



Problem Solving in the Economic Development Context

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What We'll Cover Today



- Capital planning
- Levy alternatives
- Filing deadlines
- Local redevelopment tools
 - Abate taxes
 - Redirect taxes
 - Add taxes
- Case study: Swimming With the Sharks

Local Redevelopment Tools



Abate Taxes

Redirect Taxes

Add Taxes

Abate Taxes



Abate Property Taxes

- CRA
- Enterprise Zone
- Undeveloped Property Tax Abatement

Abate Income Taxes

- Municipal Job Creation/Retention Tax Credits
- State Job Creation/Retention Tax Credits

Abate Sales Taxes

- Port Authority Leases

Abate Taxes - CRA



- ORC 3735.67
- CRA can abate taxes on increase in building value from new construction
- Up to 15 years and up to 100%
- HB 463, effective April 5, 2017
- Bill clarifies that CRA applies to all increases after remodeling, not just increases as a result of remodeling
- Bill extends the maximum exemption period for remodeling to 15 years, up from 12 years

Undeveloped Property Tax Abatement



- ORC 5709.52
- S.B. 235, effective March 28, 2017
- New program allowing local jurisdictions to grant six-year real property tax exemption for idle properties qualifying as “newly developable property” or “redevelopment property”

Undeveloped Property Tax Abatement



- Property owners apply to local jurisdiction, showing potential for future industrial or commercial development
- Local jurisdictions have discretion whether to grant
- Notice to school district must be provided (no consent needed)
- Terminates if certificate of occupancy received, property is transferred, zoning changes or use commences

Redirect Taxes – TIF



TIF – Six Types!

- 1) Parcel TIF
- 2) Incentive District TIF
- 3) Urban Redevelopment TIF
- 4) Urban Renewal TIF
- 5) Community Urban Redevelopment Corp. TIF
- 6) Downtown Redevelopment TIF

Redirect Taxes – TIF



Uses of TIF Revenue:

- Public infrastructure
- Land acquisition
- Demolition
- Utilities
- Planning/soft costs
- Private costs of development (Special TIFs only)
- Debt service

Add Taxes - Assessments



Regular Assessment – Add on for public infrastructure



NCA Assessment – Add on for public infrastructure and community facilities

PACE Assessment – Add on for energy improvements



Special Improvement Districts



General characteristics

- Allows for assessment of costs of “public improvements” and “public services”
 - “Public Improvements”: planning, design, construction, reconstruction, etc. of any improvement for which a special assessment can be levied under Chapter 727
 - “Public Service”: any service that can be provided by a municipality
- Special SID called Energy SID allows for assessment of costs of energy efficiency, solar, wind, geothermal, biomass, and gasification technologies on private property

Special Improvement Districts



Assessment methodology

- Tax Valuation method
 - “By a percentage of the tax value of the property assessed”
- Front Footage method
 - “By the front foot of the property bounding and abutting upon the improvement”
- Special Benefits method
 - “In proportion to the benefits that may result from the improvement”
- Combination of methods

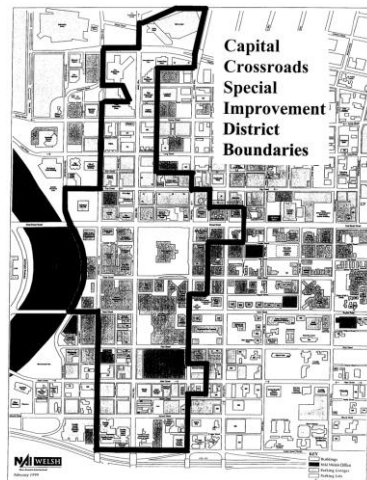
Special Improvement Districts



Capital Crossroads SID

- Created in 2000
- Board composition
 - 16 board members
 - 4 classes of property owners based ½ on front footage and ½ on property values
- Services
 - Environmental maintenance
 - Visual amenities
 - Supplemental security
 - Promotions and marketing
 - Member services

Special Improvement Districts



New Community Authorities



Shadow Government or Useful Tool?

- A separate governmental body organized to encourage the orderly development of an economically sound new community
- Developer-driven
 - All acreage must be owned or controlled, through leases of at least 40 years' duration, options, or contracts to purchase
 - Developer is represented on board
 - Large developments in townships – minimum 1,000 acres if not wholly within municipality
 - Small, targeted developments in municipalities

New Community Authorities



Formation

- Procedure for creation
 - Developer files petition with County Commissioners (for Township NCAs) or City Council (for Municipal NCAs)
 - County Commissioners or City Council must hold hearing
 - County Commissioners or City Council must approve creation if district is conducive to the public health, safety, convenience, and welfare

New Community Authorities



Powers

- Board
 - Appointed by developer and local government until certain population levels met
- Revenue
 - Community development charge
 - Runs with land through declaration
 - An assessment providing a special benefit, not a tax
 - Millage-based
 - Income-based
 - Other forms
- Issue taxable or tax-exempt bonds or other obligations

New Community Authorities



- No general power to provide traditional governmental services like zoning or police power
- Can provide public services
- Can provide “community facilities”
 - Public buildings, centers and plazas, auditoriums, day care centers, recreation halls, educational facilities, recreational facilities
 - Parks and other open space land, lakes and streams, cultural facilities
 - Streets, pathway and bikeway systems, pedestrian underpasses and overpasses, lighting facilities, design amenities
 - Buildings needed in connection with water supply or sewage disposal installations or steam, gas, or electric lines or installation

Pinnacle Community Authority



- Debt service charge allocated on acreage
- Multiple housing types (condos, single family, estates)



Concord/Scioto Community Authority



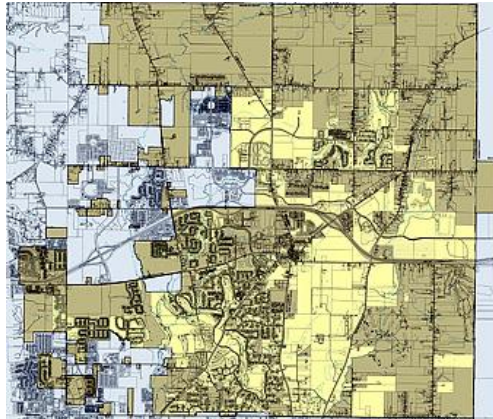
- 10.25 Mills
- Sewer tap fees
- Sewer improvements
- Infrastructure
- Approx. 15,000 acres
- Formed with 1,000 acres



New Albany Community Authority



- 9.75 Mill charge
- Currently 4.75 Mills
- Example of NCA as city policy
- Example of NCA as school district policy



New Community Authorities



Changes in NCA Law

- Can be governed entirely by municipality
- Can now include a residential and commercial income “tax”
- Can now include a sales “tax”
- Can now enter cooperative agreements with other political subdivisions
- Can now avoid elections and appoint board members
- Can schedule elections without county/city approval
- Watch out for additional changes!

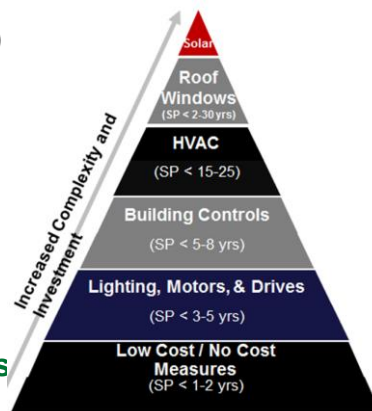
PACE – “Property Assessed Clean Energy”



Add Taxes – PACE Assessments



- Solar photovoltaic (i.e., roof-top and ground-mounted solar arrays)
- Solar thermal systems (i.e., solar water heating systems)
- Geothermal
- Wind
- Biomass
- Gasification
- **Energy efficiency improvements**



Ohio's PACE Law



“Energy Efficiency Improvement” is given a special statutory definition:

- “...energy efficiency technologies, products, and activities that (1) reduce or support the reduction of energy consumption, (2) allow for the reduction in demand, or (3) support the production of clean, renewable energy and that are or will be permanently fixed to real property.”

“Reduction In Demand” means:

- “...a change in customer behavior or a change in customer-owned or operated assets that reduces or has the capability to reduce the demand for electricity as a result of price signals or other incentives.”

Energy SIDs



- Energy SIDs are available for all property types (i.e., residential, commercial, industrial, non-profit and government property)
- Petition(s) by property owner(s)
- Legislative approval by local government
- Noncontiguous “districts” are permitted
- Single parcel projects

Active PACE Programs



Swimming With The Sharks: A Case Study in Economic Development Law



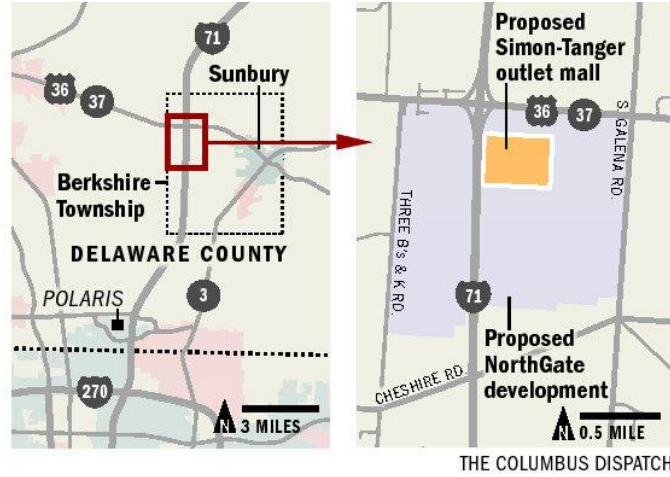
The Event: A \$100M outlet mall decides to locate in school district in area with insufficient infrastructure

The Problem: The mall developer wants to use tax revenues and other tools to pay for infrastructure

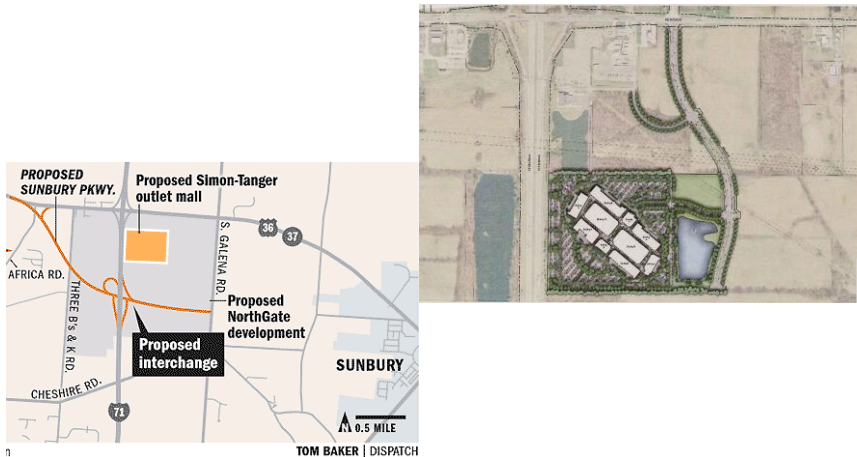
The Challenge: Protect school district revenues

The Team: Treasurer, superintendent, legal counsel

Simon-Tanger Outlet Mall Site



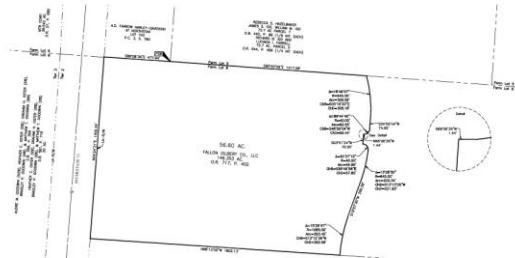
Infrastructure Demand



Development Tool: TIF

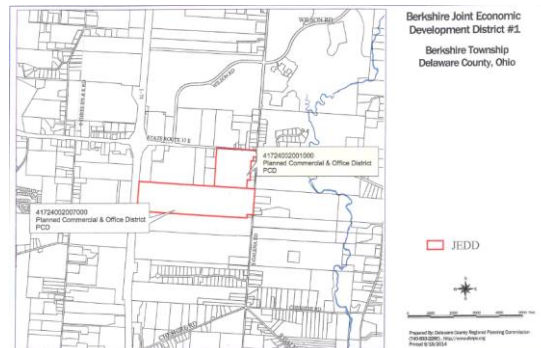


TIF EXHIBIT - 56.60 ACRES
FARM LOT 6, TIER 2, QUARTER TOWNSHIP 2, TOWNSHIP 4, RANGE 17
UNITED STATES MILITARY LANDS
TOWNSHIP OF BERKSHIRE, COUNTY OF DELAWARE, STATE OF OHIO



Players: Berkshire Township, school district
Impact: 10-Year, 75% property tax diversion to infrastructure; Mall value of \$100M; School district “contribution” to infrastructure approx. \$13M

Development Tool: JEDD



Players: Berkshire Township, Village of Sunbury, City of Delaware, mall
Impact: 1% vs. 1.85% income tax rate; Funds to offset infrastructure expense

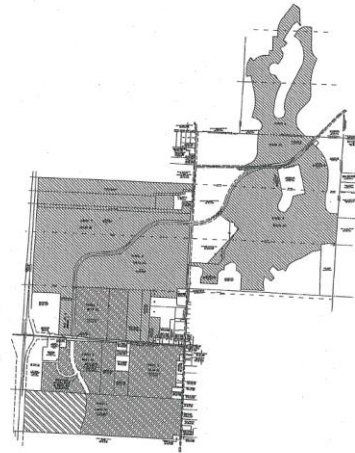
Development Tool: NCA



Players: Delaware County, Berkshire Township, school district, mall, other property owners

Impact: Multiple revenue streams created by NCA charge

- 0.5% sales tax on mall
- 4 mill property assessment for residential properties in southern areas (benefit to school district)
- Variable millage property assessment on northern areas (no benefit to school district)



Outcomes and Lessons



- TIF, JEDD, and NCA are complicated tools
- School district negotiated directly with “big boys” at Simon and Tanger
- Negotiated outcomes included
 - \$1M compensation payment from Simon-Tanger to school district (offsets TIF)
 - 4 mills assessed value charge on some residential areas (NCA tool)
- School district gained perspective and focus with professional help!

Questions & Discussion



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