



Legislation Text

File #: 1634-2018, **Version:** 1

BACKGROUND: Columbus City Council (COUNCIL), by Ordinance No. 0723-2014, passed April 7, 2014, authorized the City of Columbus (CITY) to enter into an Community Reinvestment Area Agreement (the AGREEMENT) with Fireproof Partners, LLC (ENTERPRISE) with the AGREEMENT being for a tax abatement of fifty percent (50%) for a period of fifteen (15) years in consideration of a total investment of approximately \$11.3 million, including \$8.5 million for new construction (the legislation authorizing the AGREEMENT indicated a proposed investment of approximately \$2.8 million in eligible real property improvements) and the creation of 24 full-time permanent positions with an associated annual payroll of approximately \$1,055,080 related to rehabilitation and new construction at the site of the vacant and abandoned 5-story Fireproof building with the entire project consisting of approximately 91,381 square feet comprised of new and renovated commercial retail space, 56 multi-family residential units and 87 parking spaces at 1024 North High Street on parcel number 010-015325 in Columbus, Ohio (the “PROJECT SITE”) and within the Short North Community Reinvestment Area (the “CRA”). The AGREEMENT was made and entered into effective May 16, 2014 (CRA #049-18000-40/14-001) with the abatement currently effective from 2015-2029. As per the terms of the CRA, the only eligible improvement applicable to the AGREEMENT is the new commercial retail space.

The job and payroll commitments of the ENTERPRISE as per the AGREEMENT are 24 new jobs to be created as a result of the project with a commensurate total annual payroll of \$1,055,080. City policy is to only incentivize full-time jobs that pay at least \$12 per hour.

For the past two reporting cycles, Report Year 2015 and Report Year 2016, due to the mix of tenants, the number of eligible jobs created as a result of the project were significantly below the commitments per the AGREEMENT.

The City reported to the Columbus Tax Incentive Review Council (the “TIRC”) in both 2016 and 2017 on the status of the AGREEMENT whereby the TIRC “recommended to continue, and amend as needed to ‘right size’ the project regarding jobs and payroll for current market conditions with those jobs being full-time that pay a minimum of \$12/hour” and also to “break out the investment goal for new commercial construction.”

CITY staff complied with the TIRC recommendation and through communication with OWNER determined that four (4) would be the number of full-time employees being paid at least \$12 per hour having been created as a result of the project with a commensurate annual payroll of \$87,360 and that the total projected investment in new construction related to the new commercial retail space should be \$2,457,143.

COUNCIL, by Resolution 0338X-2017, passed December 11, 2017, accepted the written recommendations presented by the 2017 TIRC (and as related to the 2016 TIRC recommendations, COUNCIL, by Resolution 0300X-2016, passed December 12, 2016, accepted the written recommendations presented by the 2016 TIRC).

This legislation is to authorize the Director of Development to amend the AGREEMENT for the first time to (1) revise the job creation number from 24 to 4; (2) to revise the commensurate new job payroll amount from \$1,055,080 to \$87,360; (3) to add language to the AGREEMENT indicating that only full-time jobs that pay at least \$12 per hour can be considered to fulfill the job creation commitment of the AGREEMENT; and (4) to revise the investment in new construction from \$8.5 million to an investment of \$2,457,143 in new construction related to new commercial retail space.

This legislation is presented as an emergency measure in order for this amendment to be legislated prior to the 2018 TIRC so that this amendment to the AGREEMENT can be reported to the necessary local and state agencies in a timely fashion and to ensure that OWNER remains in compliance with the terms of the AGREEMENT.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to amend the Community Reinvestment Area Agreement with Fireproof Partners, LLC for the first time to (1) revise the job creation number from 24 to 4; (2) to revise the commensurate new job payroll amount from \$1,055,080.00 to \$87,360.00; (3) to add language providing that only full-time jobs that pay at least \$12 per hour can be considered to fulfill the job creation commitment; and (4) to revise the investment in new construction from \$8.5 million to an investment of \$2,457,143.00 in new construction related to new commercial retail space; and to declare an emergency.

WHEREAS, the City of Columbus (CITY) entered into an Community Reinvestment Area Agreement (the “AGREEMENT”) with Fireproof Partners, LLC (ENTERPRISE), approved by Columbus City Council (COUNCIL) on April 7, 2014 by Ordinance No. 0723-2014 with this AGREEMENT made and entered into effective May 16, 2014; and

WHEREAS, the AGREEMENT granted a 50%/15-Year abatement on eligible real property improvements; and

WHEREAS, the incentive was granted in consideration of a total investment of approximately \$11.3 million, including \$8.5 million for new construction (the legislation authorizing the AGREEMENT indicated a proposed investment of approximately \$2.8 million in eligible real property improvements) and the creation of 24 full-time permanent positions with an associated annual payroll of approximately \$1,055,080 related to rehabilitation and new construction at the site of the vacant and abandoned 5-story Fireproof building with the entire project consisting of approximately 91,381 square feet comprised of new and renovated commercial retail space, 56 multi-family residential units and 87 parking spaces at 1024 North High Street on parcel number 010-015325 in Columbus, Ohio (the “PROJECT SITE”) and within the Short North Community Reinvestment Area (the “CRA”); and

WHEREAS, as per the terms of the CRA, the only eligible improvement applicable to the AGREEMENT is the new commercial retail space; and

WHEREAS, the job and payroll commitments of the ENTERPRISE as per the AGREEMENT are 24 new jobs to be created as a result of the project with a commensurate total annual payroll of \$1,055,080. City policy is to only incentivize full-time jobs that pay at least \$12 per hour; and

WHEREAS, for the past two reporting cycles, Report Year 2015 and Report Year 2016, due to the mix of tenants, the number of eligible jobs created as a result of the project were significantly below the commitments per the AGREEMENT; and

WHEREAS, the City reported to the Columbus Tax Incentive Review Council (the “TIRC”) in both 2016 and 2017 on the status of the AGREEMENT whereby the TIRC “recommended to continue, and amend as needed to ‘right size’ the project regarding jobs and payroll for current market conditions with those jobs being full-time that pay a minimum of \$12/hour” and also to “break out the investment goal for new commercial construction;” and

WHEREAS, CITY staff complied with the TIRC recommendation and through communication with OWNER determined that four (4) would be the number of full-time employees being paid at least \$12 per hour having been created as a result of the project with a commensurate annual payroll of \$87,360 and that the total projected investment in new construction related to the new commercial retail space should be \$2,457,143; and

WHEREAS, COUNCIL, by Resolution 0338X-2017, passed December 11, 2017, accepted the written recommendations presented by the 2017 TIRC (and as related to the 2016 TIRC recommendations, COUNCIL, by Resolution 0300X-2016, passed December 12, 2016, accepted the written recommendations presented by the 2016 TIRC); and

WHEREAS, an amendment is needed to “right size” the project regarding jobs and payroll for current market

conditions with those jobs being full-time that pay a minimum of \$12 per hour and to revise the commitment in real property improvements related to the PROJECT; and

WHEREAS, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to seek an amendment to the AGREEMENT with Fireproof Partners, LLC in order for this amendment to be legislated prior to the 2018 TIRC so that this amendment to the AGREEMENT can be reported to the necessary local and state agencies in a timely fashion and to ensure that OWNER remains in compliance with the terms of the AGREEMENT; **NOW, THEREFORE**,

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

SECTION 1. That the Director of Development is hereby authorized to amend the Community Reinvestment Area Agreement with Fireproof Partners, LLC to (1) revise the job creation number from 24 to 4; (2) to revise the commensurate new job payroll amount from \$1,055,080 to \$87,360; (3) to add language to the AGREEMENT indicating that only full-time jobs that pay at least \$12 per hour can be considered to fulfill the job creation commitment of the AGREEMENT; and (4) to revise the investment in new construction from \$8.5 million to an investment of \$2,457,143 in new construction related to new commercial retail space.

SECTION 2. That this FIRST AMENDMENT to the City of Columbus Community Reinvestment Area Agreement be signed by Fireproof Partners, LLC within ninety (90) days of passage of this ordinance, or this ordinance and the incentive authorized herein shall be null and void.

SECTION 3. That for reasons stated in the preamble hereto, which is hereby made a part hereof, the 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.