

November 17, 2021

To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager 202103112

Subject: **TAX INCREMENT FINANCING (TIF) EXEMPTION FOR 3RD AND MAIN HOTEL DEVELOPMENT**

Attached is an Emergency Ordinance captioned as follows:

DECLARING improvements to certain real property located at 312 Main Street in the Central Business District of Cincinnati, to be constructed pursuant to a *Development Agreement* between the City of Cincinnati and Fort Wash Hills, LLC, to be a public purpose and exempt from real property taxation for a period of 30 years pursuant to Section 5709.41 of the Ohio Revised Code.

BACKGROUND/CURRENT CONDITIONS

Previously, pursuant to Council Ordinance 043-2019, effective February 6, 2019, City Council authorized the City Manager to execute a Development Agreement with Fort Wash Hills, LLC, pertaining to the development and construction of a 61,500 square foot, 100-key hotel at 312 Main Street, and providing for City assistance to the project in the form of a rebate of a portion of the service payments in lieu of taxes imposed in connection with a proposed 30-year property tax exemption for improvements pursuant to Ohio Revised Code Section 5709.41, subject to the passage by this Council of a separate ordinance authorizing such tax exemption.

DEVELOPER INFORMATION

Fort Wash Hills, LLC is an affiliate of Rolling Hills Hospitality, a Cincinnati-based hotel developer and hospitality management firm. The developer completed the 117-key Holiday Inn & Suites at 7th and Broadway Streets in the Central Business District.

PROJECT DESCRIPTION

Developer will first demolish the rear portion of the existing buildings at the project site, rehabilitate the remaining portion of the existing buildings, and construct a new 6-story addition to the rear of the existing buildings. Upon completion, the project will contain an approximately 61,500 square-foot, 100-key hotel with a total project

cost of approximately \$16,830,000. It is anticipated that the project will support the creation of 100 temporary construction jobs with an estimated payroll of \$6 million during construction, and 15 full-time equivalent jobs with an estimated payroll of \$1,000,000 within 1-year of construction completion.

PROPOSED INCENTIVE

DCED is recommending a Tax Increment Financing (TIF) exemption for the project site pursuant to Ohio Revised Code 5709.41 for a period of 30 years. Following the creation of the project TIF, the City and Developer will enter a Service Agreement which will require payment of full statutory Service Payments in lieu of real estate taxes. Prior to the rebate of any Service Payments to the Developer, 33% of the Service Payments will be paid to Cincinnati Public Schools, and for tax years 1-30, Developer is willing to make a VTICA contribution equal to 15% of the Service Payments for the purpose of funding the maintenance and operations of the streetcar. Without the project TIF, the Developer is unable to secure the construction financing for the project improvements.

PROJECT TEAM & TIMELINE

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

- Assistant City Manager: Billy Webber
- DCED Director: Markiea Carter
- Project Attorney: Samantha Brandenburg

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

- November 17, 2021: Introduction to City Council
- November 22, 2021: Budget and Finance Committee
- November 29, 2021: Budget and Finance Committee (if required)
- December 1, 2021: City Council for Final Approval

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The emergency clause is necessary to establish the TIF exemption prior to the start of construction of improvements which are anticipated to begin on the site in January.

Attachment: A. Property location and photographs

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

Attachment A: Location and Concept Plan



308-316 Main Street

