


October 30, 2024

To: Mayor and Members of City Council

From: Sheryl M.M. Long, City Manager 

202402276

Subject: Emergency Ordinance – Approving and Authorizing CRA Tax Exemption Agreement with ACG Garfield LLC

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement with ACG Garfield LLC, thereby authorizing a twelve-year tax exemption for 100 percent of the value of improvements made to real property located at 9 Garfield Place in the Central Business District of Cincinnati, in connection with the remodeling of an existing building into approximately 55,084 square feet of residential space, including approximately 52 residential rental units, at a total construction cost of approximately \$5,400,000.

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.

BACKGROUND/CURRENT CONDITIONS

The project involves the renovation of 9 Garfield Place located in the Central Business District. The eight-story building is currently comprised of ground floor retail along with seven floors of office space. The previous primary office tenant has vacated four floors of the office portion of the building, leaving much of the building vacant. ACG Garfield, an affiliate of Ashley Builders Group, plans to return the building to productive use by converting five office floors into 52 market rate apartments while maintaining the ground floor retail and two office floors. ACG Garfield LLC submitted a Commercial Community Reinvestment Area (CRA) application seeking City incentives to support the renovation and partial conversion of the building in June of 2024.

DEVELOPER INFORMATION

Founded in 1972, Ashley Builders Group is a development firm and general contractor headquartered in Greater Cincinnati (Villa Hills, KY). In addition to residential custom home building, they have completed several historic, mixed-use renovation projects in the Central Business District, including The Reserve at 4th and Race, Newberry Lofts (34 W 6th Street), and The Derby on Plum (411 Plum Street).

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

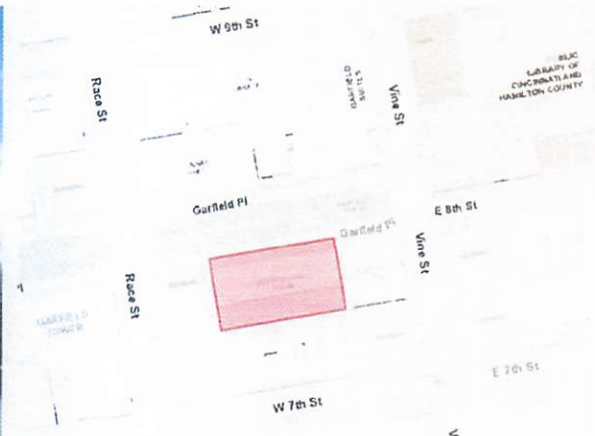
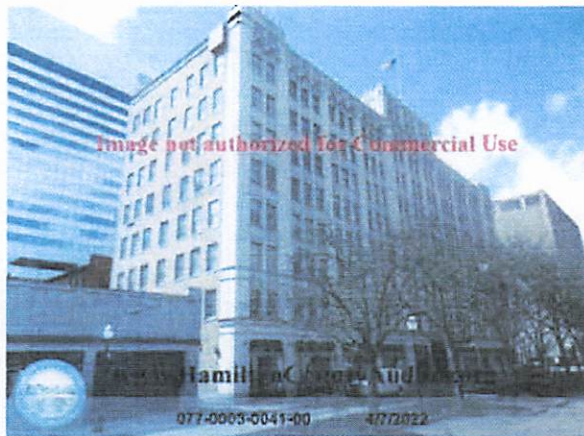
Attachment: Project Outline and Proposed Incentive

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

Project Outline

Project Name	9 Garfield Place
Street Address	9 Garfield Place
Neighborhood	Central Business District
Property Condition	Primarily vacant building
Project Type	Renovation
Project Cost	Hard Construction Costs: \$5,400,000 Acquisition Costs: \$3,700,000 Soft Costs: \$1,300,000 Total Project Cost: \$10,400,000
Private Investment	Private Financing: \$7,800,000 Developer Equity: \$1,200,000
Sq. Footage by Use	Residential: 55,00 SF Commercial: 12,000 SF Office: 24,000 SF
Rent Ranges	Residential 30 1-BR Units; Rent Range \$900-\$950 22 2-BR Units; Rent Range \$1,400-\$3,105 52 Total Units Commercial Office/Retail Rent: \$14.28/SF annually
Median 1-BD Rent Affordable To	Salary: \$37,320 City Job Classification: Home Health Aide, Park Maintenance Crew Leader, Water Meter Repairer
Jobs and Payroll	Created FTE Positions: 1 Total Payroll for Created FTE Positions: \$50,000 Construction FTE Positions: 30 Total Payroll for Construction FTE Positions: \$2MM
Location and Transit	Included in the National Register of Historic Places Transit Score: 80
Community Engagement	None Reported.
Plan Cincinnati Goals	Compete Initiative Area Goal 2 (p. 114-120), Live Initiative Area Goal 2 (p.156-163)

Project Image and Site Map



Proposed Incentive

Incentive Terms	12-year, net 67%
Incentive Application Process	Commercial CRA – Downtown Streetcar Area (Non-LEED)
“But For”	Without Abatement: 5% return (avg. over term) With Abatement: 8% return (avg. over term) Project would not proceed without an abatement.
Environmental Building Certification	Non-LEED
VTICA	None
SBE/MBE/WBE Goals	SBE Goal of 30%
Planning Commission Approval	Not applicable
Other Incentives & Approvals	Project intends to utilize federal historic tax credits.

Potential Taxes Forgone & Public Benefit

Taxes Forgone	Value
Annual Net Incentive to Developer	\$57,333
Total Term Incentive to Developer	\$687,997
City's Portion of Property Taxes Forgone (Term)	\$170,155
City's TIF District Revenue Forgone (Term)	\$0

Public Benefit	Value	
CPS PILOT	Annual	\$28,239
	Total Term	\$338,864
VTICA	Annual	\$0
	Total Term	\$0
Income Tax Total Term (Maximum)	\$46,800	
Total Public Benefit (CPS PILOT, VTICA, Income Tax)	\$385,664	

Total Public Benefit ROI*	\$0.56
City's ROI**	\$0.28

* 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: 2024 Cincinnati MSA Area Median Income Limits

AMI	1	2	3	4	5	6	7	8
30%	\$22,050	\$25,200	\$28,350	\$31,450	\$34,000	\$36,500	\$39,000	\$41,550
50%	\$36,700	\$41,950	\$47,200	\$52,400	\$56,600	\$60,800	\$65,000	\$69,200
60%	\$44,040	\$50,340	\$56,640	\$62,880	\$67,920	\$72,960	\$78,000	\$83,040
80%	\$58,700	\$67,100	\$75,500	\$83,850	\$90,600	\$97,300	\$104,00	\$110,700