



## Legislation Text

**File #:** 160612, **Version:** 1

Establishing a neighborhood improvement district consisting of a parcel located at the northeast corner of 15th Street and Chestnut Street, commonly known as 1441 Chestnut Street, to be known as the Headquarter Hotel Neighborhood Improvement District; designating Philadelphia Authority for Industrial Development to serve as Neighborhood Improvement District Management Association for the District; approving a plan for the District, including a list of proposed improvements and their estimated cost, and providing for special financing assessments to be levied on property owners within the District to secure the repayment of tax increment financing indebtedness; authorizing the Director of Commerce, on behalf of the City, to execute an agreement with the Neighborhood Improvement District Management Association for the District; and authorizing the Neighborhood Improvement District Management Association to assess property owners within the District and, under certain conditions, collect or cause to be collected a special financing assessment to be used in accordance with the approved plan and approved tax increment financing plan; all in accordance with the provisions of the Community and Economic Improvement Act.

WHEREAS, Council of the City of Philadelphia is authorized by the Community and Economic Improvement Act, Act of December 21, 1998, P.L. 1307 No. 174 (53 P.S. §18101 *et seq.*), as heretofore amended, including by Act of May 24, 2016, No. 32 and the Act of May 24, 2016, No. 28 and as the same may be further amended, restated, or supplemented from time to time (as so amended, the "Act"), to establish, by ordinance, neighborhood improvement districts and to designate certain entities to impose special financing assessments and administer programs and services within such districts in order "to promote and enhance more attractive and safer commercial, industrial, residential and mixed-use neighborhoods; economic growth; increased employment opportunities; and improved commercial, industrial, business districts and business climates;" and

WHEREAS, The purpose of this Ordinance is to establish a neighborhood improvement district in a portion of the central business district of the City to be known as the "Headquarter Hotel Neighborhood Improvement District" and to ensure that all actions required by the Act to establish such a district have been taken before the enactment of this Ordinance; and

WHEREAS, The District is coterminous with a Tax Increment Financing District (the "TIF District") created pursuant to Bill 130686 passed by Council on December 12, 2013 and signed by the Mayor on December 18, 2013 (the "TIF Ordinance"), in accordance with the Tax Increment Financing Act, being the Act of July 11, 1990, P.L. 465, No. 113, as amended and as may be further amended from time to time (the "TIF Act"); and

WHEREAS, Special financing assessments are proposed to be (i) imposed on all property within the District by the Neighborhood Improvement District Management Association to pay when due the principal of and interest on debt obligations issued pursuant to the TIF Ordinance and expenses related to administration of the District and (ii) collected to the extent tax increments generated within the District under the TIF Act and the TIF Ordinance are insufficient therefor; and

WHEREAS, All procedures required by the Act for establishment of the District have been followed; in

particular, more than forty-five (45) days have elapsed from the last public hearing required by the Act, and the Clerk of Council has not received objections filed by thirty-three percent (33%) or more of the affected property owners or affected property owners whose property valuation as assessed for taxable purposes amounts to thirty-three percent (33%) or more of the total property valuation within the proposed boundaries of the District; now, therefore

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

1. In accordance with the provisions of the Act, a neighborhood improvement district is hereby established in a portion of the central business district of the City, within the boundaries set forth in Exhibit “A-I” attached hereto. The district shall be known as the Headquarter Hotel Neighborhood Improvement District (the “District”).

2. Philadelphia Authority for Industrial Development (“PAID”) is hereby designated as the Neighborhood Improvement District Management Association for the District (the “NIDMA”).

3. The NIDMA shall have any and all powers authorized under the Act and the TIF Act to (i) levy, collect and enforce special financing assessments on affected property owners; and (ii) finance or refinance costs of improvements, neighborhood improvements and projects, any other costs that may be permitted under the Act and the TIF Act, each as may be further amended, and any additional supplemental programs, services and improvements to be provided or made pursuant to the Act and the TIF Act.

4. The NIDMA shall have all powers authorized under the Act to pledge special financing assessments as security for and in repayment of bonds or notes issued pursuant to the Act and pursuant to the TIF Act in connection with the TIF District, which shall have been secured, in whole or in part, by a pledge of any of the special financing assessments authorized hereunder and under the Act.

5. Council hereby approves as the final plan for the District the plan set forth in Exhibit “A” attached hereto together with any amending or superseding plan that may satisfy the requirements of the Act. The NIDMA is hereby authorized to assess property owners within the District a special financing assessments in accordance with the provisions of the final plan, the provisions of the Act and the TIF Act.

6. The Director of Commerce, on behalf of the City, is hereby authorized to enter into an agreement with the NIDMA, in a form approved by the City Solicitor, which agreement shall include the following provisions:

(a) A detailed description of the respective duties and responsibilities of the City and of the NIDMA with respect to the District as set forth in the final plan approved under Section 5;

(b) A requirement that the City will maintain within the District the same level of municipal programs and services that were provided within the District before its establishment;

(c) A “sunset provision” under which the agreement will terminate upon the later of 20 years from the date this Ordinance becomes law or the retirement date of tax increment financing indebtedness or other indebtedness, the proceeds of which will be used to finance a portion of the costs of improvements, or any other costs that may be permitted under the Act, to the District and which are expected to be supported in whole or in part by assessments within the District. The agreement may not be renewed unless the District is continued beyond that date in accordance with the sunset provisions of Section 6 of this Ordinance; and

(d) The NIDMA’s agreement to be responsible for the calculation, imposition and collection of all special financing assessments levied within the District and the City’s agreement to impose and enforce liens for nonpayment of such special financing assessments as set forth in the Act at 53 P.S. §18107(a)(10); provided that the agreement may include a provision wherein the City may designate the NIDMA (or its designee) as agent for the City to perform the City’s responsibility to impose and enforce liens for nonpayment of special financing assessments on behalf of the City and under its authority.

(e) Any special financing assessments levied by the NIDMA shall be the sole responsibility of the affected property owner. The City and Philadelphia Authority for Industrial Development shall not be liable for any assessments due.

(f) The NIDMA shall agree that it shall not seek to impose liens, or ask the City to impose liens, resulting from the nonpayment of special financing assessments relating to any purpose for which assessments may be levied hereunder,

including special financing assessments relating to the TIF Indebtedness and administrative expenses related to the TIF Indebtedness and administration of the District, that would exceed in priority liens related to any City claims or judgments, whether based on “municipal claims,” as such term is defined in the Municipal Claims and Tax Lien Act, 53 P.S. §7101 through §7505 or otherwise resulting from non-payment of ad valorem real estate taxes. The NIDMA shall agree further that no lien that is filed shall take priority over real estate tax liens. The NIDMA is required to include language regarding such status in the terms of any loan documents relating to financing secured by special financing assessments.

(g) The NIDMA shall have no right to file a lien against any City property interest in connection with any unpaid special financing assessment.

(h) A request for termination of the District and the NIDMA pursuant to the Act shall not be accepted, considered or approved by the NIDMA unless all indebtedness issued pursuant to the Act, the TIF Act, this Ordinance or the TIF Ordinance in connection with the District have finally been paid and discharged.

7. The District shall terminate upon the later of 20 years from the date this Ordinance becomes law or the retirement date of tax increment financing indebtedness or other indebtedness, the proceeds of which will be used to finance a portion of the costs of improvements, or any other costs that may be permitted under the Act, to the District and which are expected to be supported in whole or in part by special financing assessments within the District in accordance with the provisions of the final plan approved under Section 5. The District may be continued beyond that date only if Council enacts a new ordinance following a review of the District and the programs and services provided by the NIDMA within the District. The same process required to establish the District must be followed to continue the District beyond the expiration date.

8. The Chief Clerk shall keep on file the document referred to as Exhibit “A” in Section 5 of this Ordinance, and all accompanying documents referenced in Exhibit “A”, and shall make them available for inspection by the public during regular office hours.