



Legislation Text

File #: 3146-2019, **Version:** 1

Background: The goal of a Downtown Redevelopment District is promoting rehabilitation of historic buildings, creating jobs, and encouraging economic development in commercial and mixed-use commercial and residential areas, and for the purpose of funding transportation improvements that will benefit such areas.

An Innovation District is an area located entirely within a downtown redevelopment district, and equipped with a high-speed broadband network capable of download speeds of at least one hundred gigabits per second. The goal of the district is to attract and facilitate growth of qualified businesses and supporting the economic development efforts of business incubators and accelerators.

The Department of Development is proposing the establishment of a Downtown Redevelopment District ("DRD") and Innovation District ("ID") area pursuant to Section 5709.45 of the Ohio Revised Code in the area of the Columbus Electric Trolley Barn located at 1600 Oak St., south of the Franklin Park Conservatory. The attached Ordinance establishes the DRD and provides for a 70% exemption from real property taxation on all development on the DRD parcels for a period of not more than thirty (30) years.

Annual service payments in lieu of taxes will be made with respect to new private development on the DRD parcels. The service payments will be paid to the City for deposit into the municipal downtown redevelopment district fund ("DRD Fund") established in the Ordinance to be used to provide funds for loans, improvements and other authorized activities benefiting the DRD and ID Parcels.

To achieve the addressed goals an Economic Development Plan will be put into place. The plan will require the Trolley Barn LLC to satisfy community needs using the DRD fund. The community needs are to increase neighborhood's food access, quality of life and choices. Improving their quality of life Trolley Barn will provide opportunities to better the neighborhood's health, combat unemployment and high rate of food stamp utilization. The Economic Development Plan establishes the ability to support new educational professional programs and career opportunities for community members. The plan also encourages supporting existing and new minority owned businesses in the Innovation District.

To create a Downtown Redevelopment District and an Innovation District on certain parcels of real property in the area of the Columbus Electric Trolley Barn located within the City at 1600 Oak St., south of the Franklin Park Conservatory; to declare improvements within the district to be a public purpose; to create the municipal downtown redevelopment district fund; and to approve subsequent related agreements.

WHEREAS, Sections 5709.45 through 5709.47 of the Ohio Revised Code (the "Act") provide that for the purposes of promoting rehabilitation of historic buildings, creating jobs and encouraging development in commercial and mixed-use commercial and residential areas, and for the purpose of funding transportation improvements that will benefit such areas, that this Council of the City of Columbus (the "City") may, under certain circumstances, enact an ordinance creating a downtown redevelopment district (a "DRD"), and declaring up to 70% of the value of Improvements to parcels within the DRD to be a public purpose and exempt from taxation for a period of up to 30 years with the consent of the city school district within which the DRD is located; and

WHEREAS, the Act provides that, for the purposes of attracting and facilitating growth of qualified businesses and supporting the economic development efforts of business incubators and accelerators, the legislative authority of a municipal corporation may designate an innovation district (an "ID") within a the boundaries of a proposed DRD, with a life identical to that of the DRD within which it is included; and

WHEREAS, the City desires to use the authority granted pursuant to the Act to establish a DRD (the “Trolley Barn DRD”) in an area located within the territorial boundaries of the City and encompassing a 9.96 acre area (the “DRD Area”) enclosed by a continuous boundary in which an historic building will be rehabilitated (as depicted in the Parcel Listing attached as Exhibit A hereto and the Boundary Map attached as Exhibit B hereto) to be comprised of properties used for commercial, residential and other uses; and

WHEREAS, the historic building to be rehabilitated is known as the Columbus Electric Trolley Barn, an historic building located within the City at 1600 Oak Street, Franklin County Ohio Parcel No. 010-066585-00 located within a registered historic district under 16 U.S.C. 470a and certified by the State historic preservation officer as being of historic significance to the district; and

WHEREAS, the DRD area shall be equipped with a high-speed broadband network capable of download speeds of at least one hundred gigabits per second and therefore qualifies to be included in an ID; and

WHEREAS, the City desires to use the authority granted pursuant to the Act to establish an Innovation District (the “Trolley Barn ID”) in an area located within the boundaries of the DRD (as depicted in the Parcel Listing attached as Exhibit C hereto and the Boundary Map attached as Exhibit D hereto); and

WHEREAS, the City desires to grant a seventy percent (70%) exemption from real property taxation for a period of thirty (30) years (the “DRD Exemption”) for each Improvement within the DRD; and

WHEREAS, that portion of the Improvement not subject to the DRD Exemption or other applicable exemptions will be distributed as all other property taxes are distributed; and

WHEREAS, the City has determined that it is necessary and appropriate and in the best interests of the City to require the owners of parcels subject to the DRD Exemption to make annual service payments in lieu of taxes (“Service Payments”) during the period of exemption, for deposit into a municipal DRD Fund established by the City pursuant to the Act for use as provided in the Act and in the redevelopment plan for the DRD and ID attached as Exhibit E hereto (the “Trolley Barn DRD/ID Redevelopment Plan”); and

WHEREAS, the plan provides for addressing the challenges of those residing and working within and around the District, by providing within the DRD and ID, inter alia for (1) the provision of access to fresh food, more choices of food and higher quality of food and (2) the support and incubation of minority businesses, all consistent with provisions of the DRD Act; and

WHEREAS, the City has taken actions to provide required notices of this Ordinance under the DRD Act Ordinance and obtained all required approvals; and

WHEREAS, the City has held a public hearing with respect to the establishment of the DRD and the Redevelopment Plan and delivered notice of such public hearing and this by first class mail to every real property owner whose property is located within the boundaries of the DRD; and

WHEREAS, pursuant to Section 5709.45(A) of the Ohio Revised Code, this Council has determined to establish a municipal downtown redevelopment district fund in which there shall be deposited the remaining service payments distributed to the City as provided herein; 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; and

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

Section 1. Designation of Downtown Redevelopment District and Innovation District. This Council establishes and

designates the boundaries of a proposed downtown redevelopment district, to be known as the “Trolley Barn Downtown Redevelopment District,” enclosed by a continuous boundary, all as depicted in the Parcel Listing attached as Exhibit A hereto and the Boundary Map attached as Exhibit B hereto. This Council further establishes and designates the boundaries of a proposed innovation district, to be known as the “Trolley Barn Innovation District,” enclosed by a continuous boundary within the DRD Area, all as depicted in the Parcel Listing attached as Exhibit C hereto and the Boundary Map attached as Exhibit D hereto. This Council further approves the Trolley Barn DRD/ID Redevelopment Plan (as the same may be amended, the “Plan”) attached hereto as Exhibit E.

Section 2. Authorization of Tax Exemption. Pursuant to and in accordance with the provisions of Section 5709.45 of the Ohio Revised Code, this Council hereby finds and determines that seventy percent (70%) of the increase in assessed value of each parcel comprising the DRD Area (which increase in assessed value is hereinafter referred to as the “Improvement” as defined in Section 5709.45(A) of the Ohio Revised Code) is hereby declared to be a public purpose and shall be exempt from taxation for a period commencing with the 2019 tax year (the “Commencement Date”) and ending on the thirtieth (30th) anniversary of such Commencement Date, or on the date on which the Improvements cease to be a public purpose, whichever occurs first (the “Exemption Period”). After the DRD Exemption becomes effective, such DRD Exemption shall apply with respect to any parcel when the Improvement to such parcel occurs and exemption therefor is claimed in the manner provided for herein.

The DRD Exemption granted pursuant to this Section 1 and the payment obligations established pursuant to Section 2 of this Ordinance are subject and subordinate to any tax exemption applicable to the Improvement pursuant to Section 140.08 or Sections 5709.12 and 5709.121 or under Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code.

Section 3. Service Payments. Subject to any tax exemption applicable to the Improvement pursuant to Section 5709.12 or under Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code, and pursuant to Section 5709.45 of the Ohio Revised Code, this Council hereby directs and requires the Owner of each Parcel it owns within the DRD Area to make annual Service Payments (as defined herein) in lieu of taxes with respect to the Improvement allocable thereto to the Franklin County Treasurer (the “County Treasurer”) on or before the final dates for payment of real property taxes. Each service payment in lieu of taxes, including any penalties and interest at the then current rate established under Sections 323.121(B)(1) and 5703.47 of the Ohio Revised Code (collectively, the “Service Payments”), shall 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 if it were not exempt from taxation pursuant to and the extent provided in Section 1 of this Ordinance. The Service Payments, and any other payments with respect to each Improvement that are received by the County Treasurer 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”), shall be allocated and distributed in accordance with Section 4 of this Ordinance. This Council further hereby authorizes and directs appropriate officers of the City to make such arrangements as are necessary and proper for collection of the Service Payments from the Owners, including the preparation and filing of any necessary exemption applications.

Section 4. Municipal Downtown Redevelopment District Fund This Council hereby establishes, pursuant to and in accordance with the provisions of Section 5709.47 of the Ohio Revised Code, a downtown redevelopment district fund named the Trolley Barn DRD Fund (the “DRD Fund”), into which the County Treasurer shall deposit the Service Payments and the Property Tax Rollback Payments collected from the Parcels. That DRD Fund shall be maintained in the custody of the City and shall receive the distributions to be made to the City pursuant to Section 4 of this Ordinance. Those Service Payments received by the City and Property Tax Rollback Payments received by the City with respect to the Improvement of each Parcel and so deposited pursuant to Sections 5709.47 of the Ohio Revised Code shall be used solely for the purposes authorized in Section 5709.45(E) of the Ohio Revised Code and the Plan. The DRD Fund shall remain in existence so long as such Service Payments and Property Tax Rollback Payments are collected and used for the aforesaid purposes, after which time the DRD Fund shall be dissolved and any surplus funds remaining therein transferred to the City’s General Fund, all in accordance with Section 5709.47 of the Ohio Revised Code. Within the DRD Fund, there shall be established such accounts as may be necessary to accomplish the purposes set forth in the Plan. The City is authorized to enter into an agreement with a bank or trust company to act as custodian and to administer the

DRD Fund on behalf of the City.

A DRD Advisory Committee will be formed to make annual recommendations on how the DRD Funds will be allocated by the City as they are received. The committee will be responsible for reviewing requests for funds on behalf of the district and making recommendations to the Director of the Department of Development on allocating funds. These expenditures must follow the Downtown Redevelopment District Plan. This Committee will consist of one member from each of the following categories:

- Columbus City Schools Representative
- Small Business Representative
- Property Owner within the DRD
- Community Member
- City Representative

Section 5. Historic Property Rehabilitation. This Council hereby determines that the property (the “Historic Property”) located at 1600 Oak St., on Parcel No. 010-066585-00 known generally as the Columbus Electric Trolley Barn, is an historic property, and further certifies that Trolley Barn, LLC, as owner (together with any successors and assigns, the “Historic Property Owner”) of the Historic Property pursuant to a Trolley Barn DRD/ID Agreement (the “DRD Agreement”) shall make an investment into the rehabilitation of the Historic Property and shall receive compensation from the DRD Fund in accordance with Section 5709.47, the terms set forth in the Trolley Redevelopment Plan and in the Redevelopment Agreement.

Section 6. School Compensation. Pursuant to Ohio Revised Code Sections 5709.45, 5709.46, 5709.47 and 5709.83, the City shall cause the County Treasurer to distribute a portion of the Service Payments to the Columbus City School District (the “School District”) in an amount specified in a School Compensation Agreement, Exhibit F, to be entered into between the City and the School District, such amount not to exceed the amount that the School District would have received if the Improvements were not exempt from taxation.

Section 7. Fresh Food Operating Agreement. The Historic Property Owner shall enter into an Fresh Food Market Operating Agreement with the City covering public access to the market, operating hours, maintenance of the market and providing the items listed in the School Compensation Agreement to be provided within the market prior to any funds from the Downtown Redevelopment District being expended.

Section 8. Other Arrangements. This Council hereby authorizes and directs the Mayor, the Auditor, the Director of Development, or other appropriate officers of the City to sign and execute all documents and make such arrangements as are necessary and proper for the collection of the Service Payments from the owners of real property located within the DRD Area, which are to be deposited into the DRD Fund, the rehabilitation of the Historic Property, the Fresh Food Operating Agreement and the use of amounts in the DRD Fund in accordance with the Plan and the DRD Agreement. The form of DRD Agreement is hereby approved, with such changes, not materially adverse to the City, as may be approved by the City Attorney and the City officials executing that Agreement.

Section 9. Notices. This Council hereby finds and determines that notice of this proposed Ordinance has been delivered to all affected school districts, including the Columbus City School District in accordance with Ohio Revised Code Sections 5709.45 and 5709.83, and hereby ratifies the giving of that notice.

Pursuant to Section 5709.45(K) of the Ohio Revised Code, the Department of Development is hereby directed to deliver a copy of this Ordinance to the Director of the Ohio Development Services Agency within fifteen (15) days after its effective date. Further, on or before March 31 of each year the exemption set forth in Section 1 of this Ordinance remains in effect, the Department of Development shall prepare and submit to the Ohio Development Services Agency the status report required under Section 5709.45(K) of the Ohio Revised Code.

Section 10. Tax Incentive Review Council. The City's Tax Incentive Review Council shall review annually all exemptions from taxation resulting from the declarations set forth in this Ordinance and any other matters as may properly come before that Council, all in accordance with Section 5709.85 of the Ohio Revised Code.

Section 11. Notice and Public Hearings. In accordance with Section 5709.45 of the Ohio Revised Code, this Council finds and determines that City Council has conducted a public hearing on this Ordinance and the accompanying economic development plan at least 30 days before its passage, and has provided at least 30 days' notice of such public hearing to every real property whose property is located within the boundaries of the proposed district that is the subject of this Ordinance. This Council ratifies all actions taken by officers or employees of the City in connection with such public hearing.

Section 12. Effective Date. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.