

February 28, 2024

**To:** Mayor and Members of City Council

**From:** Sheryl M.M. Long, City Manager 

202400650

**Subject: Emergency Ordinance – Approving and Authorizing a CRA Tax Exemption Agreement with Cincinnati Capital Partners 578, LLC**

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Attached is an Emergency Ordinance captioned:

**APPROVING AND AUTHORIZING** the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement with Cincinnati Capital Partners 578, LLC, thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 1628 Walnut Street in the Over-the-Rhine neighborhood of Cincinnati, in connection with the remodeling of an existing building to approximately 3,304 square feet of residential space, consisting of five residential units, at a total construction cost of approximately \$926,954.

**STATEMENT**

**HOUSING:** The additional housing units this project will provide will go toward helping to alleviate Cincinnati’s strained housing market, which is currently experiencing increasing affordability issues due to lack of supply. This project will also help preserve our history architecture.

**BACKGROUND/CURRENT CONDITIONS**

The project is located at 1628 Walnut Street in the Historic District of the Over-the-Rhine neighborhood. The property is a vacant- four story building. Once completed, the building will consist of 5 one-bedroom residential units. The project was also awarded Historic Tax Credits in the 31<sup>st</sup> round of the Ohio Historic Preservation Tax Credit Program.

**DEVELOPER INFORMATION**

Cincinnati Capital Partners 578, LLC is an Ohio based company, owned by Kaur Harmanjit and Arshdeep Tindni. Prior to this project the Developer has also developed an 18,000 Square foot medical Office building in Sycamore Township and has been involved in the redevelopment of several single-family homes within the City of Cincinnati.

**RECOMMENDATION**

The Administration recommends approval of this Emergency Ordinance.

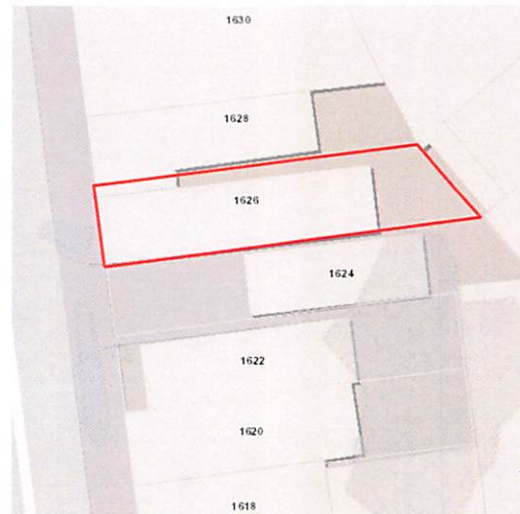
Attachment: Project Outline and Proposed Incentive

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

**Project Outline**

Project Name	1628 Walnut Street
Street Address	1628 Walnut Street
Neighborhood	Over-the-Rhine
Property Condition	Vacant Building
Project Type	Rehabilitation
Project Cost	Hard Construction Costs: \$926,954 Acquisition Costs: \$235,000 Soft Costs: \$155,455 Total Project Cost: \$1,317,409
Private Investment	Historic Tax Credit Equity: \$121,000 Developer Equity: \$1,045,381
Sq. Footage by Use	Residential: 3,304 SF Office: 0 SF
Number of Units and Rent Ranges	5 1-BR Units; Rent Range \$1,100-1,400 5 Total Units
Median 1-BD Rent Affordable To	Salary: \$44,000-\$56,000 City Job Classifications: Water Works Guard, Assistant City Solicitor, Pool Supervisor, Nursing Supervisor.
Jobs and Payroll	Created FTE Positions: 1 Total Payroll for Created FTE Positions: \$25,800.00 Average Salary for Created FTE Positions: \$25,800.00 Construction FTE Positions: 12 Total Payroll for Construction FTE Positions: \$664,295
Location and Transit	Located within the OTR Historic District Transit Score: 70
Community Engagement	Developer represented that they discussed the developments plan with neighbors.
Plan Cincinnati Goals	Compete Initiative Area Goal 2 (p. 114-120), Sustain Initiative Area Goal 2 (p.193-198)

**Project Image and Site Map**



**Proposed Incentive**

Incentive Terms	15-year, net 67%
Incentive Application Process	Commercial CRA – Downtown Streetcar Area (Non-LEED)
“But For”	Without Abatement: 3% rate of return (stabilized) With Abatement: 4% rate of return (stabilized) Project rate of return is low due to developer utilizing all equity for the renovation.
Environmental Building Certification	Non-LEED
VTICA	Streetcar VTICA – 0%
SBE/MBE/WBE Goals	SBE Goal of 30%
Planning Commission Approval	Not Applicable
Other Incentives & Approvals	Project also awarded Historic Tax Credits from the Ohio Department of Development

**Potential Taxes Forgone & Public Benefit**

<b>Taxes Forgone</b>	<b>Value</b>
Annual Net Incentive to Developer	\$10,651
Total Term Incentive to Developer	\$159,767
City's Portion of Property Taxes Forgone (Term)	\$33,511
City's TIF District Revenue Forgone (Term)	\$0

<b>Public Benefit</b>	<b>Value</b>	
CPS PILOT	Annual	\$5,246
	Total Term	\$78,691
VTICA	Annual	\$0
	Total Term	\$0
Income Tax Total Term (Maximum)	\$18,923	
Total Public Benefit (CPS PILOT, VTICA, Income Tax)	\$97,614	

<b>Total Public Benefit ROI*</b>	\$0.61
<b>City's ROI**</b>	\$0.56

\* This figure represents the total dollars returned for public purposes (City/Schools/Other) over the benefit received.

\*\*This figure represents the total dollars returned for City/ over the City's property taxes forgone.

**For Reference: 2023 Cincinnati MSA Area Median Income Limits**

AMI	1	2	3	4	5	6	7	8
30%	\$21,250	\$24,300	\$27,350	\$30,350	\$32,800	\$35,250	\$37,650	\$40,100
50%	\$35,400	\$40,450	\$45,500	\$50,550	\$54,600	\$58,650	\$62,700	\$66,750
60%	\$42,480	\$48,540	\$54,600	\$60,760	\$65,520	\$70,380	\$75,240	\$80,100
80%	\$56,650	\$64,750	\$72,850	\$80,900	\$87,400	\$93,850	\$100,350	\$106,800