



Am. Sub. House Bill 233 empowers cities to kickstart redevelopment projects

June 6, 2016

Cities across Ohio will soon enjoy new authority to play an active role in historic redevelopment projects, thanks to legislation that was recently approved by the Ohio General Assembly and Governor Kasich. Am. Sub. House Bill 233 empowers cities to create downtown redevelopment districts (DRDs) and innovation districts (IDs) for the purposes of rehabilitating historic buildings, creating jobs, encouraging economic development and supporting technology-oriented businesses. DRDs and IDs will enjoy dedicated financing streams and flexible powers to fund, finance and incentivize these projects.

Municipalities will be able to create DRDs through a legislative process that involves notices to affected property owners and school districts, a public hearing and the creation of an economic development plan outlining the objectives of the DRD. Depending on the financing plans of the DRD, consent may be required from affected property owners and school districts. The territory of the DRD can include up to 10 acres, which must be contiguous. Additionally, the municipality may designate certain territory within the DRD as an ID; any territory to be included in an ID, however, must be serviced by a high-speed broadband network capable of download speeds of at least 100 gigabits per second.

Similar to existing tax increment financing (TIF) districts, DRDs will enable municipalities to divert increases in property tax revenue relating to improvements to certain uses benefitting the DRD. With DRDs, the exemption may apply to up to 70 percent of increases in valuation, and it may last for up to 10 years (30 years with school district approval). In addition, DRDs can impose redevelopment charges that operate like special assessments levied within special improvement districts or community development charges levied by new community authorities. The charges require property owner approval and can be predetermined or calculated based on a formula established by the municipality. They will apply to subsequent property owners and can be certified to and collected by the county auditor.

Service payments and redevelopment charges received by DRDs can be applied to:

1. Offer loans or grants to owners of historic buildings within a DRD for



Robert F. McCarthy

Partner
Columbus
614.227.2308
rmccarthy@bricker.com

rehabilitation efforts;

2. Pay costs of operating expenses necessary to promote historic redevelopment efforts through contributions to community improvement corporations, special improvement districts or certain nonprofits (up to 20 percent of DRD revenue);
3. Make loans to owners of non-historic buildings within the DRD; and
4. Finance certain public infrastructure improvements within the DRD that are necessitated by the redevelopment efforts.

DRDs that include an ID will have several additional powers designed to promote innovation-oriented businesses. For example, DRD revenues can be applied within an ID to finance or support loans, deferred loans or grants to qualified businesses within the ID. Qualified businesses include trades or businesses that involve research and development, technology transfer, biotechnology, information technology, or the application of new technology developed through research and development or acquired through technology transfer. Additionally, DRD revenue can be contributed to assist business accelerators or incubators within the ID.

Am. Sub. House Bill 233 was authored by Rep. Kirk Schuring, R-Jackson Township. The bill will be effective 90 days after it was signed by Governor Kasich.