

September 1, 2021

To: Mayor and Members of City Council 202102650

From: Paula Boggs Muething, City Manager

Subject: **EMERGENCY ORDINANCE – COMMUNITY REINVESTMENT AREA TAX EXEMPTION AGREEMENT FOR HYDE PARK PARTNERS, LLC.**

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement (LEED or Living Building Challenge) with Hyde Park Hotel Partners, LLC, thereby authorizing a 13-year tax exemption for 100% of the value of improvements made to real property located at 2654 Madison Road in the Hyde Park neighborhood of Cincinnati, in connection with the construction of a 103-room hotel, which construction shall 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 \$11,771,503.

BACKGROUND/CURRENT CONDITIONS

This property was formally a vacant, multi-building site in the Hyde Park neighborhood of Cincinnati. The Developer submitted a CRA application to DCED requesting assistance in the redevelopment of this property. The property is within walking distance to Rookwood Shopping Center and Hyde Park Square. The property is also within proximity to the city funded Wasson Way Trail, a bicycle and pedestrian corridor using trail and signed bicycle routes connecting Uptown and Fairfax. The trail will be located primarily within an unused railroad corridor and existing City right-of-way which starts at Marburg Avenue in Hyde Park and goes to Montgomery Road on the edge of Xavier's campus. Wasson Way is a key east-west corridor in CROWN, the Cincinnati Riding or Walking Network.

DEVELOPER INFORMATION

Hyde Park Partners, LLC is an entity affiliate of Brandicorp. Based in Bellevue, KY. Brandicorp has been investing in their local markets since 1984 to serve the real estate needs of clients and provide a positive impact on communities by which they operate. Brandicorp develops, owns, operates, and manages commercial real estate across a variety of product types located primarily in Greater Cincinnati and Northern Kentucky. Brandicorp has been working on Montgomery Quarter, a transformational mixed-use development located at the intersection of Montgomery Road (US-22) and Ronald Reagan Cross-County Highway (SR-126). Brandicorp specializes in medical office buildings, hotels, restaurants, and retail projects.

PROJECT DESCRIPTION

Once completed, the formally vacant site will consist of a seven-floor, one hundred and three (103) guest room hotel located at 2654 Madison Road in the Hyde Park neighborhood of Cincinnati. The hotel will be constructed to LEED-Silver standards. Hyde Park Partners, LLC will partner with Lexington Management to develop, build, and operate the hotel. These two firms have been working together for over 12 years and co-own and manage over a dozen hotels in the tri-state area. In connection with this project, it is estimated that 65 temporary construction jobs are created at a total annual payroll of \$2,500,000 and 17 estimated full-time employees are created at a total annual payroll of \$600,000.

This project is consistent with several of Plan Cincinnati’s goals including the City’s goal to remain competitive economically, and the City’s goal to be good stewards of its resources—both built and environmental.

PROPOSED INCENTIVE

DCED is recommending a 100% (net 52%), 13-year CRA tax exemption for this property. The exemption applies only to the increase in value of the property site attributable to the project improvements. Pursuant to the Commercial CRA policy established by City Council, this project scored 12 points as indicated below which would merit a 13-year net 52% CRA Tax Abatement:

“But For” Analysis (0-3 points) *	2
LEED (0-6 points)	2
Neighborhood VTICA (1 point for contributions over 1% but less than 15% and 8 points for contributions of 15% or more)	8
TOTAL	12

* *“But For” Analysis Explanation:* 3 points were awarded for the following reasons:

- The “But For” analysis factors in site assembly required by the developer to construct the hotel
- Over 10 parcels were acquired and consolidated to form new parcel 041-0005-0193-00 (2690 Madison Road)
- The Project will create 17 FTEs with a payroll of \$600,000

The administration is recommending a 13-year CRA term to allow for the project to secure adequate construction and permanent financing using the realized savings. This project will result in a much-needed hotel option in the Hyde Park neighborhood, in very close proximity to Rookwood Shopping Center, and Hyde Park Center at Madison and Edwards Road intersection.

SUMMARY	
Forgone Public Benefit if Project Does not Proceed	
CPS PILOT (Forgone New Revenue)	(\$1,017,428)
VTICA (Forgone New Revenue)	(\$462,467)
Income Tax (Forgone New Revenue)	(\$233,800)
Total Public Benefit Lost	(\$1,713,696)
Incentive Value	
Annual Net Incentive to Developer	\$123,325
Total Term Incentive to Developer	\$1,603,220
City's Portion of Property Taxes Forgone	\$397,911
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$78,264
Total Term CPS PILOT	\$1,017,428
VTICA	
Annual VTICA	\$35,574
Total Term VTICA	\$462,467
Income Tax (Max)	\$233,800
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$1,713,696
Total Public Benefit ROI*	\$1.07
City's ROI*	\$4.31

PROJECT TEAM & TIMELINE

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

- Assistant City Manager: Billy Weber (Ext. 3318)
- DCED Director: Markiea Carter (Ext. 1953)
- Project Attorney: Samantha Brandenburg (Ext. 4704)

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

- September 1, 2021: Introduction to City Council
- September 7, 2021: Budget and Finance (#1)
- September 13, 2021: Budget and Finance (#2)
- September 9, 2021: City Council for Final Approval

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

Attachment A: Location and Photographs



Property Location

