



## Legislation Text

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**File #:** 1635-2018, **Version:** 1

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**BACKGROUND:** The need exists to amend the Community Reinvestment Area Agreement between the City of Columbus and E.W. High Street, LLC & E.W. Hubbard High, LLC. Columbus City Council (COUNCIL), by Ordinance No. 1581-2012, passed July 16, 2012, authorized the provision of certain tax exemptions within the Short North Community Reinvestment Area for the purpose of encouraging economic development and development of a 250 space public parking garage within the area and to authorize the execution of a Community Reinvestment Area Agreement necessary to grant those exemptions. Forthwith, the City of Columbus (CITY) entered into an Community Reinvestment Area Agreement (the AGREEMENT) with E.W. High Street, LLC & E.W. Hubbard High, LLC (OWNER) with the AGREEMENT being for a tax abatement of one-hundred percent (100%) for a period of fifteen (15) years in consideration of a total investment expected to exceed \$10 million, including \$7.2 million for new construction related to the retail portion of a proposed mixed-use building and a 250-space parking garage (the "EXEMPT FACILITY") and the creation of approximately 30 full-time equivalent job opportunities with an associated estimated annual payroll of approximately \$2,950,000 related to construction of the EXEMPT FACILITY with the entire project consisting of a mixed-use building expected to consist of 72 apartments and approximately 17,000 square feet of retail space along with a parking garage consisting of 250 public spaces and 72 spaces to serve the residents of the apartments in the mixed-use building at the northeast corner of Hubbard Avenue and North High Street in Columbus, Ohio (the "PROJECT SITE") and within the Short North Community Reinvestment Area. The AGREEMENT was made and entered into effective September 5, 2012 (CRA #049-18000-40/15-100) with the abatement currently effective from 2014-2028.

The job and payroll commitments of the OWNER as per the AGREEMENT are 30 new jobs to be created as a result of the project with a commensurate total annual payroll of \$2,950,000. 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 was 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, for City Staff to contact and meet with the owners and to 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 understanding that Payments in Lieu of Taxes (PILOTs) will continue to be made as being done for 2014 and 2015 unless a significant change in the employment mix occurs." These PILOTs are provided for in the Tax Increment Financing and Cooperative Agreement by and among the CITY, the Columbus-Franklin County Finance Authority and OWNER dated as of August 1, 2012.

CITY staff complied with the TIRC recommendation and through communication with OWNER it was determined that seven (7) 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 \$312,150.

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 30 to 7; (2) to revise the commensurate new job payroll amount from \$2,950,000 to \$312,150; and (3) to add language to the AGREEMENT indicating that only full-time permanent jobs that pay at least \$12 per hour can be considered to fulfill the job creation commitment of the AGREEMENT.

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 E.W. High Street, LLC & E.W. Hubbard High, LLC for the first time to: (1) revise the job creation number from 30 to 7; (2) revise the commensurate new job payroll amount from \$2,950,000.00 to \$312,150.00; and (3) 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 to declare an emergency.

**WHEREAS,** Columbus City Council (COUNCIL), by Ordinance No. 1581-2012, passed July 16, 2012, authorized the provision of certain tax exemptions within the Short North Community Reinvestment Area for the purpose of encouraging economic development and development of a 250 space public parking garage within the area and to authorize the execution of a Community Reinvestment Area Agreement necessary to grant those exemptions; and

**WHEREAS,** the City of Columbus (CITY) entered into an Community Reinvestment Area Agreement (the "AGREEMENT") with E.W. High Street, LLC & E.W. Hubbard High, LLC (OWNER), with this AGREEMENT made and entered into effective September 5, 2012; and

**WHEREAS,** the AGREEMENT granted a 100%/15-Year abatement on eligible real property improvements; and

**WHEREAS,** the incentive was granted in consideration of a total investment expected to exceed \$10 million, including \$7.2 million for new construction related to the retail portion of a proposed mixed-use building and a 250-space parking garage (the "EXEMPT FACILITY") and the creation of approximately 30 full-time equivalent job opportunities with an associated estimated annual payroll of approximately \$2,950,000 related to construction of the EXEMPT FACILITY with the entire project consisting of a mixed-use building expected to consist of 72 apartments and approximately 17,000 square feet of retail space along with a parking garage consisting of 250 public spaces and 72 spaces to serve the residents of the apartments in the mixed-use building at the northeast corner of Hubbard Avenue and North High Street in Columbus, Ohio (the "PROJECT SITE") and within the Short North Community Reinvestment Area; and

**WHEREAS,** the job and payroll commitments of the OWNER as per the AGREEMENT are 30 new jobs to be created as a result of the project with a commensurate total annual payroll of \$2,950,000. 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, for City Staff to contact and meet with the owners and to 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 understanding that Payments in Lieu of Taxes (PILOTs) will continue to be made as being done for 2014 and 2015 unless a significant change in the employment mix occurs." These PILOTs are provided for in the Tax Increment Financing and Cooperative Agreement by and among the CITY, the Columbus-Franklin County Finance Authority and OWNER dated as of August 1, 2012; and

**WHEREAS,** CITY staff complied with the TIRC recommendation and through communication with OWNER determined that seven (7) 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 \$312,150; 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

**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 E.W. High Street, LLC & E.W. Hubbard High, 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 E.W. High Street, LLC & E.W. Hubbard High, LLC to (1) revise the job creation number from 30 to 7; (2) to revise the commensurate new job payroll amount from \$2,950,000 to \$312,150; and (3) to add language to the AGREEMENT indicating that only full-time permanent jobs that pay at least \$12 per hour can be considered to fulfill the job creation commitment of the AGREEMENT.

**SECTION 2.** That this FIRST AMENDMENT to the City of Columbus Community Reinvestment Area Agreement be signed by E.W. High Street, LLC & E.W. Hubbard High, 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.