



Legislation Text

File #: 3009-2019, **Version:** 1

Background: The City Department of Development has determined to facilitate the urban redevelopment of certain parcels of real property generally located at the northeast corner of Dublin Road and Grandview Avenue, and, in connection with that redevelopment, the City has entered into an Economic Development Agreement with Wagenbrenner Development providing for the redevelopment plan for the parcels and, as part of that plan, providing for the creation of a tax increment financing (TIF) area on the redevelopment parcels pursuant to Section 5709.41 of the Ohio Revised Code. In order to implement the urban redevelopment plan under the Economic Development Agreement, the attached Ordinance establishes a TIF area for the project 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 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.

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 create a tax increment financing area encompassing certain parcels of real property in the area known as Grandview Crossing; to declare improvements to those parcels to be a public purpose and exempt from real property taxation; to require the owners of those parcels to make service payments in lieu of taxes; to require the distribution of the applicable portion of those service payments to the Columbus City School District; and to establish an urban redevelopment tax increment equivalent fund for the deposit of the remainder of those service payments.

WHEREAS, Sections 5709.41 through 5709.43 of the Ohio Revised Code (collectively, the “TIF Act”) authorize this Council to declare the improvements to certain parcels of real property located within the corporate boundaries of the City of Columbus, Ohio (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, provide for the distribution of the applicable portion of such service payments to the Columbus City School District, and establish a tax increment equivalent fund for the deposit of the remainder of such service payments; and

WHEREAS, the City Department of Development has determined to facilitate the urban redevelopment of the parcels of real property generally known as Grandview Crossing (collectively, the “Project”), all located in the City, and has entered into an Economic Development Agreement (the “EDA”) with Wagenbrenner Development (the “Developer”) for the Project, by which the City agreed to establish a tax increment financing (“TIF”) area on those parcels pursuant to Section 5709.41 of the Ohio Revised Code; and

WHEREAS, in support of the urban redevelopment plan for the Project, the City Department of Development desires to establish the TIF area under Section 5709.41 of the Ohio Revised Code, with one such area containing the parcels of real property specifically identified and depicted in Exhibit A attached hereto and marked as Phase 1 and Phase 2 (as currently or hereafter configured, each a “Parcel” and collectively the “Parcels”); and

WHEREAS, Section 5709.41 of the Ohio Revised Code requires the City to have held title to the Parcels prior to the passage of an ordinance declaring the improvements to those parcels to be a public purpose, and the City held title to the

Parcels prior to the passage of this Ordinance; and

WHEREAS, 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 Section 5709.41 of the Ohio Revised Code, as applicable, for up to thirty (30) years (each, a “TIF Exemption” and together, the “TIF Exemptions”) 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 3 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, pursuant to Section 5709.43 of the Ohio Revised Code, this Council has determined to establish an urban redevelopment tax increment equivalent fund into which there shall be deposited the remaining Service Payments distributed to the City pursuant to Section 5709.41 of the Ohio Revised Code; and

WHEREAS, notice of this proposed Ordinance has been delivered to the Board of Education of the School District in accordance with and within the time periods prescribed in Sections 5709.41 and 5709.83 of the Ohio Revised Code, as applicable; **NOW, THEREFORE**,

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

Section 1. Chain of Title and Urban Redevelopment of Parcels. This Council hereby finds and determines that the City held fee title to the Parcels prior to the passage of this Ordinance and the City acquired the Parcels while engaged in urban redevelopment within the meaning of Section 5709.41 of the Ohio Revised Code.

Section 2. Authorization of TIF Exemption. This Council hereby finds and determines that one hundred percent (100%) of the increase in assessed value of each Parcel subsequent to the acquisition of that Parcel by the City (which increase in assessed value is hereinafter referred to as the “Improvement” and is the “improvement” as defined in Section 5709.41(A) of the Ohio Revised Code), 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 an Improvement due to a new building would first appear on the tax list and duplicate for such Parcel 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 Statutes. Notwithstanding any other provision of this Ordinance, the exemption granted pursuant to this Section 2 and the payment obligations established pursuant to Section 3 of this Ordinance are subordinate to other tax exemptions applicable to the Improvement approved by the City pursuant to Section 3735.65 et. seq. (community reinvestment area) or 5709.61 et. seq. (enterprise zone) of the Ohio Revised Code. If requested by the Owner of the Parcels, the TIF will be amended or re-adopted to allow for the full thirty year exemption period commencing for tax year 2022 for the Parcels located in Phase 1 and commencing for tax year 2025 for the Parcels located in Phase 2 as provided in the EDA and TIF and Cooperative Agreement.

Section 3. Service Payments. As provided in Section 5709.42 of the Ohio Revised Code, 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 payable against the Improvement as if it were not exempt from taxation pursuant to Section 2 of this Ordinance, 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 Sections 319.302, 321.24, 323.152 and 323.156 of the Ohio Revised Code, 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 5 of this Ordinance.

Section 4. Tax Increment Equivalent Fund. This Council hereby establishes the Grandview Crossing Urban Redevelopment Tax Increment Equivalent Fund (the "TIF Fund"), into which will be deposited the Service Payments and Property Tax Rollback Payments collected with respect to the Parcels that are not required to be distributed to the School District pursuant to Section 5 of this Ordinance. 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 Statutes and this Ordinance. The TIF Fund shall remain in existence so long as the Service Payments and Property Tax Rollback Payments are collected and used for the aforesaid purposes or until such later date as may be established by separate ordinance, 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 Section 5709.43 of the Ohio Revised Code.

Section 5. Distribution of Service Payments. Pursuant to the TIF Statutes, the County Treasurer is requested to distribute the Service Payments and the Property Tax Rollback Payments as follows:

- (i) to the School District, an amount equal to the amount the School District would otherwise have received as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the Improvement to the Parcels if the Improvement had not been exempt from taxation pursuant to this Ordinance; and
- (ii) to the City, all remaining amounts for further deposit into the TIF Fund.

Money deposited into the TIF Fund may be used to pay for, reimburse or finance the costs of improvements to be made in connection with the redevelopment of property located within the urban areas of the City to the full extent permitted under Section 5709.41 of the Ohio Revised Code, including, without limitation, (a) all improvements made in connection with the Project, (b) roads, sidewalks, bike paths and other mobility improvements, (c) utility improvements, (d) park and recreation improvements, (e) parking garages and other parking facilities, (f) community centers and other amenities, and (g) acquisition of real estate for redevelopment purposes, together with all appurtenances thereto (including, but not limited to, those costs listed in Section 133.15(B) of the Ohio Revised Code). All distributions required under this Section 5 are requested to be made at the same time and in the same manner as real property tax distributions.

Section 6. Further Authorizations. This Council ratifies the delivery of the notice of this Ordinance to the School District and 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 7. Effective Date. This ordinance shall take effect and be in force from and after the earliest period allowed by law.