



City of Columbus

Office of City Clerk
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Legislation Text

File #: 0072-2020, **Version:** 2

Background: This Council passed Ordinance 1732-2019 on July 22, 2019 to authorize the Director of Development to enter into an Economic Development Agreement (“EDA”) with Kaufman Development dba The Gravity Project 2, LLC and Columbus Housing Partnership, Inc., dba Homeport (herein after the “Development Team”). Pursuant to the EDA, the City and the Development Team desire for City Council to approve Tax Increment Financing (“TIF”) under Section 5709.44**0(B)** of the Ohio Revised Code to pay for certain infrastructure improvements in support of the Gravity Phase II urban redevelopment project located between W. Broad St. on the north, W. State St. on the south, McDowell St. on the west, and the CSX railroad on the east and in support of the Homeport affordable housing project located on the former West Side Spiritualist Church at the northwest corner of McDowell St. and W. State St. (“Projects”).

In order to implement the Projects under the EDA, the attached ordinance will remove certain parcels from the existing East Franklinton TIF to establish a new non-school TIF area known as “Gravity Phase II” for the Projects and provide for a 100% exemption from real property taxation on all improvements to the parcels within the new TIF area for a period of not more than thirty (30) years. Annual service payments in lieu of taxes will be made with respect to improvements to the new TIF parcels. The applicable portion of those service payments will be distributed directly to the Columbus City School District, in the same manner as usual, in the amount that the school district would have received in real property taxes had the tax exemption not been granted. The remaining non-school portion of those service payments will be paid to the City for deposit into a new TIF fund established in this Ordinance to be used to fund infrastructure improvements benefiting the new TIF parcels.

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.

Emergency Justification: Emergency legislation is necessary to maintain the project schedule and to coincide with the established redevelopment timeline.

To remove several parcels from the existing East Franklinton Tax Increment Financing (TIF) Area by amending Ordinance 2283-2012; to create the “Gravity Phase II” 5709.44**0(B)** TIF Area; to declare improvements to those TIF 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~~ **municipal public improvement** tax increment equivalent fund for the deposit of the remainder of those service payments; to otherwise implement the Economic Development Agreement authorized by Ordinance 1732-2019; and to declare an emergency. (\$0.00)

WHEREAS, pursuant to Ordinance 2283-2012 passed November 12, 2012, the Council created, using Section 5709.40 (B) of the Ohio Revised Code, the East Franklinton Tax Increment Financing Area bounded by the CSX railroads on the north and east, State Route 315 on the west, and I-70 and the Scioto River on the south, which encompasses the parcels of the “Gravity Phase II” Tax Increment Financing (“TIF”) Area; and

WHEREAS, pursuant to Ordinance 1732-2019 passed on July 22, 2019, the Council authorized the Director of Development to enter into an Economic Development Agreement (“EDA”) with Kaufman Development dba Gravity Project 2 LLC (also known as The Gravity Project 2, LLC) and Columbus Housing Partnership, Inc., dba Homeport (herein after the “Development Team”) establishing the desire of the parties of the EDA to create the “Gravity Phase II” TIF Area under Section 5709.40(B) of the Ohio Revised Code; and

WHEREAS, Sections 5709.41 through 5709.43 of the Ohio Revised Code (collectively, the “TIF Statutes”) authorizes 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 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 a municipal public improvement tax increment equivalent fund for the deposit of the remainder of such service payments and payments from that fund; and

WHEREAS, pursuant to Ordinance 3244-2019 passed December 16, 2019, the Council authorized the City to accept title of the Development Team’s property in the proposed Gravity 2.0 TIF that the City had not already previously held title from and transfer title back to the Development Team or its designee, which the City has done so prior to the adoption of this ordinance as required by 5709.41 of the Ohio Revised Code; and

WHEREAS, in order to facilitate the EDA, the City desires to amend Ordinance 2283-2012 to remove certain undeveloped or to be redeveloped parcels to which the City has held fee title between W. Broad St. on the north, W. State St. on the south, McDowell St. on the west, and the CSX railroad on the east and at the northwest corner of McDowell St. and W. State St. from the East Franklinton TIF in order to include such parcels in the new Gravity Phase II TIF thereby allowing for a full 30 year TIF to encourage urban redevelopment; 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 to each parcel of real property identified and depicted in Exhibit A (the “Gravity Phase II 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 the 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 such service payments are subject and subordinate to any tax exemptions applicable to any improvements pursuant to Sections 140.08, 5709.12 and 5709.121, 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 the School District would have been paid if the improvement to each Parcel located within the School District had not been exempt from taxation pursuant to this Ordinance; and

WHEREAS, pursuant to Section 5709.43(BA) of the Ohio Revised Code, this Council has determined to establish an urban redevelopment a municipal public improvement tax increment equivalent 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, as applicable; and

WHEREAS, an emergency exists in the usual daily operations of the Department of Development in that it is necessary to proceed as quickly as possible with the creation of the Gravity Phase II TIF described herein to facilitate such

redevelopment for the preservation of the public health, peace, safety and welfare without delay; NOW, THEREFORE,

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

Section 1. Removal of Parcels from Existing .40(B) TIF. Exhibit A to Ordinance No. 2283-2012 passed on November 12, 2012, is hereby amended to remove from the East Franklinton TIF all the Gravity 2.0 **Phase II** Parcels shown on Exhibit A to this Ordinance, and the Department of Development shall prepare and attach to that Ordinance No. 2283-2012 an amended Exhibit A reflecting those deletions.

Section 2. Chain of Title and Urban Redevelopment of Parcels. This Council hereby finds and determines that the City held fee title to the Parcels identified and depicted in Exhibit A 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 3 2. Authorization of TIF Exemption. Pursuant to and in accordance with the provisions of Section 5709.41 **0(B)** 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**0(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 tax year 2022 (for service payments to be first collected in 2023) 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. 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 3. Service Payments. Subject to any tax exemption applicable to the Improvement pursuant to Sections 140.08, 5709.12 and 5709.121, 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 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 4. Tax Increment Equivalent Fund. This Council hereby establishes, pursuant to and in accordance with the provisions of Section 5709.43 of the Ohio Revised Code, an urban redevelopment a **municipal public improvement** tax increment equivalent fund (the "Gravity 2.0 **Phase II** 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 Gravity 2.0 **Phase II** 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 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:

- 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~~ **public infrastructure improvements** as authorized ~~in the EDA and the TIF Agreement by this Ordinance and Section 5709.40 of the Ohio Revised Code.~~

All distributions required under this Section 6 5 are requested to be made at the same time and in the same manner as real property tax distributions.

Section 7 6. Public Infrastructure Improvements. This Council hereby designates the Public Infrastructure Improvements described in Exhibit B attached hereto, and any other public infrastructure improvements hereafter designated by ordinance as public infrastructure improvements, **or** as public infrastructure improvements made, to be made or in the process of being made ~~by the City~~ that directly benefit, or that once made will directly benefit, the Parcels.

~~**Section 8. Appropriation of TIF Fund.** 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 and that the monies appropriated in this Ordinance shall be paid upon order of the Director of Development and that no order shall be drawn or money paid except by voucher, the form of which shall be approved by the City Auditor. Money deposited into the TIF Fund may be used for any purpose permitted by this Ordinance and under Section 5709.41 of the Ohio Revised Code.~~

Section 9 7. Further Authorizations. This Council ratifies the delivery of the notice of this Ordinance to the School District pursuant to Section 5709.410 and Section 5709.83; hereby authorizes and directs the Director, the City Clerk or other appropriate officers of the City to deliver a copy of this Ordinance and status reports to the Ohio Development Services Agency pursuant to Section 5709.410 (EI) of the Ohio Revised Code; to make such arrangements as are necessary and proper for collection of the Service Payments; 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 10 8. TIRC.** The City's Tax Incentive Review Council (TIRC) 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 the TIRC, all in accordance with Section 5709.85 of the Ohio Revised Code.~~

~~**Section 11 9. Effective Date.** For the reasons stated in the Preamble hereto, which is hereby made a part hereof, this 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 of the City (the "Mayor") or ten (10) days after the passage if the Mayor neither approves nor vetoes the same.~~