



Legislation Text

File #: 0845-2019, **Version:** 1

BACKGROUND: Columbus City Council (**COUNCIL**), by Ordinance No. 3118-2016, passed December 12, 2016, authorized the City of Columbus (**CITY**) to enter into an Enterprise Zone Agreement (the “**AGREEMENT**”) with 711, LLC and Wood G.P., Ltd. (collectively, and hereinafter refer to as “**ENTERPRISE**”) for a tax abatement of seventy-five percent (75%) for a period of ten (10) years in consideration of company’s investment of approximately \$35 million in real property improvements and the creation of seven (7) net new full-time permanent positions with an annual payroll of approximately \$218,400. The investment consisted of two parts: (i) the construction of a 9-story Class A commercial office facility consisting of approximately 162,000 square feet, with an attached parking garage containing 88 parking spaces at 711 N. High Street, Columbus, Ohio, parcel number 010-031749 located in the Short North District, (ii) concurrent with the first part, **ENTERPRISE** proposed to construct a mixed-use facility consisting of approximately 18,465 square feet of residential apartment units, approximately 1,705 square feet of retail space and a new parking structure that consists of approximately 245 parking spaces at Lincoln Street and Pearl Alley, parcel number 010-011525. Within this second part, the tax abatement would only be applied towards the 125 parking spaces of the garage which are related to 87,000 sq. ft. of commercial office space in the first part, located within the Columbus City School District and within the Columbus Enterprise Zone, (collectively, and hereinafter both parts referred to as the “**PROJECT**”). The **AGREEMENT** was made and entered into effective March 13, 2017.

The **AGREEMENT** stated that construction on the improvements of the **PROJECT** was expected to begin no later than the end of March, 2017 and that all real property improvements were expected to be completed by the end of December 2018, and that no real property exemption was to commence after 2020 nor extend beyond 2029.

In a letter from the **ENTERPRISE**, received by the Department of Development on February 15, 2019, it was requested that the **PROJECT** be amended to remove the second part (construction of a mixed-use facility and the associated parking garage) of the **PROJECT** from the project scope and realign it with the **ENTERPRISE**’s updated construction completion date on a separate tax abatement. The first part (commercial office facility) of the **PROJECT** will be completed within the next few months while the second part (mixed-use facility and the associated parking garage) of the **PROJECT** will not be finalized until early 2020. Due to various unforeseen obstacles and delays, it was not feasible for the **ENTERPRISE** to complete both parts concurrently. With the removal of the second part, the **ENTERPRISE** can begin to realize the tax benefit of the proposed property tax exemption on the commercial office facility, not forfeiting a year of tax exemption, and remain in compliance with the terms and conditions of the **AGREEMENT**. The second part of the **PROJECT** will not begin until spring of 2019, and the **ENTERPRISE** anticipates completion first quarter of 2020.

This legislation is to authorize the Director of the Department of Development to amend the **AGREEMENT** for the first time by revising the project scope to remove the second part (construction of a mixed-use facility and the associated parking garage) from the proposed **PROJECT**, and to also revise the total investment amount to reflect the first part of the **PROJECT** only at \$25.27 million in real property improvements instead of \$35 million. This will allow the **ENTERPRISE** to begin receiving the benefit from the proposed property tax exemption on the newly constructed commercial office facility and remain in compliance with the terms and conditions of the Enterprise Zone 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** can be executed and ensure that **ENTERPRISE** remains in compliance with the terms and conditions of the **AGREEMENT**.

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 711, LLC and Wood G.P., Ltd. for the first time by revising the project scope to remove the second part of the proposed construction which involved a mixed-use facility and the associated parking garage from the project and to apply the proposed property tax exemption only to the newly constructed commercial office facility with a total investment of approximately \$25.27 million in real property improvements, and to declare an emergency.

WHEREAS, the City of Columbus (“**CITY**”) entered into an Enterprise Zone Agreement (the “**AGREEMENT**”) with 711, LLC and Wood G.P., Ltd. (collectively, and hereafter referred to as “**ENTERPRISE**”), approved by Columbus City Council (“**COUNCIL**”) on December 12, 2016 by Ordinance No. 3118-2016 with this **AGREEMENT** made and entered into effective March 13, 2017; and

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

WHEREAS, the incentive was granted in consideration of company’s investment of approximately \$35 million in real property improvements and the creation of seven (7) net new full-time permanent positions with an annual payroll of approximately \$218,400. The investment consisted of two parts: (i) the construction of a 9-story Class A commercial office facility consisting of approximately 162,000 square feet, with an attached parking garage containing 88 parking spaces at 711 N. High Street, Columbus, Ohio, parcel number 010-031749 located in the Short North District.

WHEREAS, (ii) concurrent with the first part, **ENTERPRISE** proposed to construct a mixed-use facility consisting of approximately 18,465 square feet of residential apartment units, approximately 1,705 square feet of retail space and a new parking structure that consists of approximately 245 parking spaces at Lincoln Street and Pearl Alley, parcel number 010-011525. Within this second part, the proposed tax abatement would only be applied towards the 125 parking spaces of the garage which are related to 87,000 sq. ft. of commercial office space in the first part, located within the Columbus City School District and within the Columbus Enterprise Zone, (collectively, and hereinafter both parts referred to as the “**PROJECT**”). The **AGREEMENT** was made and entered into effective March 13, 2017.

WHEREAS, the **AGREEMENT** stated that construction on the improvements of the **PROJECT** were expected to begin no later than the end of March, 2017 and that all real property improvements were expected to be completed by the end of December 2018, and that no real property exemption was to commence after 2020 nor extend beyond 2029; and

WHEREAS, in a letter from the **ENTERPRISE**, received by the Department of Development on February 15, 2019, it was requested that the **PROJECT** be amended to remove the second part (construction of a mixed-use facility and the associated parking garage) of the **PROJECT** from the project scope and realign it with the **ENTERPRISE**’s updated construction completion date on a separate tax abatement. The first part (construction of a new commercial office facility) of the **PROJECT** will be completed within the next few months while the second part (construction a mixed-use facility and the associated parking) will not be completed until early 2020. Due to various unforeseen obstacles and delays, it was not feasible for the **ENTERPRISE** to complete both construction parts concurrently as proposed in the initial **AGREEMENT**. With the removal of the second part of the **PROJECT**, the **ENTERPRISE** can begin to realize the benefit of the proposed property tax exemption on the newly constructed commercial office facility, not forfeiting a year of tax exemption, and remain in compliance with the terms and conditions of the Enterprise Zone Agreement; and

WHEREAS, an amendment to the **AGREEMENT** is now needed to revise the project scope to remove the second part from the **PROJECT** and apply the proposed property tax exemption only on the newly constructed commercial office facility and to revise the **PROJECTS**’ total investment in real property improvements from \$35 million to approximately \$25.27 million; 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 711, LLC and Wood G.P., Ltd. to ensure that **ENTERPRISE** remains in compliance with the terms and conditions of the **AGREEMENT**, thereby preserving the

public health, peace, property and safety. **NOW, THEREFORE,**

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

SECTION 1. That the Director of the Department of Development is hereby authorized to amend the Enterprise Zone Agreement with 711, LLC and Wood G.P., Ltd. to revise the project scope to remove the second part (construction of a mixed-use facility and the associated parking garage) from the **PROJECT**, and to apply the proposed property tax exemption on the newly constructed commercial office facility with a total investment of approximately \$25.27 in real property improvements.

SECTION 2. That this **FIRST AMENDMENT** to the City of Columbus Enterprise Zone Agreement be signed by 711, LLC and Wood G.P., Ltd. 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.