



Legislation Text

File #: 2707-2018, **Version:** 1

BACKGROUND: Columbus City Council (“**COUNCIL**”), by Ordinance No. 2664-2017, passed November 20, 2017, authorized the City of Columbus (“**CITY**”) to enter into an Enterprise Zone Agreement (the “**AGREEMENT**”) with Hubbard High Acquisition, LLC (the “**ENTERPRISE**”) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of a total project cost of roughly \$51,000,000 to construct a 10-story, approximately 150,000-square-foot mixed-use hotel, commercial office and retail development. Once constructed, the new mixed-use building is expected to house a nearly 7,000 square-foot ground floor restaurant space, approximately 45,000 square feet of Class A commercial office spaces on floors three through five, a Moxy Hotel on floors six through nine and a second restaurant with a roof-top bar on the 10th floor at 800 North High Street, Columbus, Ohio 43215, in the Short North Arts District (“**PROJECT SITE**”) and within the City of Columbus Enterprise Zone applied to parcel number 010-001383.

The “**PROJECT**” as related to the **AGREEMENT** consists of an investment of approximately \$18.2 million, of the \$51,000,000 total project cost, related to the aforementioned real property improvements to construct the 45,000 square feet of Class A commercial office space and the construction of 86 parking spaces (out of the aforementioned 144) in support of the office development, and the creation of 30 net new full-time permanent positions with an associated annual payroll of approximately \$1.4 million at the **PROJECT SITE**. The **AGREEMENT** was made and entered into effective December 7, 2017 (EZA #023-17-12) with no real property exemption commencing after 2020 nor extend beyond 2029.

Following discussions, a letter to the **CITY** from Crawford Hoying Development Partners, LLC on behalf of Hubbard High Acquisition, LLC dated August 1, 2018 was received, confirming that 800 N High Investments, LLC had acquired ownership of parcel number 010-001383 from Hubbard High Acquisition, LLC on December 7, 2017. Due diligence has been undertaken by the **CITY** in that 800 N High Investments, LLC has agreed to fully assume the terms and commitments of the **ENTERPRISE** pursuant to the **AGREEMENT**, has submitted an updated Economic Development Incentive Application and that this application and all other pertinent information has been reviewed and vetted.

This legislation is to authorize the Director of the Department of Development to amend the **AGREEMENT** for the first time to remove Hubbard High Acquisition, LLC as **ENTERPRISE** and party to the **AGREEMENT** to be replaced with 800 N High Investments, LLC as **ENTERPRISE** and party to the **AGREEMENT**, whereby 800 N High Investments, LLC will assume the terms and commitments of the **AGREEMENT**.

This legislation is being presented as an emergency measure in order for this amendment to be legislated in as expedient a manner as possible so that this amendment to the **AGREEMENT** might be fully executed prior to the start of the report year 2018 reporting cycle.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to amend the Enterprise Zone Agreement with Hubbard High Acquisition, LLC, in order to remove Hubbard High Acquisition, LLC and to replace it with 800 N High Investments, LLC; and to declare an emergency.

WHEREAS, the City of Columbus (“**CITY**”) entered into an Enterprise Zone Agreement (the “**AGREEMENT**”) with Hubbard High Acquisition, LLC approved by Columbus City Council (“**COUNCIL**”) on November 20, 2017 by Ordinance No. 2664-2017 with this **AGREEMENT** made and entered into effective December 7, 2017; and

WHEREAS, the **AGREEMENT** granted a 75%/10-Year tax abatement on real property improvements; and

WHEREAS, the incentive was granted in consideration of an \$18.2 million investment in real property improvements, which included approximately \$4.2 million related to the construction of 86 parking spaces in support of the office development, and the creation of 30 net new full-time permeant positions with an annual payroll of approximately \$1.4 million related to the commercial office spaces on floors three through five at 800 N. High Street, Columbus Ohio 43219, and within the City of Columbus Enterprise Zone with no real property exemption commencing after 2020 nor extending beyond 2029; and

WHEREAS, a letter to the **CITY** from Crawford Hoying Development Partners, LLC on behalf of Hubbard High Acquisition, LLC, dated August 1, 2018 confirmed that Hubbard High Acquisition, LLC has transferred its real estate ownership interest in the project to 800 N High Investments, LLC with that transfer having occurred on June 28, 2018; and

WHEREAS, due diligence has been undertaken by the **CITY** in that 800 N High Investments, LLC has agreed to fully assume the terms and commitments of the **ENTERPRISE** pursuant to the **AGREEMENT**, has submitted an updated Economic Development Incentive Application and that this application and all other pertinent information has been reviewed and vetted; and

WHEREAS, an amendment for assignment and assumption is needed to remove Hubbard High Acquisition, LLC as **ENTERPRISE** and party to the **AGREEMENT** and to be replaced with 800 N High Investments, LLC as **ENTERPRISE** and party to the **AGREEMENT**; 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 Hubbard High Acquisition, LLC for the purpose of removing Hubbard High Acquisition, LLC as **ENTERPRISE** and party to the **AGREEMENT** to be replaced with 800 N High Investments, LLC as **ENTERPRISE** and party to the **AGREEMENT**; thereby preserving the public health, peace, property and safety.

NOW, THEREFORE

BE IT ORDAINED BY THE COUNCIL OF COLUMBUS:

Section 1. That the Director of the Department of Development is hereby authorized to amend the Enterprise Zone Agreement with Hubbard High Acquisition, LLC, for assignment and assumption to remove Hubbard High Acquisition, LLC as **ENTERPRISE** and party to the **AGREEMENT** to be replaced with 800 N High Investments, LLC as **ENTERPRISE** and party to the **AGREEMENT**, whereby 800 N High Investments, LLC will assume the terms and commitments of the **AGREEMENT**.

Section 2. That this **FIRST AMENDMENT** for assignment and assumption to the City of Columbus Enterprise Zone Agreement be signed by 800 N High Investments, 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.