



Legislation Text

File #: 3170-2019, **Version:** 1

BACKGROUND:

This Council on July 22, 2019 passed its Ordinance No. 2043-2019 addressing the redevelopment of additional sites in the Arena District in Downtown Columbus and authorizing the Director of Development to enter into a related Economic Development Agreement (“EDA”) and an Amended and Restated Tax Increment Financing (“TIF”) Agreement (“TIF Agreement”). That Ordinance and the EDA and TIF Agreement include a commitment to amend and restructure the TIFs in the Arena District to create new TIFs on sites undergoing redevelopment. This Ordinance implements that commitment for a portion of the Arena District.

The Department of Development is proposing the creation of a tax increment financing district under Section 5709.41 of the Ohio Revised Code composed of parcels located within the area generally bounded on the north by Nationwide Boulevard, on the east by the railroad tracks east of Hocking Street, on the south by Spring Street and on the west by the Olentangy River (but excluding the old Municipal Power Plant), to be known as the “Jaeger TIF Area No. 2.” This Ordinance establishes this TIF and provides for a 100% exemption from real property taxation on all development on the parcels in the TIF for a period of not more than thirty (30) years to take effect and commence from and after the effective date of this Ordinance.

The Columbus City School District will receive, in the same manner and times as usual, all amounts that it would have received in real property taxes had the TIF exemptions not been granted. Annual service payments in lieu of taxes will be made with respect to redevelopment on the parcels in the TIF. 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.

This Ordinance removes parcels in the Jaeger TIF Area No. 2 from the existing Jaeger TIF and incorporates them into the new Jaeger TIF Area No. 2.

FISCAL IMPACT: No funding is required for this legislation. The City is foregoing real property tax revenue that it would have received with respect to redevelopment on the TIF parcels. Instead, the non-school portion of that revenue will be diverted to the specified TIF Fund.

To remove parcels from the existing Jaeger Tax Increment Financing by amending Ordinance 1648-2016; to create the Jaeger Tax Increment Financing Area No. 2; and to declare improvements to the parcels in that Area to be a public purpose and exempt from taxation.

WHEREAS, Sections 5709.41, 5709.42 and 5709.43 of the Ohio Revised Code (collectively, the “TIF Statutes”) authorize the legislative authority of a municipal corporation engaged in urban redevelopment, by ordinance, to declare the improvements to certain parcels of real property located within the municipal corporation and for which it held fee title, to be a public purpose and exempt from taxation, require the owner of each parcel to make Service Payments (as defined in Section 4 of this Ordinance) in lieu of taxes, provide for the distribution of the applicable portion of those Service Payments to the overlapping city, local or exempted village school district, establish an urban redevelopment tax increment equivalent fund for the deposit of the remainder of such Service Payments and payments from that fund; and

WHEREAS, to support redevelopment in the Arena District, this Council, by its Ordinances No. 2092-01 and No. 2093-01 (collectively the “Pen West TIF Ordinances”) both passed December 10, 2001, created the Pen West West Tax

Increment Financing and the Pen West East Tax Increment Financing, both pursuant to Sections 5709.40, 5709.42 and 5709.43 of the Ohio Revised Code, with that Pen West West Tax Increment Financing including the parcels to now be included in Jaeger TIF Area No. 2; and

WHEREAS, to further support redevelopment in the Arena District, this Council amended that Pen West West Tax Increment Financing by its Ordinance No. 1648-2016 passed June 27, 2016, creating the Jaeger TIF pursuant to Sections 5709.41, 5709.42 and 5709.43 of the Ohio Revised Code that included the parcels to now be included in Jaeger TIF Area No. 2; and

WHEREAS, the parcels in the Jaeger TIF Area No. 2 remain subject to redevelopment, and pursuant to Ordinance No. 2043-2019 passed by this Council on July 22, 2019 and the EDA and TIF Agreement, the Director of Development has determined to amend and restructure the existing TIFs in the Arena District to create new TIFs on sites undergoing redevelopment, thereby allowing a full 30-year TIF for those sites and further encouraging and supporting the redevelopment of those sites and the surrounding area; and

WHEREAS, Section 5709.41 of the Ohio Revised Code requires that the City hold fee title to the parcels to be included in Jaeger TIF Area No. 2 prior to enacting this Ordinance, and its Director of Development, acting on behalf of the City pursuant to Ordinance No. 0848-2016 passed April 4, 2016, accepted title for the City to those parcels to be included in the Jaeger Site Tax Increment Financing Area No. 2 on May 5, 2019; 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 Improvements (as defined in Section 4 of this Ordinance) to each parcel of real property identified and depicted in Exhibit A (the “Jaeger TIF Area No. 2 Parcels”) attached hereto (with each current or future parcel of such real property referred to herein individually as a “Parcel” and collectively as the “Parcels”) as permitted and provided for in TIF Statutes for up to thirty (30) years (the “TIF Exemption”) and to simultaneously direct and require the current and future owner(s) of each Parcel (each such owner individually, an “Owner,” and collectively, the “Owners”) to make annual Service Payments in lieu of real property tax payments, in the same amount as they would have made real property tax payments except for the TIF Exemption provided by this Ordinance; provided that the TIF Exemption and the obligation to make Service Payments are subject and subordinate to any tax exemptions applicable to any Improvements pursuant to Section 140.08, Sections 5709.12 or 5709.121, or Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code; 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(B) of the Ohio Revised Code, this Council has determined to establish urban redevelopment tax increment equivalent fund in which there shall be deposited the remaining Service Payments distributed to the City as provided herein; and

WHEREAS, the City finds that the parcels in Jaeger TIF Area No. 2 may be redeveloped for residential purposes as defined by the TIF Statutes, and in order to declare residential improvements to be a public purpose under Section 5709.41 of the Ohio Revised Code those residential improvements must be made in a “blighted area” of an “impacted city,” each as defined in Sections 5709.41 and 1728.01 of the Ohio Revised Code; and

WHEREAS, the Department of Development previously received, reviewed and approved a TIF Eligibility Report that includes the Parcels to be included in Jaeger TIF Area No. 2, which concluded that those Parcels are located in a

“blighted area” as that term is defined in Sections 5709.41 and 1728.01 of the Ohio Revised Code, and that assessment and study and those findings were submitted to and approved by this Council in its Ordinance No. 1648-2016 passed June 27, 2016, and the blight conditions on those Parcels have not changed; and

WHEREAS, the Director of the Ohio Development Services Agency has certified Columbus to be an “impacted city” within the meaning of Sections 5709.41 and 1728.01 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; now, therefore,

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

SECTION 1. That Exhibit A to Ordinance No. 2356-98 passed on September 14, 1998, is hereby amended to remove from the Jaeger Site Tax Increment Financing Area all the Vine TIF Area No. 2 Parcels shown on Exhibit A to this Ordinance, and the Department of Development shall prepare and attach to that Ordinance No. 2356-98 a substitute Exhibit A reflecting those deletions.

SECTION 2. That the real property subject to this Ordinance is identified and depicted on attached Exhibit A (as currently or subsequently configured, the “Parcels” with each individual parcel a “Parcel”). This Council finds that the City is engaged in urban redevelopment and held fee title to each of the Parcels prior to passage of this Ordinance. This Council confirms its prior finding by its Ordinance No. 1648-2016 passed June 27, 2016, that the Parcels in the Jaeger TIF Area No. 2 shown on attached Exhibit A are part of a “blighted area” as defined in Sections 5709.41 and 1728.01 of the Ohio Revised Code.

SECTION 3. That pursuant to and in accordance with the provisions of Section 5709.41 of the Ohio Revised Code, 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” as defined in Section 5709.41(A) of the Ohio Revised Code) is hereby declared to be a public purpose and will be exempt from taxation for a period commencing on the effective date of this Ordinance with respect to that Parcel and ending on the earlier of (a) 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. In the event no major new redevelopment construction of structure(s) is made to any Parcel in the TIF area prior to three years from the effective date of this Ordinance, if requested by the Owner of the Parcel, the TIF will be amended to allow for the full thirty year exemption period as provided in the EDA and the TIF Agreement. The TIF Exemption granted pursuant to this Section 3 and the payment obligations established in Section 4 of this Ordinance are subject and subordinate to any tax exemption applicable to the Improvement under Section 140.08, Sections 5709.12 or 5709.121, or Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code.

SECTION 4. That subject to any tax exemption applicable to the Improvement pursuant to Section 140.08, Sections 5709.12 or 5709.121, or Sections 3735.65 through 3735.70 or 5709.61 through 5709.69 of the Ohio Revised Code, and pursuant to Section 5709.42 of the Ohio Revised Code, this Council hereby directs and requires the Owner of each Parcel it owns to make annual service payments 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 Section 3 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 6 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 5. That this Council previously established, pursuant to and in accordance with the provisions of Section 5709.43 of the Ohio Revised Code, the Jaeger Site Urban Redevelopment Tax Increment Equivalent Fund pursuant to Section 5 of its Ordinance No. 1648-2016 (the "Jaeger Site TIF Fund" or the "TIF Fund"), into which there shall be deposited the Service Payments collected from the Parcels not required to be distributed to the School District pursuant to Section 6(a) of this Ordinance and paid to the City pursuant to Section 6(b) of this Ordinance. The TIF Fund shall be maintained in the custody of the City and shall receive all distributions, as applicable, to be made to the City pursuant to Section 6(b) of this Ordinance. Those Service Payments and Property Tax Rollback Payments received by the City with respect to the Improvement of each Parcel and so deposited pursuant to Sections 5709.42 and 5709.43 of the Ohio Revised Code shall be used solely for the purposes authorized in the TIF Statutes and this Ordinance. The TIF 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 TIF Fund shall be dissolved and any surplus funds remaining therein shall be transferred to the City's General Fund, all in accordance with Section 5709.43 of the Ohio Revised Code.

SECTION 6. That pursuant to the TIF Statutes, the County Treasurer is directed to distribute the Service Payments and Property Tax Rollback Payments as follows:

- a) to the School District, an amount equal to the amount it would otherwise have received as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the Improvement to each Parcel located within that School District if the Improvement had not been exempt from taxation pursuant to this Ordinance; and
- b) to the City, all remaining amounts for further deposit into the TIF Fund for payment of the costs of urban redevelopment identified in the EDA and the TIF Agreement, including, without limitation, debt charges on any securities of the City issued to pay or reimburse financing costs or those costs of urban redevelopment.

All distributions required under this Section 6 are requested to be made at the same time and in the same manner as real property tax distributions.

SECTION 7. That the Service Payments and Property Tax Rollback Payments deposited in the TIF Fund shall be deemed appropriated for the purposes set forth in this Ordinance. Subject to vouchers approved by the Director of the City's Department of Development (the "Director"), the City Auditor is hereby authorized to make payments from the TIF Fund in accordance with this Ordinance. Notwithstanding any provisions of Ordinance No. 1648-2016 passed by this Council on June 27, 2016, money deposited into the Jaeger Site TIF Fund created in Section 5 of that Ordinance No. 2648-2016 may be used for any purpose permitted under Section 5709.41 of the Revised Code consistent with the provisions of the EDA and TIF Agreement. .

SECTION 8. That 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 make such arrangements as are necessary and proper for the implementation of this Ordinance and collection from the Owners of the Service Payments, and to prepare, execute and deliver all other documents and instruments (including but not limited to any exemption applications under the TIF Statutes) and to take any other actions as may be appropriate to implement this Ordinance.

SECTION 9. That pursuant to Section 5709.41(E) 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 passage. Further, and on or before March 31 of each year any exemption set forth in Section 3 of this Ordinance remains in effect, the Director of Development or other authorized officer of the City shall prepare and submit to the Director of the Ohio Development Services Agency the status report required under Section 5709.41(E) of the Ohio Revised Code.

SECTION 10. That 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. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.