



Legislation Details (With Text)

**File #:** O-468-19      **Version:** 2      **Name:**

**Type:** Ordinance      **Status:** Approved

**File created:** 9/17/2019      **In control:** Economic Development Department

**On agenda:** 10/15/2019      **Final action:** 10/15/2019

**Title:** Declaring the improvements to certain real property parcels within the city to be a public purpose; describing the public improvements to be made to directly benefit such parcels; exempting such improvements from ad valorem real property taxation for a period of 30 years; requiring the owner of the improvements to make service payments in lieu of taxes; establishing a municipal public improvement tax increment equivalent fund for the deposit of the service payments, authorizing various agreements and actions, all pursuant to sections 5709.40, 5709.42, 5709.43 and other provisions of the Ohio Revised Code; and declaring an emergency.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit A, 2. Exhibit B, 3. Exhibit C, 4. Audio: Agenda Review 9/24/2019, 5. Audio: City Council 10/1/2019, 6. Audio: Agenda Review 10/8/2019, 7. Audio: City Council October 15, 2019

Date	Ver.	Action By	Action	Result
10/15/2019	2	City Council	declare emergency	Pass
10/15/2019	2	City Council	passage	Pass
10/1/2019	2	City Council		

City Center TIF  
 Neighborhoods and Business Development  
 Brandon Sehlhorst (x1692)  
 (Revised)

**Declaring the improvements to certain real property parcels within the city to be a public purpose; describing the public improvements to be made to directly benefit such parcels; exempting such improvements from ad valorem real property taxation for a period of 30 years; requiring the owner of the improvements to make service payments in lieu of taxes; establishing a municipal public improvement tax increment equivalent fund for the deposit of the service payments, authorizing various agreements and actions, all pursuant to sections 5709.40, 5709.42, 5709.43 and other provisions of the Ohio Revised Code; and declaring an emergency.**

**SUMMARY & BACKGROUND:**

Sections 5709.40, 5709.42 and 5709.43 of the Ohio Revised Code (“ORC”) (the “Act”) provide that Council may describe public improvements to be made that directly benefit certain parcels of real property located in the City, declare public infrastructure improvements (as defined in §5709.40) with respect to such parcels to be a public purpose, authorize the exemption from real property taxation of improvements to such parcels for a period of time, provide for the making of service payments in lieu real property taxes (“Service Payments”) by the owner of such parcels, and establish a municipal public improvement tax increment equivalent fund into which such service payments shall be deposited, with such mechanism commonly referred to as tax increment financing (“TIF”).

In 2017, Council adopted a Downtown Master Plan by Ordinance 46-17. This plan outlined the need to make public infrastructure improvements to upgrade transportation, connectivity, walk-ability and greenspace within the downtown area to support continued and increased commercial, housing and retail development, including the reuse of significant downtown properties. In addition to benefits to the TIF Parcels, the establishment of a downtown TIF will benefit the City and its residents by creating economic opportunities, increasing local employment opportunities, enlarging the property tax and income tax bases and stimulating collateral development in the City.

The City of Toledo (“City”) desires to use the authority granted under the above referenced Act to establish a TIF exemption for certain parcels of real property in the City’s downtown area, as more particularly described in the attached Exhibit A (the “TIF Parcels”) for the purpose of providing and paying for the costs of public infrastructure improvements as defined in ORC § 5709.40(A)(8) and as further described in the attached Exhibit B (the “Public Infrastructure Improvements”) that will directly benefit the TIF Parcels, the downtown area and the greater community.

City has delivered to the Toledo City School District (“School District”) the written notification of this Ordinance required by ORC §§ 5709.40, 5709.83 and 5715.27. The City and the School District shall enter into a written compensation agreement. The School District shall be paid a portion of the Service Payments, with the amount paid being consistent with that required under the School District’s Resolution 304-2015.

The City will enter into a cooperative agreement (“Cooperative Agreement”) with the County of Lucas, Ohio (the “County”) regarding Public Infrastructure Improvements to be made that benefit the TIF Parcels including those specifically parcels delineated in the Cooperative Agreement as the “County TIF Parcels”. Under the Cooperative Agreement, the County shall receive up to 25% of the net Service Payment revenue from the TIF Parcels received during the first 12 years of the exemption period (after payment of compensation to the School District) and the Net Service Payment revenue generated from the County TIF Parcels in years 13 to the 30 of the exemption period for the costs of Public Infrastructure Improvements made by the County, all as further described in the Cooperative Agreement attached in substantial form as Exhibit C.

The TIF Exemption and requirement for Service Payments thereunder shall not be applicable to TIF Parcels or Improvements during any period that such parcels or Improvements are exempt from property taxes under any other provision of the Ohio Revised Code, as provided in ORC §5709.911.

NOW, THEREFORE, Be it ordained by the Council of the City of Toledo:

SECTION 1. That certain parcels of real property in the City as more particularly described in Exhibit A attached hereto (the “TIF Parcels”) are being or will be developed, redeveloped, constructed or renovated (the “Improvements” and collectively, the “Development”); and in order to successfully develop the TIF Parcels it is necessary to construct or cause to be constructed certain public improvements as defined in Section 5709(A)(8) of the Ohio Revised Code (“ORC”) and as further described in Exhibit B attached hereto (the “Public Infrastructure Improvements”).

SECTION 2. That the Public Infrastructure Improvements, as described in the attached Exhibit B, are designated as public improvements that directly benefit, or that once made will directly benefit, the TIF Parcels and the City and, together with the balance of the Development, are determined to be a public purpose necessary for the public health, safety, welfare and economic development purposes of the City.

SECTION 3. That, pursuant to and in accordance with the provisions of ORC §5709.40(B), one

hundred percent (100%) of the increase in the assessed value of the TIF Parcels that would first appear on the tax list and duplicate of real property after the effective date of this Ordinance (which increase in assessed value is herein referred to as the “Improvement” or “Improvements” as defined in ORC §5709.40(A)(4)) is declared to be a public purpose, and shall be exempt from real property taxation (the “TIF Exemption”) for a period of 30 years, with such exemption from taxation commencing with the first tax year that begins after the effective date of this Ordinance, and ending on the date the Improvements have been exempted from taxation for a period of 30 years (the “Exemption Period”).

SECTION 4. That the TIF Exemption authorized in Section 3 shall be subordinate to an exemption with respect to any TIF Parcel(s) or portion thereof granted under any other provision of the Ohio Revised Code, including the Community Reinvestment Area (“CRA”) Exemption for building improvements to the TIF Parcels pursuant to CRAs established by Ordinance 738-81 as amended by Ords. 826-85 and 841-98, and Ord. 850-85 as amended by Ords. 291-86 and 212-97, and Ord. 897-89 as amended by Ords. 522-98 and 28-99. Service payments in lieu of taxes, as provided for in Section 5, shall not be required with respect to the TIF Parcel(s) or that portion of such property while it is exempt under another provision of the ORC.

SECTION 5. That, as provided in ORC §5709.42, the owner or owners of the Improvements are hereby required to and shall pay service payments in lieu of ad valorem real property taxes to the Lucas County Treasurer on or before the final dates for payment of real property taxes, which service payments in lieu of ad valorem real property taxes, together with any associated rollback payments shall be deposited in the Downtown Municipal Public Improvement Tax Increment Equivalent Fund described in Section 7. Any late payments of service payments in lieu of ad valorem real property taxes shall be subject to penalty and bear interest at the then current rate established under ORC §§ 323.121(B)(1) and 5703.47, as may hereinafter be amended, or any successor provisions thereto (the late payments together with the service payments in lieu of ad valorem real property taxes and rollback payments are referred to collectively as the “Service Payments”). The Service Payments shall be allocated and distributed in accordance with Sections 6 and 7.

SECTION 6. That the mayor is authorized to enter into a written compensation agreement with the Toledo City School District (“School District”) to provide for payments in lieu of taxes to the School District as authorized by ORC §5709.82 and by the School District’s Resolution No. 304-2015. The City may request the Lucas County Auditor to pay to the School District from the Service Payments the amounts due under the compensation agreement and remit the balance of such Service Payments (the “Net Service Payments”) to the City in accordance with Section 7.

SECTION 7. That Council establishes, pursuant to and in accordance with the provisions of ORC §5709.43, within the City Treasury, the Downtown Municipal Public Improvement Tax Increment Equivalent Fund (the “TIF Fund”) into which there shall be deposited the Service Payments made with respect to the Improvements on the TIF Parcels, after payment of compensation to the School District, which are distributed to the City by the County Treasurer or County Auditor in accordance with this Ordinance, as provided in ORC §5709.42. Council specifies that moneys in the TIF Fund shall be used solely for the purposes authorized in the Act and in this Ordinance, including to pay the costs of Public Infrastructure Improvements constructed by the City or any other governmental entity, including, but not limited to the County, including the interest and any premium on, and principal of, any loans entered into or bonds or notes or other obligations issued or by the City, the County or any other governmental entity to finance costs of the Public Infrastructure Improvements (including any amendment, replacement, refinancing, extension of such loans, bonds, notes or other obligations), until such notes or bonds or other obligations or loans are paid in full, and to pay any trustee, administrative and other costs related to servicing the obligations and providing and replenishing a reserve fund and to pay any costs charged by the issuer of the obligations. The TIF Fund shall be maintained in the custody of the City and shall receive all distributions of Service Payments required to be made to the City. The TIF

Fund shall remain in existence so long as the Service Payments are collected and used for the aforesaid purposes, after which said TIF Fund shall be dissolved in accordance with ORC §5709.43.

SECTION 8. That the mayor is authorized to enter into a Cooperative Agreement with Lucas County to provide that certain amounts from the TIF Fund shall be designated and paid to the County to help pay for Public Infrastructure Improvements to be made that relate to the County TIF Parcels and to provide that certain Service Payment amounts shall be designated to support the Public Infrastructure Improvements related to the County TIF Parcels. A copy of the Cooperative Agreement in substantial final form is attached as Exhibit C. The Cooperative Agreement shall contain such other terms, revisions and conditions as the mayor and the Director of Law and the Director of Neighborhoods and Business Development shall deem to be in the best interest of the City.

SECTION 9. That the mayor and other city officials as appropriate are authorized to execute all documents and make such arrangements as are necessary and proper for (i) collection of the Service Payments to be deposited in the TIF Fund, (ii) providing for payments under the compensation agreement to the School District, (iii) the payment of the Public Infrastructure Improvements and (iv) carrying out the provisions of this Ordinance.

SECTION 10. That pursuant to ORC §5709.40(I), the Clerk of Council is directed to deliver or cause to be delivered a copy of this Ordinance to the Director of the Ohio Development Services Agency (the "Director") within 15 days after its passage. On or before March 31 of each year that the exemption set forth in Section 2 remains in effect, the mayor or other authorized officer of this City shall prepare and submit to the Director the status report required under §5709.40(I).

SECTION 11. That Council finds and determines that all formal actions of this Council and of any of its committees concerning and relating to the passage of this Ordinance were taken, and that all deliberations of this Council and of any committees that resulted in those formal actions, were held in meetings open to the public in compliance with the law.

SECTION 12. That this Ordinance is declared to be an emergency measure and shall be in force and effect from and after its passage. The reason for the emergency lies in the fact that the same is necessary for the immediate preservation of the public peace, health, safety, and property and for the further reason in order to expedite the Development of the TIF Parcels.

Vote on Emergency clause: yeas \_\_\_\_\_, nays \_\_\_\_\_

Passed: \_\_\_\_\_, as an emergency measure: yeas \_\_\_\_\_, nays \_\_\_\_\_

Attest: \_\_\_\_\_  
Clerk of Council

\_\_\_\_\_  
President of Council

Approved: \_\_\_\_\_

\_\_\_\_\_  
Mayor

I hereby certify that the above is a true and correct copy of an Ordinance passed by Council

\_\_\_\_\_.

Attest: \_\_\_\_\_  
Clerk of Council