



## Report for Council – August 22, 2016

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### **Planning & Development Department Agenda Items:**

#### **Community Urban Redevelopment Corporation (CURC) Property Transfer**

In 1984, the City of Gahanna and the Gahanna CURC entered into two agreements entitled the Master Lease Agreement and the City Lease Agreement. These agreements authorized the Gahanna CURC to execute and maintain land lease agreements with businesses for 31 properties within The Industrial Zone (TIZ) of Gahanna. The Gahanna CURC is responsible for ensuring that the businesses successfully complete the terms of the land lease. These land leases have a 30 year term and require that the property be transferred to the business upon the expiration of the lease.

On July 19, 2016, the Gahanna CURC met to review the land lease for the property located at 1123 Claycraft Road (Lot #31). This lease will expire on September 30, 2016. The Gahanna CURC agreed that the business, Emerald Light Investments, Ltd., successfully completed their obligations under the lease and has made a recommendation that the City of Gahanna transfer the land to Emerald Light Investments at the end of the lease term.

In order to accomplish this, the City of Gahanna and the Gahanna CURC are required to release their position on the land under the Master Lease Agreement and the City Lease Agreement. In addition, the City of Gahanna is required to transfer the property to the business through a General Warranty Deed.

Therefore, the Department of Planning & Development is requesting that Gahanna City Council authorize the Mayor to execute a Partial Release of the Master Lease Agreement, a Partial Release of the City Lease Agreement, and a General Warranty Deed to transfer Lot #31 to Emerald Light Investments, Ltd. These documents and the motions that the Gahanna CURC approved are attached for your review.

#### **Approval of the Gahanna Tax Incentive Review Council (TIRC) Recommendations**

Every year, the Gahanna TIRC is required to review for compliance all tax abatement projects within the City of Gahanna. The Gahanna TIRC has reviewed all our projects and has determined that everything is compliant. Therefore, the Gahanna TIRC recommends that Gahanna City Council approve the TIRC Report and supporting documentation (Underperforming Property Memo) for the 2015 tax year. The documentation is attached for your review.

At year-end 2015, the City of Gahanna's Community Reinvestment Area (CRA) Program had **13 residential and 66 commercial tax abated properties**, representing **\$39,195,000 of property value** and accounting for **858 full-time and 176 part-time jobs**. We are happy to report that the 66 properties in the CRA Program, which house **83 businesses**, are outperforming their job creation commitments by **16%**. This clearly demonstrates how the City's use of a CRA program is exceeding our expectations for job creation.

The Department of Planning & Development respectfully requests that Council accept the recommendations of the Gahanna TIRC.

**CRA Tax Abatement for Chippewa Building LLC, 2.957 acre vacant lot on Taylor Road (Parcel #025-013633)**

As part of the Mayor's Business Retention and Expansion (BRE) Strategy, the Department met with Bell Equipment and its CEO James Bell. Bell Equipment is a sanitation and recycling equipment distributor that currently leases space at 850 Science Blvd. within Gahanna Central Park. During this visit, Mr. Bell indicated that the business was seeking a longer term real estate solution to accommodate operations. In order to help retain their operation in Gahanna, the Department connected Mr. Bell with multiple property owners and developers in an effort to have a new building constructed to accommodate their operations.

As a result of that BRE visit, Mr. Bell wants to spend \$1,800,000 to purchase 2.957 acres of land on Taylor Road and construct a new 12,000 square foot building that would house the operations of Bell Equipment. In order to make this project financially feasible, the Department is recommending that Gahanna City Council provide a real estate property tax abatement for the construction of the new building. The tenant of the building will be Bell Equipment and the property owner will Chippewa Building LLC. Mr. Bell is the principal for both of these organizations.

The Department is recommending a 50% real estate property tax abatement for a period of ten years. The CRA application and a draft of the proposed CRA agreement are attached for your review. If the real estate tax abatement were approved, Bell Equipment would receive approximately \$270,391 in property tax savings over the incentive term. The benefits to the City from the project are listed below:

- Retain 8 high wage jobs and \$675,000 in annual payroll
  - \$10,125 in retained annual Withholding Taxes
- The Property is required to keep employment and wage levels for 20 years
- Generate \$508,659 in total revenue to the City over the next 20 years
  - For years 1-10, it will generate \$151,875 in Withholding Taxes and Tax Increment Financing Revenue
  - For years 11-20, it will generate \$356,784 in Withholding Taxes and Tax Increment Financing Revenue
- Create new construction activity within Gahanna Central Park
- Create approximately 10,000 square feet of new vacant commercial space
- Alignment with Economic Development Strategy and Go Forward Gahanna
  - Project is located within the Southwest Priority Development Area

- Wage levels are above the 2015 average wage levels
- Building type/size is comparable with other industrial buildings within Gahanna

The Department of Planning & Development is respectfully requesting that City Council authorize the Housing Officer to enter into a CRA Tax Abatement Agreement with Chippewa Building LLC for this project.

**Planning & Development Department Updates:**

None at this time.

**Upcoming Meetings & Events:**

- *Olde Gahanna Community Partnership: Paws in the Plaza will be held on Thursday, September 1, 4:30pm to Dusk, at the Creekside Park and Plaza.*