



Legislation Text

File #: 0724-2017, **Version:** 1

BACKGROUND: The need exists to enter into an Enterprise Zone Agreement The Gravity Project, LLC. The Ohio Enterprise Zone law O.R.C. Section 5709.62(C) requires the City to enter into a Council-approved agreement between the City and participating companies.

The Gravity Project, LLC is a newly formed LLC established in December of 2016. The primary business is ownership of real estate used for office, retail and residential (mixed-use). The company's CEO is Brent Kaufman of Kaufman Development, which is a real estate development company headquartered in Columbus, Ohio. Brett Kaufman has been working in real estate development and investing in various types of development projects for more than 17 years. During this time, he has developed, leased and/or sold over 10,000 homes and a variety of commercial, retail, land and commercial office projects. He was twice named Developer of the Year by the Building Industry Association (BIA), past president of the Columbus Apartment Association and serves on many civic boards throughout Central Ohio. In 2012, he was named Next Generation Builder of the Year by the BIA, and in 2014, Brett was honored as EY's Emerging Entrepreneur of the Year.

The Gravity Project, LLC is proposing to redevelop Wasserstrom's vacant warehouse (parcel number 010-002012, 462 - 500 W. Broad St.), the Phillip's Coney Island property (parcel number 010-057537, 450 W. Broad St.) and an adjacent vacant lot parcel located just north of those two properties (parcel number 010-057536, situated across W. Gay St.) into a 275,000 square-foot mixed-use development in East Franklinton. The project will involve a total investment of approximately \$70.8 million, which include \$3.63 million in acquisition costs and \$67.17 million in real property improvements. The proposed mixed-use development will consist of a new 5-story Class A commercial office facility of approximately 50,000 square feet, a 6-story residential unit comprised of approximately 195,000 square feet, with a ground floor retail space consisting of approximately 30,000 square feet. Additionally, a new parking structure of approximately 190,000 square feet containing about 564 parking spaces (of which, 200 of those parking spaces are targeted for public use). In addition, The Gravity Project, LLC will create 50 new full-time permanent positions with an annual payroll of approximately \$2.0 million in East Franklinton.

The Department of Development recommends a 75%/10-year Enterprise Zone tax abatement on real property improvements related to the proposed 5-story Class A commercial office facility and the 200 public parking spaces associated with the aforementioned project. The Gravity Project, LLC will invest approximately \$11.48 million of the proposed \$67.17 million in real property improvements, on the development of the commercial office space and the public portion of the structured parking garage.

This legislation is presented as 30-day legislation. The Columbus City School District has been advised of this project.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to enter into an Enterprise Zone Agreement with The Gravity Project, LLC for a tax abatement of seventy-five percent (75%) for a period of ten (10) consecutive years in consideration of a proposed investment of \$11.48 million in real property improvements and the creation of 50 new full-time permanent positions.

WHEREAS, the Columbus City Council authorized the designation of the Enterprise Zone by legislation, Ordinance Number 779-85, dated April 22, 1985; and subsequently amended the Columbus Enterprise Zone by Ordinance Numbers 2722-85 in 1986; 2080-89 in 1989; 1949-92, 2249-92 and 2690-92 in 1992; 1079-94 and 1228-94 in 1994; 1274-95, 2196-95 and 2817-95 in 1995; 0533-99 in 1999; 1785-00 in 2000; 1464-02 in 2002; 0225-03 in 2003; and 0032-2012 in 2012;

and

WHEREAS, the Director of the Development Department of the State of Ohio determined that the Columbus Enterprise Zone as amended by the aforementioned Ordinances continued to contain the characteristics set forth in Section 5709.61 (A) of the Ohio Revised and recertified said Zone in 1986, December 20, 1989, September 28, 1992, October 22, 1992, December 17, 1992, May 31, 1994, June 24, 1994, June 16, 1995, October 5, 1995, December 19, 1995, April 1, 1999, September 25, 2000, January 27, 2003, August 19, 2003 and most recently on April 3, 2012 as an “urban jobs and enterprise zone” under Chapter 5709 of the Ohio Revised Code; and

WHEREAS, The Gravity Project, LLC is a newly formed LLC established in December of 2016. The primary business is ownership of real estate used for office, retail and residential (mixed-use). The company’s CEO is Brent Kaufman of Kaufman Development, which is a real estate development company headquartered in Columbus, Ohio.

EAS, The Gravity Project, LLC is proposing to redevelop Wasserstrom’s vacant warehouse (parcel number 010-002012, 462 - 500 W. Broad St.), the Phillip’s Coney Island property (parcel number 010-057537, 450 W. Broad St.) and an adjacent vacant lot parcel located just north of those two properties (parcel number 010057536, situated across W. Gay St.) into a 275,000 square-foot mixed-use development in East Franklinton. The project will involve a total investment of approximately \$70.8 million, which include \$3.63 million in acquisition costs and \$67.17 million in real property improvements. The proposed mixed-use development will consist of a new 5-story Class A commercial office space of approximately 50,000 square feet, a 6-story residential unit comprised of approximately 195,000 square feet, with a ground floor retail space consisting of approximately 30,000 square feet, and a new parking structure of approximately 190,000 square feet containing about 564 parking spaces (of which, 200 of those parking spaces are targeted for public use); and

EAS, The Gravity Project, LLC is requesting an Enterprise Zone Tax Abatement to assist in the development of the 50,000 square-foot Class A commercial office facility and the 200 public parking spaces associated with the new parking garage; and

EAS, The Gravity Project, LLC will invest approximately \$11.48 million of the proposed \$67.17 million in real property improvements, on the development of the commercial office facility and the public portion of the structured parking garage.

EAS, it is anticipated that the construction of this new Class A commercial office space will lead to the relocation of an unknown number of positions from within the City of Columbus and the creation of 50 new full-time permanent positions over a three-year period following construction completion with an estimated annual payroll of approximately \$2.0 million; and

EAS, per City of Columbus policy as set forth by Columbus City Council, only new full-time permanent positions compensated at an hourly wage rate of at least \$12.00 will be eligible for City incentive support; the incentive will be applied toward new full-time employees hired as a result of the project so long as they meet the minimum hourly wage requirement during the incentive term; and

EAS, the City is encouraging this project because of plans to develop a vacant commercial facility and the redevelopment of existing parcel in the central city; and

EAS, the City desires to enter in such a binding formal agreement in order to foster economic growth for the preservation of public health, peace, property and safety; and

NOW, THEREFORE:

BE IT ORDAINED BY THE COUNCIL OF COLUMBUS:

Section 1. That this Council hereby finds and determines that the enterprise submitting the proposal is qualified by financial responsibility and business experience to create and preserve employment opportunities in the zone and improve the economic climate of the municipal corporation and receiving this tax incentive is a critical factor in the decision by The Gravity Project, LLC to go forward with the development of this proposed project.

Section 2. That the Director of the Department of Development is hereby authorized and directed to enter into an Enterprise Zone Agreement with The Gravity Project, LLC to provide therewith an exemption of seventy-five percent (75%) on real property improvements for a term of ten (10) consecutive taxable years in association with the project's proposed investment of approximately \$11.48 million in real property improvements at 450 W. Broad Street, parcel number 010-057537, 462-500 W. Broad Street, parcel number 010-002012 and Gay Street, parcel number 010-057536, and the creation of fifty (50) full-time permanent positions with an estimated annual payroll of approximately \$2.0 million.

Section 3. That the City of Columbus Enterprise Zone Agreement is signed by The Gravity Project, LLC within ninety (90) days of passage of this ordinance, or this ordinance and the abatements and credit authorized herein are null and void.

Section 4. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.