

October 21, 2020

To: Mayor and Members of City Council

202001999

From: Paula Boggs Muething, City Manager

Subject: **COMMUNITY REINVESTMENT AREA TAX EXEMPTION
AGREEMENT FOR GRAPHITE OAKLEY, LLC**

Attached is an Emergency Ordinance captioned as follows:

APPROVING AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement (LEED or Living Building Challenge) with Graphite Oakley, LLC, thereby authorizing a 12-year tax exemption for 100% of the value of improvements made to real property located at 2980 Disney Street in the Oakley neighborhood of Cincinnati, in connection with the construction of five new building into enclosed parking on the first floor, consisting of approximately 564 parking spaces, and approximately 360,828 square feet of residential rental space on the upper floors, consisting of approximately 316 apartments, which construction 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 construction cost of approximately \$35.569.369.

BACKGROUND/CURRENT CONDITIONS

Graphite Oakley, LLC has a purchase option for the property located at 2980 Disney Street in the Oakley neighborhood. The developer will be purchasing the property from Local Oakley, LLC, the master developer of the former industrial Cast Fab Technologies site. Graphite Oakley, LLC submitted a Financial Assistance application for this project, which was received and reviewed by DCED.

DEVELOPER INFORMATION

Graphite Oakley, LLC is a subsidiary of Hills Developers, Inc. Hills is a family owned and operated company that is headquartered in Blue Ash. They have been successfully developing and managing multi-family residential communities since 1958. Their philosophy is to build a quality product that they would own for the long-term.

PROJECT DESCRIPTION

The Graphite Oakley project consists of five new apartment buildings located at the former Cast-Fab site in Oakley. Upon completion, there will be 316 residential units and 564 parking spaces.

The estimated construction cost is \$35,569,369, with 4 permanent jobs created at a total annual payroll of \$200,000 and 40 temporary construction jobs at an annual payroll of \$2,500,000. This project is aligned with the Compete and Live initiatives of Plan Cincinnati.

PROPOSED INCENTIVE

DCED is recommending a 12-year, 100% (net 52%) CRA tax exemption. The emergency clause is needed so construction can commence within the month of November.

Pursuant to the Commercial CRA policy established by City Council, this project scored 11 points as indicated below which would merit a 12-year net 52% CRA Tax Abatement:

"But For" Analysis (0-3 points) *	1
LEED (0-6 points)	2
Neighborhood VTICA (1 point for contributions over 1% but less than 15% and 8 points for contributions of 15% or more)	8
TOTAL	11

* *"But For" Analysis Explanation:* 1 point was awarded because the project is being built on a former brownfield that requires substantial environmental clean-up.

SUMMARY		
Forgone Public Benefit if Project Does not Proceed		
CPS PILOT (Forgone New Revenue)		(\$2,208,904)
VTICA (Forgone New Revenue)		(\$1,004,047)
Income Tax (Forgone New Revenue)		(\$181,650)
Total Public Benefit Lost		(\$3,394,601)
Incentive Value		
Annual Net Incentive to Developer		\$290,058
Total Term Incentive to Developer		\$3,480,697
City's Portion of Property Taxes Forgone		\$863,890
Public Benefit		
CPS PILOT		
Annual CPS Pilot		\$184,075
Total Term CPS PILOT		\$2,208,904
VTICA		
Annual VTICA		\$83,671
Total Term VTICA		\$1,004,047
Income Tax (Max)		\$181,650
Total Public Benefit (CPS PILOT/VTICA /Income Tax)		\$3,394,601
Total Public Benefit ROI*		\$0.98
City's ROI*		\$3.93
*If the project were going to happen regardless of incentive, this is the return of real dollars for public benefits as potential future dollars are forgone		

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs

