



## **Report for Council – January 14, 2019**

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

#### **Columbus Academy Bond Issue**

The Planning & Development Department has been approached by Columbus Academy regarding a new project they are pursuing on their campus. The project would create a new indoor field house to accommodate athletic activities for the students. They are seeking assistance from the City on a proposed financing structure to allow for the issuance of tax-exempt revenue bonds issued by the City for the benefit of Columbus Academy.

On July 6, 2015, City Council passed Ordinance ORD-0070-2015 that authorized the City's participation in the same financing structure to allow Columbus Academy to construct their new cafeteria and other facility improvements.

The proposed financing structure for these tax-exempt bonds calls for the City to issue its revenue bonds and thereafter provide the proceeds of the bonds to Columbus Academy. These types of revenue bonds do not constitute a direct debt of the City and no City finances are pledged toward the repayment. Columbus Academy will be solely responsible for repayment. The City's taxing power and full faith and credit are not pledged for repayment of the debt. It is very important to note that Columbus Academy will be solely responsible for the payment of debt service on the bonds. The City is acting solely as a conduit.

If these bonds are tax-exempt, that means, generally, that Columbus Academy will pay a lower rate of interest versus doing a taxable transaction like an ordinary bank loan without the City's participation. In order to make the bonds tax-exempt, a municipal issuer, like the City, needs to issue the bonds.

The City has authority to participate in this financing under Chapter 165 of the Ohio Revised Code. Marc Kamer from Dinsmore & Shohl LLP will work on behalf of Columbus Academy to supervise the proceedings necessary in order to make sure the bonds are lawfully issued. In addition, Bricker & Eckler will work on behalf of the City to review all documentation pertaining to the transaction in order to ensure that the City and the Gahanna CIC are protected from any liability.

Participation of the Gahanna CIC is required in this type of financing under Chapter 165 of the Ohio Revised Code. For its participation, the Gahanna CIC will receive \$25,000 as part of this transaction. The CIC Board of Trustees reviewed and approved the proposal at their December 18, 2018 Board Meeting.

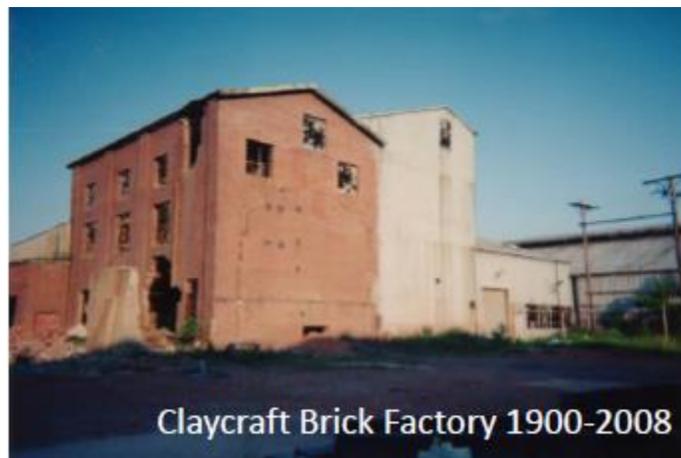
The Planning & Development Department respectfully requests that Council approve an ordinance authorizing the issuance of tax-exempt revenue bonds for Columbus Academy.

Marc Kamer from Dinsmore & Shohl LLP and Columbus Academy representatives will be present at the Council meeting to present their project and answer any questions regarding their request.

### **Property Tax Abatement for 870 Claycraft Road**

#### Project Background

The Department of Planning & Development has been working to attract private investment to Central Park of Gahanna. As a result of these efforts, a Developer is interested in spending \$17.12M to construct a 262,500 square foot industrial building at 870 Claycraft Road. This facility would lead to the creation of 40 jobs in the City of Gahanna. This site is on the old Claycraft Brick Company property which was torn down over a decade ago. A photo of the old Claycraft Brick Company and a map of the project location are below.



The Developer is seeking to construct this 262,500 square foot industrial building on speculation because there currently is sufficient market demand from businesses for this type of facility. Building a facility on speculation is a greater financial risk to the Developer due to not having secured tenants for the property at the time of construction. However, the Developer is willing to take this risk if the City of Gahanna is willing to provide a property tax abatement for the project.

#### Financial Incentive Summary

In an effort to reduce risk and make the project financially competitive, the Department recommends providing a 10 year 75% property tax abatement for the project. As part of this incentive offer, the Developer has agreed to pay the City a \$10,000 annual minimum service payment to offset the City's risk from building the facility on speculation. In addition to any incentive provided by the City of Gahanna, JobsOhio has provided the Developer with a \$1M loan from their Site Redevelopment Program to assist with construction of the facility.

#### Return on Investment Analysis

There are three direct revenue streams for the City from this project: TIF Revenue, Minimum Service Payments and Withholding Taxes. A summary of each is provided below.

This project site is within the Central Park TIF District, which allows for each property to have a 30 year timeframe to collect TIF revenue from new construction. Based upon the estimated building valuation of \$16.26M, the City is expected to receive \$50,582 annually for the first ten years (incentive period). After the incentive period, the City is expected to receive \$202,329 annually for the next 20 years. The total TIF Revenue generated from this project is estimated to be over \$4.55M.

As referenced above, the City is requiring the Developer to pay a \$10,000 annual minimum service payment to the City. This payment is to reduce the City's risk in the project due to not knowing what businesses will locate at the facility. This payment is required to be paid during the incentive period. The total minimum service payment revenue generated from this project is \$100,000.

The Developer is committing to creating 40 jobs on the property as part of the project. Although the exact payroll amount from these jobs is not certain, it is estimated to be \$1.25M annually. Based upon this estimated payroll amount, the City would receive \$18,750 in annual withholding taxes from the project. Due to the revenue sharing agreement with the School District, the City is required to pay the schools half of the withholding tax revenue received from this project throughout the incentive period. As a result, the City is estimated to receive \$9,375 annually during the incentive period, which totals \$93,750 over the ten year period.

In total, the City is expected to receive \$699,573 in total revenue during the incentive period and \$5.12M in total revenue over the next 30 years.

The CRA Agreement that outlines these terms and conditions is attached for your consideration. *The Planning & Development Department respectfully requests that Gahanna City Council authorize the Housing Officer to execute the CRA Agreement for the project.*

The Developer will be present at the Council meeting to discuss their project and answer any questions regarding their request.

### **Zoning Change for National Church Residences Project**

National Church Residences, the Applicant, is proposing to construct a senior living facility on 4.19 acres of land on Olde Ridenour Road. They are seeking to rezone the property to Limited Overlay Multi-Family Residential District (L-MFRD) from the existing Limited Overlay Suburban Office (L-SO) zoning category.

In 2016, the property was zoned Limited Overlay Suburban Office (L-SO) in order to limit the land uses to accommodate a senior living facility. Subsequently, the City modified its zoning code to require all senior living facilities to be approved under the Multi-Family Residential District (MFRD) zoning classification. Therefore, the Applicant must secure a rezoning to accommodate their senior living project.

In addition, the Applicant is requesting to have an overlay limitation on the property in order to restrict all land uses to only nursing and personal care facilities. This is the land use designation that allows for senior living facilities. No other land uses would be allowed on the property without an additional zoning change approval by the Planning Commission and Gahanna City Council.

Staff will present additional information on the project and representatives from National Church Residences will be available to answer additional questions on the project.

### **Planning & Development Department Updates:**

None at this time.

### **Upcoming Meetings & Events:**

- *Gahanna Community Improvement Corporation: A Board Meeting will be held on Tuesday, January 15, 7:30am, at Gahanna City Hall, 200 S. Hamilton Road.*
- *Gahanna Area Chamber of Commerce: The Chamber Annual Meeting will be held on Thursday, January 17, 11:30am – 1:30pm, at La Navona, 154 N. Hamilton Road. Key note speakers will be Janet Chen, Executive Director, and David Danzmayr, Music Director, of the ProMusica Chamber Orchestra. Cost to attend is \$20 for members and \$30 for non-members. Register online at [gahannaareachamber.com](http://gahannaareachamber.com) or by calling the Chamber office at (614) 471-0451.*