



Legislation Text

File #: 2922-2018, **Version:** 1

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.

Based on a recommendation from the 2017 Tax Incentive Review Council (the “TIRC”), the AGREEMENT was subsequently authorized to be amended for the first time by Ordinance 1635-2018, passed on June 18, 2018, 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. The First Amendment was made and entered into to be effective January 1, 2016.

The CITY reported to the 2018 TIRC that following the First Amendment to the AGREEMENT, the annual report for Report Year 2017 submitted by ENTERPRISE reflected three (3) eligible new full-time jobs, four (4) jobs low for the commitment of seven (7) per the First Amendment with a commensurate payroll of \$152,488 (attainments of 43% and 49% respectively). Based on this report, the TIRC recommended to amend the AGREEMENT, to remove the ground floor retail space (parcel 010-292794) and associated job creation and payroll commitments from the AGREEMENT so that the “Exempt Facility” would then only be the 322 space parking garage (parcel 010-002013) and only the improvements related to the parking structure on parcel 010-002013 would remain eligible for the abatement.

COUNCIL, by Resolution 0287X-2018, passed October 8, 2018, accepted the written recommendations presented by the 2018 TIRC.

This legislation is to authorize the Director of Development to amend the AGREEMENT for the second time to remove the ground floor retail space (parcel 010-292794) and associated job creation and payroll commitments from the AGREEMENT so that the “Exempt Facility” would then only be the 322 space parking garage (parcel 010-002013) and only the improvements related to the parking structure on parcel 010-002013 would remain eligible for the abatement.

This legislation is presented as an emergency measure in order for this amendment to be legislated prior to the start of the Report Year 2018 reporting cycle so that this Second Amendment to the AGREEMENT can be reported to the necessary local and state agencies to ensure that ENTERPRISE 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 second time to remove the ground floor retail space and associated job creation and payroll commitments; 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, based on a recommendation from the 2017 Tax Incentive Review Council (the “TIRC”), the AGREEMENT was subsequently authorized to be amended for the first time by Ordinance 1635-2018, passed on June 18, 2018, 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 with this first Amendment was made and entered into to be effective January 1, 2016; and

WHEREAS, the CITY reported to the 2018 TIRC that following the First Amendment to the AGREEMENT, the annual report for Report Year 2017 submitted by ENTERPRISE reflected three (3) eligible new full-time jobs, four (4) jobs low for the commitment of seven (7) per the First Amendment with a commensurate payroll of \$152,488 (attainments of 43% and 49% respectively); and

WHEREAS, based on this report, the TIRC recommended to amend the AGREEMENT, to remove the ground floor retail space (parcel 010-292794) and associated job creation and payroll commitments from the AGREEMENT so that the “Exempt Facility” would then only be the 322 space parking garage (parcel 010-002013) and only the improvements related to the parking structure on parcel 010-002013 would remain eligible for the abatement; and

WHEREAS, COUNCIL, by Resolution 0287X-2018, passed October 8, 2018, accepted the written recommendations presented by the 2018 TIRC; and

WHEREAS, an emergency exists in the usual daily operation of the Columbus Department of Development in that it is immediately necessary to seek a Second Amendment to the AGREEMENT with E.W. High Street, LLC & E.W. Hubbard High, LLC to amend the AGREEMENT, to remove the ground floor retail space (parcel 010-292794) and associated job creation and payroll commitments from the AGREEMENT so that the “Exempt Facility” would then only be the 322 space parking garage (parcel 010-002013) and only the improvements related to the parking structure on parcel 010-002013 would remain eligible for the abatement; 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 Development is hereby authorized to amend the Community Reinvestment Area Agreement with E.W. High Street, LLC & E.W. Hubbard High, LLC, to remove the ground floor retail space (parcel 010-292794) and associated job creation and payroll commitments from the AGREEMENT so that the “Exempt Facility” would then only be the 322 space parking garage (parcel 010-002013) and only the improvements related to the parking structure on parcel 010-002013 would remain eligible for the abatement.

SECTION 2. That this SECOND 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.