

August 2, 2021

To: Members of the Budget and Finance Committee 202102542

From: Paula Boggs Muething, City Manager

Subject: **EMERGENCY ORDINANCE – APPROVING AND AUTHORIZING
CRA TAX EXEMPTION AGREEMENT WITH 6121-23 MADISON RD.
OPPORTUNITY FUND, LLC**

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a *Community Reinvestment Area Tax Exemption Agreement (LEED or Living Building Challenge)* with 6121-23 Madison Rd. Opportunity Fund, LLC, thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 6007 and 6011 Madison Road in the Madisonville neighborhood of Cincinnati, in connection with the remodeling and expansion of an existing building into approximately 7,707 square feet of residential space consisting of 7-8 apartments, and approximately 3,793 square feet of commercial space, which remodeling shall be completed in compliance with Leadership in Energy and Environmental Design Silver, Gold or Platinum standards or Living Building Challenge standards, at a total remodeling cost of approximately \$1,234,650.

BACKGROUND/CURRENT CONDITIONS

6011 Madison Rd. is located within Madisonville's Neighborhood Business District and within a block of the Madison and Whetsel development. The Property was a previous recipient of a façade improvement grant for new windows. The Property is adjacent to City-owned property at 6007 Madison Rd., which the City is proposing to sell to the Developer in connection to this Project. The City previously leased 6007 Madison Rd. to the Civic Garden Center of Greater Cincinnati (CGC) for use as a community garden. The Developer has agreed to (i) perform work associated with the Garden Relocation at the same cost as a third-party bid for work and approved by CGC, and/or (ii) reimburse CGC for expenses associated with the Garden Relocation in an amount totaling \$15,000, and the City is willing to reduce the Purchase Price in consideration thereof.

DEVELOPER INFORMATION

The Developer, 6121-23 Madison Rd. Opportunity Fund, LLC, recently completed full rehabs of a multi-use project at 6121-23 Madison Rd. and a commercial property at 6306 Madison Rd. The Sponsor/Principal of the development entity is a long-standing commercial real estate banker.

PROJECT DESCRIPTION

The Developer plans to renovate and expand the existing building located at 6011 Madison Rd. into approximately 7,707 square feet of residential space consisting of 7-8 apartments and approximately 3,793 square feet of commercial space. Residential rents are expected to be between \$1,250 for a 1 Bed, 1 Bath with a Study and \$1,450 for a 2 Bed, 2 Bath. 6007 Madison Rd. will be used to establish new ingress/egress and to create 12 surface parking spaces. The total project cost is approximately \$1,950,342 (\$1,234,650 in hard costs). The project is expected to create 25 new full-time equivalent permanent jobs (FTEs) with a total annual payroll of \$1,000,000 and to create 15 full-time temporary construction jobs with a total annual payroll of \$600,000.

PROPOSED INCENTIVE

DCED is recommending a 15-year, net 52% CRA tax exemption.

DCED is also recommending the sale of 6007 Madison Road to the Developer. This proposed incentive is outlined in a separate ordinance.

Pursuant to the Commercial CRA policy established by City Council, this project scored 14 points as indicated below which would merit a 15-year net 52% CRA Tax Abatement:

“But For” Analysis (0-3 points) *	3
LEED (0-6 points)	3
Neighborhood VTICA (1 point for contributions over 1% but less than 15% and 8 points for contributions of 15% or more)	8
TOTAL	14

* “But For” Analysis Explanation: 3 points were awarded for the following reasons:

- The Project will bring a vacant and blighted building back into productive use, including the restoration of 7-8 apartment units.
- The Project will include a significant investment in restoring the façade and historic character of the nearly 100-year-old building.
- The Developer will be assisting with the relocation of the community garden.

SUMMARY	
Forgone Public Benefit if Project Does not Proceed	
CPS PILOT (Forgone New Revenue)	(\$104,812)
VTICA (Forgone New Revenue)	(\$47,642)
Income Tax (Forgone New Revenue)	(\$327,600)
Total Public Benefit Lost	(\$480,054)
Incentive Value	
Annual Net Incentive to Developer	\$11,011
Total Term Incentive to Developer	\$165,158

City's Portion of Property Taxes Forgone	\$44,634
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$6,987
Total Term CPS PILOT	\$104,812
VTICA	
Annual VTICA	\$3,176
Total Term VTICA	\$47,642
Income Tax (Max)	\$327,600
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$480,054
Total Public Benefit ROI*	\$2.91
City's ROI*	\$10.76

PROJECT TEAM & TIMELINE

The project’s legislative team (listed below) is available to answer questions regarding this project.

- Assistant City Manager: Billy Weber (Ext. 3318)
- DCED Deputy Director: Dan Bower (Ext. 1955)
- Project Attorney: Samantha Brandenburg (Ext. 4704)

The anticipated council timeline is as follows:

- August 2, 2021: Budget and Finance
- August 4, 2021: City Council for Final Approval

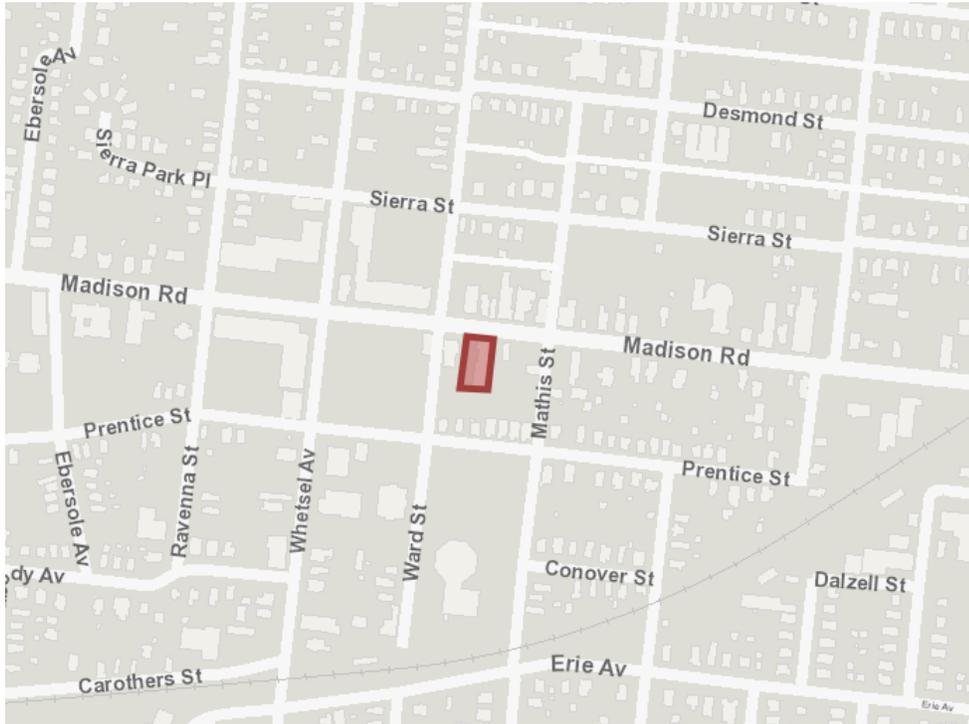
RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The emergency clause is needed so that the project can meet its construction commencement deadlines.

Attachment: A. Property location and photographs

Copy: Markiea L. Carter, Director, Department of Community & Economic Development

Attachment A: Location and Photographs



Property Location



6007 and 6011 Madison Rd.