



Legislation Text

File #: 1838-2019, **Version:** 1

BACKGROUND: Community Reinvestment Areas (CRAs) have been designated by Columbus City Council ("Council") under the general guidelines of Ordinance 1698-78. Such areas allow for the granting of real property tax incentives to encourage industrial, commercial, and residential growth.

Columbus City Council by Resolution Number 0090X-2007, as approved on June 11, 2007 and certified by the State of Ohio on July 14, 2007, created the Rickenbacker Community Reinvestment Area (the "Rickenbacker CRA"), which Council subsequently amended by Resolution Number 0318X-2011 on December 5, 2011 and certified by the State of Ohio on January 23, 2012, providing for tax exemptions for improvements to real property up to one hundred percent (100%) not exceeding fifteen (15) years for the new construction of non-retail, non-hotel, non-residential business or industrial structures as described in Section 3735.67 of the Ohio Revised Code.

Pizzuti Land LLC, an affiliate of Columbus-based real estate development company The Pizzuti Companies ("Pizzuti"), is proposing to construct a new speculative industrial warehouse facility consisting approximately 261,402 square feet on parcel number 495-234526 located at 1675 Beggrow Street, Columbus, Ohio 43035 (the "**Project Site**"). The new warehouse will be in a premier location within the Rickenbacker Community Reinvestment Area ("Rickenbacker CRA") and the Rickenbacker Inland Port and is part of a three-building development plan which can support up to 1.5 million square feet of development. Rickenbacker West features large, rail-served cross-dock facilities and is located in an industrial corridor adjacent to Norfolk Southern's Rickenbacker Intermodal Terminal.

Pizzuti Land LLC expects to invest a total project cost of approximately \$16,514,749 million in order to construct the industrial warehouse and has estimated that the new warehouse will support the creation of 10 net new full-time permanent positions within the City of Columbus with an associated new annual payroll of approximately \$312,000 by the end of the third full year of operation. As this is a speculative development, the exact number of full-time permanent positions expected to be relocated to the **Project Site** is unknown.

The **Project Site** will ultimately be developed by Pizzuti with intentions to enter into a capital lease financing structure with the Columbus-Franklin County Finance Authority ("the Authority"). The Authority will obtain its interest in the property pursuant to a ground lease, will own the facility, and will lease the facility to the newly-formed entity affiliated with Pizzuti under a triple net lease.

The Department of Development recommends a Community Reinvestment Area property tax abatement of one hundred percent (100%) for a period of fifteen (15) consecutive years on real property improvements related to the construction of a new speculative commercial industrial warehouse facility consisting of approximately 261,402 square feet. This proposal is consistent with the Columbus Tax Incentive Policy for Community Reinvestment Area projects.

The Columbus City School District has been advised of this project and, pursuant to Ohio Revised Code 3735.671(A)(1), has approved the one hundred percent (100%)/15-year abatement for Pizzuti Land LLC and the Columbus-Franklin County Finance Authority. A copy of the Columbus City School District Resolution approving the abatement is attached, which was contingent upon the execution of two Community Reinvestment Area Compensation Agreement between Pizzuti Land LLC and the Columbus City School District.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of Development to enter into a Community Reinvestment Area Agreement with Pizzuti Land LLC and the Columbus-Franklin County Finance Authority for a property tax abatement of one hundred percent (100%)

for a period of fifteen (15) consecutive years on real property improvements in consideration of a proposed total investment of approximately \$16,514,749.00 in new building construction and the creation of 10 net new full-time permanent positions.

WHEREAS, Ordinance 1698-78 passed August 3, 1978, authorized the Department of Development to implement a Community Reinvestment Area Program, pursuant to Section 3735.65 to 3735.70 of the Ohio Revised Code, and approved certain administrative procedures for the program; and

WHEREAS, the Columbus City Council by its Resolution Number 0090X-2007, approved June 11, 2007, designated the Rickenbacker Community Reinvestment Area pursuant to Chapter 3735 of the Ohio Revised Code; and

WHEREAS, effective July 24, 2007, the Director of the Development Department of the State of Ohio determined that the aforementioned Area designated in the aforementioned Council Resolution contained the characteristics set forth in Ohio Revised Code Section 3735.66 and confirmed that Area as a “Community Reinvestment Area” pursuant to said Chapter 3735; and

WHEREAS, the Columbus City Council by its Resolution Number 0318X-2011, approved December 05, 2011, subsequently amended the Area; and

WHEREAS, the Director of the Development Department of the State of Ohio determined that the Rickenbacker Community Reinvestment Area, as amended by the aforementioned Resolution, continued to contain the characteristics set forth in Section 3735.66 of the Ohio Revised Code and recertified said Area on January 23, 2012; and

WHEREAS, the City's intent in creating the Rickenbacker Community Reinvestment Area was to gain the ability to use tax incentives to encourage the maintenance of existing and construction of new structures in the CRA to encourage economic stability, maintain real property values, and generate new employment opportunities; and

WHEREAS, Pizzuti Land LLC, an affiliate of Columbus-based real estate development company, The Pizzuti Companies (“Pizzuti”), is proposing to construct a speculative commercial industrial warehouse facility consisting of approximately 261,402 sq. ft. on parcel number 495-234526-00 located at 1675 Beggrow Street, Columbus, Ohio 43035 (the “**Project Site**”); and

WHEREAS, contingent on the City granting a Community Reinvestment Area property tax abatement, Pizzuti Land LLC expects to invest a total of approximately \$16.51 million in order to construct the industrial warehouse and has estimated that the new warehouse will support the creation of 10 net new full-time permanent positions within the City of Columbus with an associated new annual payroll of approximately \$312,000 by the end of the third full year of operation (estimated to be December 31, 2023); thereby increasing job opportunities and strengthening the economy of the City; and

WHEREAS, the **Project Site** will ultimately be developed by Pizzuti with intentions to enter into a capital lease financing structure with the Columbus-Franklin County Finance Authority (“the Authority”). The Authority will obtain its interest in the property pursuant to a ground lease, will own the facility, and will lease the facility to the newly-formed entity affiliated with Pizzuti under a triple net lease.

WHEREAS, representatives for Pizzuti Land LLC and the Columbus-Franklin County Finance Authority have indicated that receiving this tax incentive from the City is crucial to their decision to advance the aforementioned construction in Columbus; and

WHEREAS, the Board of Education for the Columbus City School District has been notified in accordance with Ohio Revised Code Section 5709.83 and has been provided with a copy of the tax incentive application; and

WHEREAS, pursuant to Section 3735.671(A)(1) of the Ohio Revised Code, school board approval must be granted for an abatement that exceeds fifty percent (50%); and

WHEREAS, the Columbus City School District approved the tax exemption on the proposed real property improvements for parcel number 495-234526 on September 5, 2017; and

WHEREAS, a copy of the Columbus City School District Resolution approving the real property improvements for parcel number 495-234526 is attached; and

WHEREAS, the City, having the appropriate authority to offer a tax incentive on this project, is desirous of providing Pizzuti Land LLC and the Columbus-Franklin County Finance Authority a property tax abatement of one hundred percent (100%) for a period of fifteen (15) consecutive years on real property improvements in order to encourage the development of the Project Site, with its associated new job creation projections, within the Rickenbacker Community Reinvestment Area; **NOW THEREFORE**,

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

SECTION 1. That City hereby finds and determines that the project will (1) create jobs in the State and City (2) the project is economically sound and will benefit the people of the State and City by increasing opportunities for employment and strengthening the economy of the State and City; and (3) receiving the aforementioned tax abatement is a critical factor in the decision by representatives for Pizzuti Land LLC and the Columbus-Franklin County Finance Authority to go forward with the project.

SECTION 2. That the Director of Development is hereby authorized and directed to enter into and execute an Community Reinvestment Area Agreement Pizzuti Land LLC and the Columbus-Franklin County Finance Authority to provide therewith an exemption of one hundred percent (100%) on real property improvements on parcels 495-234526 within the City of Columbus [Franklin County] for a term of fifteen (15) consecutive taxable years in association with the project's proposed total investment of approximately \$16,514,749 in new building construction and the creation of 10 net new full-time permanent positions with an associated new annual payroll of approximately \$312,000.

SECTION 3. That the City of Columbus Community Reinvestment Area Agreement shall be signed by Pizzuti Land LLC and the Columbus-Franklin County Finance Authority within ninety (90) days of passage of this ordinance or this ordinance and the abatement authorized herein shall be null and void.

SECTION 4. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.