



## Legislation Text

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**File #:** 3139-2018, **Version:** 1

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**Background:** The Department of Development has determined to facilitate the redevelopment of certain parcels of real property generally located south of Fifth Avenue and the Battelle campus, and, in connection with that redevelopment, the City has entered into an Economic Development Agreement with Perry Street, LLC providing for the redevelopment plan for the parcels and, as part of that plan, providing for the creation of tax increment financing (TIF) areas on the redevelopment parcels pursuant to Section 5709.40(B) of the Ohio Revised Code.

In order to implement the redevelopment plan under the Economic Development Agreement, the attached Ordinance establishes a TIF area and provides for a 100% exemption from real property taxation on all improvements to the parcels within the TIF area for a period of not more than thirty (30) years. The Columbus City School District will receive, in the same manner as usual, all amounts that it would have received in real property taxes had the tax exemption not been granted. Annual service payments in lieu of taxes will be made with respect to improvements to the TIF parcels. The applicable portion of those service payments will be distributed directly to the Columbus City School District, with the remaining non-school portion of those service payments paid to the City for deposit into the applicable TIF fund established in this Ordinance, to be used to fund infrastructure improvements benefiting the TIF parcels pursuant to a separately authorized TIF and Cooperative Agreement.

**Emergency Justification:** Emergency legislation is required to allow for immediate effectiveness of this ordinance, which is necessary in order to enable the timely redevelopment of the above described project.

**Fiscal Impact:** No funding is required for this legislation. The City is foregoing real property tax revenue that it would have received from development on the TIF parcels. Instead, the non-school portion of that revenue will be diverted to the TIF fund.

To declare the improvement to certain parcels of real property south of Fifth Avenue and the Battelle campus to be a public purpose and exempt from taxation pursuant to ORC 5709.40(B); to provide for the collection and deposit of service payments in lieu of taxes and specifying the purposes for which those service payments may be expended; to require the distribution of the applicable portion of those service payments to the Columbus City School District; to establish a tax increment equivalent fund for the deposit of the remainder of those service payments; and to declare an emergency.

**WHEREAS**, the Department of Development has determined to facilitate the redevelopment of the parcels of real property located south of Fifth Avenue and the Battelle campus, generally known as Founders Park (collectively, the "Project"), and has entered into an Economic Development Agreement with Perry Street, LLC (the "Developer") for the Project; and

**WHEREAS**, in support of the redevelopment plan for the Project established in the Economic Development Agreement, the Department of Development desires to establish a TIF area that includes the Parcels (as defined in Section 1) on which the Project will be developed; and

**WHEREAS**, Ohio Revised Code Sections ("ORC") 5709.40, 5709.42, and 5709.43 (collectively, the "TIF Act") authorize this Council, by ordinance, to declare the improvement to parcels of real property located within the City to be a public purpose and exempt from taxation, require the owner of each parcel to make service payments in lieu of taxes, establish a municipal public improvement tax increment equivalent fund for the deposit of those service payments, and specify the purposes for which money in that fund will be expended; and

**WHEREAS**, since a portion of the Parcels will be used for residential purposes as defined by ORC 5709.40, and in order to declare residential improvements to be a public purpose under that ORC 5709.40, such Parcels must be located in a “blighted area” of an “impacted city”, each as defined in ORC 1.08 and 1728.01; and

**WHEREAS**, the Department of Development has received a blight assessment and study of the parcels, which assessment and study was performed by PGAV Planners and is dated June 2, 2017 (the “Blight Study”), which study concluded that the parcels are a “blighted area” as that term is defined in ORC 1.08 and 1728.01, and that assessment and study and those findings have been reviewed and accepted by the Department and submitted to this Council; and

**WHEREAS**, the Director of the Ohio Developmental Services Agency has certified Columbus to be an “impacted city” within the meaning of ORC 5709.41 and 1728.01, and that certification remains in effect; and

**WHEREAS**, to facilitate the desired redevelopment of the Parcels, this Council has determined that it is necessary and appropriate and in the best interest of the City to exempt from taxation one hundred percent (100%) of the improvement to each Parcel as permitted and provided in ORC 5709.40(B), as applicable, for up to thirty (30) years and to simultaneously direct and require the current and future owners of each Parcel (each individually an “Owner” and collectively the “Owners”) to make annual Service Payments (as defined in Section 5 of this Ordinance) in lieu of real property tax payments, in the same amount as they would have made real property tax payments except for the exemption provided by this Ordinance; and

**WHEREAS**, the City has determined that a portion of the Service Payments shall be paid directly to the Columbus City School District (the “School District”) in an amount equal to the real property taxes that School District would have been paid if the improvement to each Parcel located within that School District had not been exempt from taxation pursuant to this Ordinance; and

**WHEREAS**, notice of this proposed ordinance has been delivered to the Board of Education of the Columbus City School District in accordance with and within the time periods prescribed in ORC 5709.40 and 5709.83; and

**WHEREAS**, an emergency exists in that this Ordinance is required to be immediately effective in order to enable the timely redevelopment of the Parcels, such action being necessary for the preservation of the public health, peace, property and safety; **NOW, THEREFORE**,

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

**Section 1. Parcels.** The real property subject to this ordinance is identified and depicted on Exhibit A (as currently or subsequently configured, the “Parcels”, with each individual parcel a “Parcel”).

**Section 2. Blight and Impacted City.** On the basis of the Blight Study, this Council hereby finds that (i) the Parcels are within a “blighted area” within the meaning of ORC 1.08, 1728.01 and 5709.40, and (ii) the City is an “impacted city” within the meaning of ORC 1728.01.

**Section 3. Public Infrastructure Improvements.** This Council hereby designates the public infrastructure improvements described in Exhibit B (the “Public Infrastructure Improvements”) and any other public infrastructure improvements hereafter designated by ordinance as public infrastructure improvements made, to be made or in the process of being made by the City that directly benefit, or that once made will directly benefit, the Parcels.

**Section 4. Exemption.** This Council hereby finds and determines that one hundred percent (100%) of the increase in assessed value of all Parcels subsequent to the effective date of this ordinance (which increase in assessed value is hereinafter referred to as the “Improvement” as defined in ORC 5709.40(A)) is hereby declared to be a public purpose and exempt from taxation for a period commencing on January 1 of the tax year in which at least an aggregate of Five Million Dollars (\$5,000,000) of Improvements would

appear on the tax list and duplicate for such tax year for the Parcels were it not for the exemption granted by this ordinance and ending on the earlier of (a) thirty (30) years after such commencement or (b) the date on which the City can no longer require service payments in lieu of taxes, all in accordance with the requirements of the TIF Act. The exemption provided by this ordinance is subordinate to any exemption for a Parcel granted pursuant to ORC 3735.65 et. seq. (community reinvestment area) or ORC 5709.61 et. seq. (enterprise zone), and is senior to any exemption for a Parcel granted pursuant to ORC 5709.40(C). The Parcels are hereby removed from the tax increment financing incentive district established by Ordinance No. 0670-2004.

**Section 5. Service Payments.** As provided in ORC 5709.42, the owner of each Parcel is hereby required to make service payments in lieu of taxes with respect to the Improvement allocable to each Parcel to the Franklin County Treasurer on or before the final dates for payment of real property taxes. The service payments in lieu of taxes will be charged and collected in the same manner and in the same amount as the real property taxes that would have been charged and collected against that Improvement if it were not exempt from taxation pursuant to Section 4, including any penalties and interest (collectively, the “Service Payments”). The Service Payments, and any other payments with respect to each Improvement that are received in connection with the reduction required by ORC 319.302, 321.24, 323.152 and 323.156, as the same may be amended from time to time, or any successor provisions thereto as the same may be amended from time to time (the “Property Tax Rollback Payments”), will be deposited and distributed in accordance with Section 7.

**Section 6. TIF Fund.** This Council establishes, pursuant to and in accordance with the provisions of ORC 5709.43, the Founders Park Municipal Public Improvement Tax Increment Equivalent Fund (the “TIF Fund”), into which the Service Payments and Property Tax Rollback Payments collected with respect to the Parcels will be deposited. The TIF Fund will be maintained in the custody of the City. The City may use amounts deposited into the TIF Fund only for the purposes authorized in the TIF Act and this ordinance (as it may be amended). The TIF Fund will remain in existence so long as the Service Payments and Property Tax Rollback Payments are collected and used for the aforesaid purposes, after which time the TIF Fund will be dissolved and any surplus funds remaining therein transferred to the City's General Fund, all in accordance with ORC 5709.43.

**Section 7. Distributions; Payment of Costs.** Pursuant to the TIF Act, the County Treasurer is requested to distribute the Service Payments and Property Tax Rollback Payments as follows:

a. To the Columbus City School District, an amount equal to the amount the school district would otherwise receive as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the Improvement to each Parcel if the Improvement had not been exempt from taxation pursuant to this ordinance.

b. To the City, all remaining amounts for further deposit into the TIF Fund for payment of costs of the Public Infrastructure Improvements, including, without limitation, debt charges on any notes or bonds issued to pay or reimburse finance costs or costs of those Public Infrastructure Improvements.

All distributions required under this Section are requested to be made at the same time and in the same manner as real property tax distributions.

**Section 8. Further Authorizations.** This Council hereby authorizes and directs the Director, the City Clerk or other appropriate officers of the City to deliver a copy of this ordinance to the Ohio Development Services Agency and to make such arrangements as are necessary and proper for collection of the Service Payments. This Council further authorizes and directs the Director, the City Clerk, the City Attorney or other appropriate officers of the City to prepare and sign all agreements and instruments and to take any other actions as may be appropriate to implement this ordinance.

**Section 9. Effective Date.** For the reasons stated in the Preamble hereto, which is hereby made a part hereof, this 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.