Columbus City School District pursuant to this project.

WHEREAS, the Ohio Community Reinvestment Area Program, pursuant to O.R.C. Section 3735.66 authorizes municipalities to grant real property tax exemptions on eligible new investments; and

WHEREAS, Columbus City Council (Council) by Ordinance 2849-2015, adopted November 23, 2015, designated the Hamilton-161 Community Reinvestment Area as a “Community Reinvestment Area” pursuant to Chapter 3735 of the Ohio Revised Code; and

WHEREAS, effective December 17, 2015, the Director of the Ohio Development Services Agency determined that the aforementioned area designated in the aforementioned Council Ordinance contained the characteristics set forth in Ohio Revised Code Section 3735.66 and confirmed that area as a “Community Reinvestment Area” pursuant to said Chapter 3735; and

WHEREAS, as part of the new Hamilton Quarter development, a 330-acre mixed-use district at Hamilton Road and State Route 161, Hamilton Crossing BL LLC, a single-purpose entity established to invest in a 25-acre site to support the corporate office relocation of Big Lots, Inc., proposes to construct a new approximately 300,000-square-foot corporate office campus and one or more associated parking structures at the southwest quadrant of State Route 161 and Hamilton Road. This corporate campus will be the future corporate headquarters facility for Big Lots, Inc. and will be leased to Big Lots, Inc. or one of its affiliates. The campus will comprise approximately 25 acres and all or part of parcels 010-286113; 010-286114; 010-221377; 010-280216; and 010-247887 within the City of Columbus; and

WHEREAS, Hamilton Crossing BL LLC will invest a total of approximately \$30,000,000 - \$45,000,000 in real property improvements related to new building construction depending on the site parking solution and campus finishes; and

WHEREAS, 750 full-time permanent positions with an associated annual payroll of \$65,000,000 will be retained and relocated to the Project Site from the current Big Lots, Inc. headquarters located at 300 Phillipi Road and 5 new full-time permanent positions with an associated new annual payroll of approximately \$362,500 will be created at the Project Site following construction and occupancy of the campus; and

WHEREAS, the Board of Education for the Columbus City School District has been notified in accordance with Ohio Revised Code Section 5709.83 and has been provided with a copy of the tax incentive application and a draft copy of the agreement authorized by this legislation; and

WHEREAS, pursuant to Section 3735.671(A)(1) of the Ohio Revised Code, school board approval must be granted for an incentive that exceeds 50%; and

WHEREAS, the Columbus City School District approved the incentive on May 17, 2016; and

WHEREAS, a copy of the Columbus City School District Resolution approving the abatement is attached; and

WHEREAS, this aforementioned Columbus City School District resolution is contingent upon the execution of a Community Reinvestment Area Compensation Agreement between the Columbus City School District and the City of Columbus; and

WHEREAS, the City, having the appropriate authority to offer a tax incentive on this project, is desirous of providing Hamilton Crossing BL LLC and Big Lots, Inc. a property tax abatement of one-hundred percent (100%) for a period of ten (10) years on real property improvements in order to encourage the development of the Project Site with its associated job retention and new job creation within the Hamilton-161 Community Reinvestment Area; **NOW**

THEREFORE,

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

SECTION 1. That City hereby finds and determines that the project will (1) create jobs in the State and City (2) the project is economically sound and will benefit the people of the State and City by increasing opportunities for employment and strengthening the economy of the State and City; and (3) receiving the aforementioned tax abatement is a critical factor in the decision by Hamilton Crossing BL LLC and Big Lots, Inc. to go forward with the project.

SECTION 2. That the Director of Development is hereby authorized and directed to enter into and execute a Community Reinvestment Area Agreement with Hamilton Crossing BL LLC and Big Lots, Inc. to provide therewith an exemption of one-hundred percent (100%) on real property improvements on parcels 010-286113; 010-286114; 010-221377; 010-280216; and 010-247887 within the City of Columbus [Franklin County] for a term of ten (10) taxable years in association with the project's proposed total investment of approximately \$40,000,000 - \$65,000,000, which includes \$30,000,000 - \$45,000,000 in real property improvements, the retention and relocation of 750 full-time permanent positions from the current Big Lots, Inc. headquarters located at 300 Phillipi Road, Columbus, Ohio 43228 to the Project Site with an associated annual payroll of \$65,000,000 and the creation of 5 new full-time permanent positions with an associated new annual payroll of approximately \$362,500.

SECTION 3. That the Director of Development is hereby authorized and directed to enter into a Community Reinvestment Area Compensation Agreement with the Columbus City School District pursuant to this project. The Columbus City School District will receive (i) one-hundred percent (100%) of the annual municipal income tax revenues received by the City from its levy on the wages, salaries, commissions and other compensation of New Employees located at the Big Lots, Inc. Project Site as a result of the aforementioned Community Reinvestment Area Agreement up to the first \$100,000 in annual municipal income tax revenues received by the City and (ii) fifty percent (50%) of all additional annual municipal income tax revenues in excess of the first \$100,000 received by the City from its levy on the wages, salaries, commissions and other compensation of New Employees located at the Big Lots, Inc. Project Site as a result of the aforementioned Community Reinvestment Area Agreement for the term of the abatement.

SECTION 4. That the City of Columbus Community Reinvestment Area Agreement shall be signed by Hamilton Crossing BL LLC and Big Lots, Inc. within ninety (90) days of passage of this ordinance, or this ordinance and the abatement authorized herein shall be null and void.

SECTION 5. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.