

December 6, 2021

To: Members of the Budget and Finance Committee

From: Paula Boggs Muething, City Manager **202103244**

Subject: Emergency Ordinance – Authorizing a Property Sale and Development Agreement with TI PM, LLC

Attached is an Emergency Ordinance captioned:

AUTHORIZING the City Manager to execute a *Property Sale and Development Agreement* with TI PM, LLC for the sale of the upper levels of the City-owned building located at 120 W. Elder Street in the Over-the-Rhine neighborhood for residential redevelopment.

BACKGROUND/CURRENT CONDITIONS

120 W. Elder Street is a City-owned property in the Over-the-Rhine neighborhood. The property contains a 3.5-story historic mixed-use building. The building is leased to and managed by the Corporation for Findlay Market. The bottom floor is occupied by a commercial tenant, Silverglades Deli, while the upper floors have been vacant for over 20 years.

The Department of Community and Economic Development (DCED) released a Request for Proposals (RFP) for the sale and redevelopment of the upper floors of the building in July 2018. Only one (1) response was submitted and ultimately a cross-departmental evaluation committee recommended that no award be made pursuant to the RFP, primarily due to an infeasible financing plan which required \$250,000 of City investment. After the conclusion of the RFP, DCED continued to engage interested developers. In February 2019, two (2) developers expressed interest in submitting Proposals. Rather than issue another RFP in less than one (1) year, DCED asked each developer to submit Proposals, which were subsequently evaluated by DCED. Based on the recommendation of the committee, the sale of the property was awarded to TI PM, LLC in July 2019, who agreed to pay above fair market value and did not request a financial investment from the City.

DEVELOPER INFORMATION

TI PM, LLC is owned by Mark Bruggeman, a registered architect. TI PM, LLC has extensive experience in historic renovations in Over-the-Rhine, including projects at 1608-1610 Pleasant Street, 1703 Pleasant Street, and 126 W. Elder Street.

PROJECT DESCRIPTION

TI PM, LLC will rehabilitate the upper floors of the property to create one (1) three-bedroom homeownership unit. Total project cost, excluding acquisition, is estimated to be \$500,664. The project is estimated to create four (4) temporary construction jobs.

City Planning Commission approved the subdivision to create the sale property on July 17, 2020. The Historic Conservation Board approved a certificate of appropriateness for the project on September 14, 2020. City Planning Commission approved the sale of the property on October 23, 2020. TI PM, LLC has received multiple letters of support from members of the community, including the Corporation for Findlay Market however, the broader Over-the-Rhine Community Council has voted in opposition to the project.

The proposed project is consistent with *Plan Cincinnati* (2012) and the Sustain Initiative Area's Goal to "Preserve our built history" (p. 197). It is also consistent with portions of the *Brewery District Master Plan* (2013) within Initiative 4: Rediscovering a Mixed-Use Economy (p. 74).

PROPOSED INCENTIVE

DCED is recommending a sale to TI PM, LLC at the offer price of \$45,000. This is above the appraised value of the property, which is \$42,500. The City will retain the first floor and a portion of the basement.

DCED's recommendation is based on the following reasons:

- TI PM, LLC has presented the most advantageous proposal for the redevelopment of the vacant upper portion of the property. TI PM, LLC offered to pay above fair market value and presented a project that does not require additional City subsidy.
- The proposed project will return the upper floors of the property back into productive use by renovating vacant property into an owner-occupied housing unit. This challenging site has been dormant for over 20 years.

PROJECT TEAM & TIMELINE

The project team (listed below) will make themselves available at the request of the councilmember(s).

- Assistant City Manager: William Weber
- DCED Director: Markiea L. Carter
- Project Attorney: Charles Martinez

The anticipated council timeline, which includes two Budget and Finance meetings if necessary is as follows:

- December 6, 2021: Budget and Finance (1)
- December 13, 2021: Budget and Finance (2)
- December 15, 2021: City Council for Final Approval

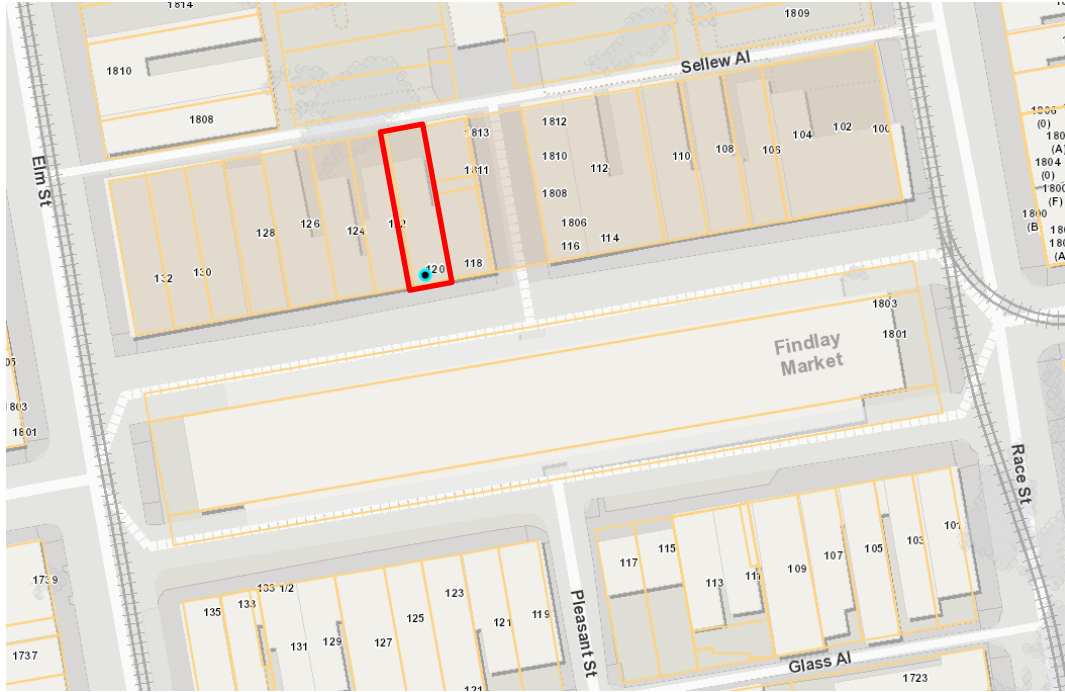
RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The emergency clause is needed to obtain the necessary site control needed to finalize project financing, permitting, and maintain a tight development schedule.

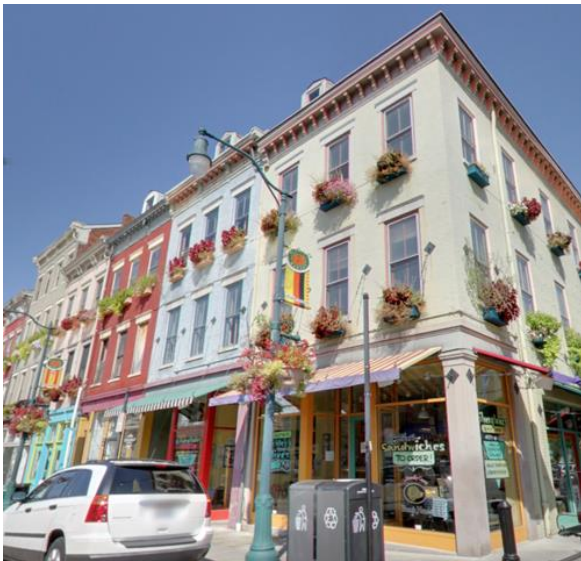
Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs



Property Location



120 W. Elder Street