

June 3, 2021

To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager *CB for PBM*

202102087

Subject: LEED CRA TAX EXEMPTION FOR LPH THRIVES, 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 LPH Thrives, LLC, an affiliate of Over-the-Rhine Community Housing, thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 2113-2117 W. 8th Street, 2122 St. Michael Street, 2130 St. Michael Street, 2131 St. Michael Street, and 642-646 Neave Street in the Lower Price Hill neighborhood of Cincinnati, in connection with the remodeling of ten existing buildings and construction of one new building on the property to create approximately 1,789 square feet of commercial space and approximately 67,505 square feet of residential space, consisting of 47 rental units, with the construction of the new building to 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 \$9,415,634.

BACKGROUND/CURRENT CONDITIONS

LPH Thrives, LLC owns and intends to renovate ten (10) historic, vacant, blighted buildings and construct one (1) building on a vacant lot at 2117 West 8th Street in Lower Price Hill. In October 2020, the project was allocated \$1,000,000 in City HOME Investment Partnerships Program funding by City Council Ordinance 341-02020 to promote affordable, rehabilitated units for owner-occupants in Lower Price Hill. Additionally, the project was awarded \$380,000 in City Lead Poisoning Prevention Program funding.

The redevelopment of the site will replace underutilized land blocks, reduce vacancy, create jobs, and provide quality affordable housing options.

DEVELOPER INFORMATION

LPH Thrives, LLC is a partnership between Over-the-Rhine Community Housing, Inc. (OTRCH) and Community Matters, Inc. OTRCH, a non-profit community development organization, is serving as the main developer and has significance experience in providing affordable and supportive housing options to residents in the Cincinnati area. OTRCH has over 40 years of experience developing affordable housing and has developed over 750 units of affordable housing and currently owns and manages nearly 500 units. Community Matters, founded in 2014, is serving as the co-developer and supportive services provider. Community Matters will coordinate supportive services for the residents of LPH Thrives like job training, financial literacy, credit counseling, education assistance, utility payment assistance and other needs that might come up through a Resident Service Coordinator on staff with Community Matters. Referrals will be made to alternate service providers as necessary and as feasible.

PROJECT DESCRIPTION

The scattered-site, mixed-use project consists of the full gut renovation and preservation of ten (10) historic, vacant, blighted buildings and the new construction of one (1) building on a vacant lot at 2117 West 8th Street. At completion, the project will create thirty-one (31) rehabilitated units and sixteen (16) newly constructed residential rental units and will include approximately 65,505 square feet of total residential space. All residential units will be made affordable to households earning between a range of 30% – 60% of the Area Median Income, as established by the Department of Housing and Urban Development. The unit count by type will consist of: (5) studio units, (11) one-bedroom units, (18) two-bedroom units, and (13) three-bedroom units. Rent will range between \$491-\$1,094 per month depending on the square footage of the unit (ranging from 539-1401 square feet). In addition, the project will include a fitness center at 642 Neave Street and include a total of 1,789 square feet in two new commercial spaces at 2113 & 2115 West 8th Street. The project will meet the Federal Historic Tax Credit standards as well as Enterprise Green Communities certification for the rehabilitated buildings and Leadership in Energy and Environmental Design (LEED) Silver for the newly constructed building.

The total investment is estimated to be at \$14 million with construction costs estimated to be at approximately \$10.4 million. In addition to the \$1 million City HOME loan funds and \$380,000 City Lead funds, LPH Thrives will attract approximately \$8.5 million in Low-Income Housing Tax Credits (LIHTC) equity, \$600,000 in Housing Development Loan funding from the Ohio Housing Finance Agency, \$1.4 million in Federal Historic Tax Credit equity, \$963,213 in State Historic Tax Credit equity, and \$975,000 in traditional debt. The project is estimated to be completed by Fall 2022 and is anticipated to create 180 temporary construction jobs with a total payroll of \$7.1 million during the eighteen-month construction period.

The Lower Price Hill Community Council is in support of the LPH Thrives project. This project represents Plan Cincinnati’s “Vision to Compete” by making a targeted investment, and its “Vision of Live” to support and stabilize our neighborhoods. This project also achieves Plan Cincinnati’s Live Goal 3 (pages 164-178) by providing a full spectrum of housing options and improving housing quality and affordability. This incentive is consistent with the uniform rules for Community Reinvestment Areas adopted by Council Ordinance 119-2007.

PROPOSED INCENTIVE

The Department of Community and Economic Development (DCED) is recommending a 100% net 67%, 15-year LEED CRA tax exemption for this project. Pursuant to the Commercial CRA policy established by City Council, this project has committed to a 33% PILOT to Cincinnati Public Schools. DCED has determined that this project meets the qualifications of an Undercapitalized Project, as described in Section 3 of Ordinance 339-2018, passed on October 31, 2018, based on the following factors:

- A maximum tax exemption helps support the creation of affordable residential units for extremely low- to very low-income households (30% – 60% AMI) for a minimum of 15 years.
- Financial underwriting showed that the project needs direct monetary assistance via City funding and is also in need of maximum tax exemption to increase the financial feasibility of the project.
- Incentive is consistent with previously awarded LITHC projects.

SUMMARY	
Incentive Value	
Annual Net Abatement (Savings to Developer)	\$129,772
Total Term Net Abatement (Savings to Developer)	\$1,946,579
City's Portion of Property Taxes Forgone	\$374,967
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$63,918
Total Term CPS PILOT	\$958,763
VTICA	
Annual VTICA	\$0
Total Term VTICA PILOT	\$0
Income Tax (Max)	\$223,017
New Permanent Jobs	0
Total Public Benefit (CPS PILOT/VTICA PILOT/Income Tax)	\$1,181,780
Total Public Benefit ROI	\$0.61
City's ROI	\$0.59

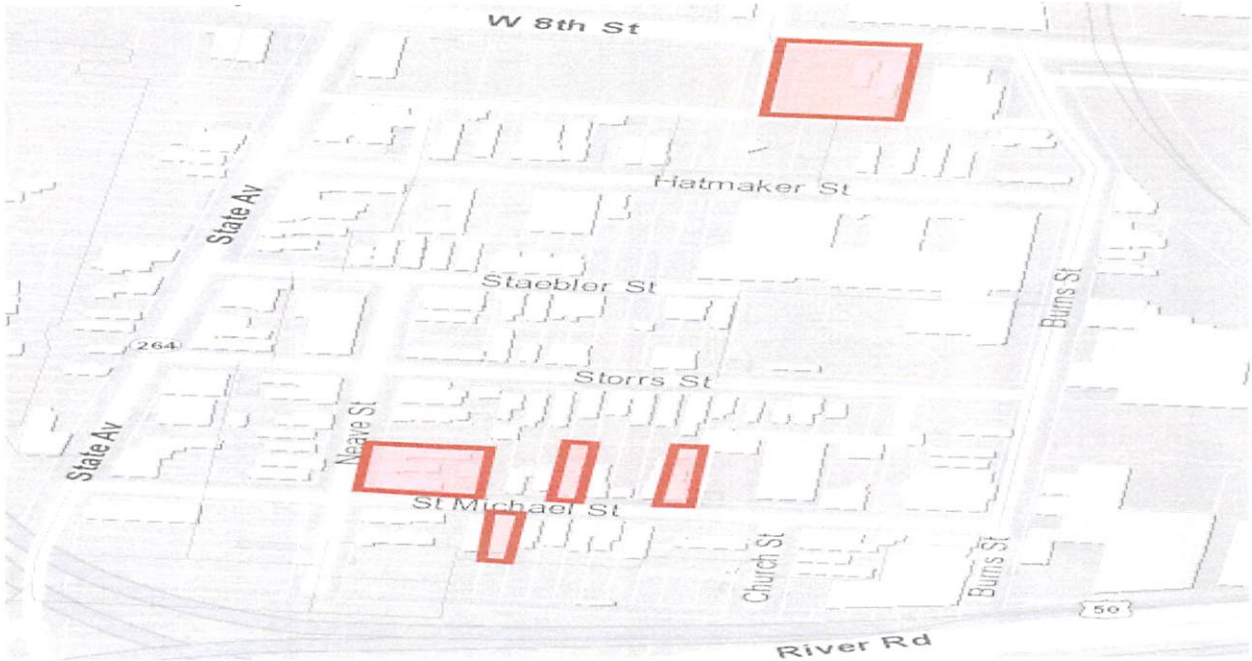
RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs



2113-2115 W 8th Street



642-646 Neave Street



2131 St. Michael Street



2130 St. Michael Street



2122 St. Michael Street