

October 19, 2022

**To:** Mayor and Members of City Council 202201907

**From:** Sheryl M.M. Long, City Manager

**Subject:** **Emergency Ordinance – Approving and Authorizing CRA Tax Exemption Agreement with WDC, LLC**

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Attached is an Emergency Ordinance captioned:

**APPROVING AND AUTHORIZING** the City Manager to execute a *Community Reinvestment Area Tax Exemption Agreement* with WDC, LLC, thereby authorizing a 10-year tax exemption for 100% of the value of improvements made to real property located at 1400 and 1408 Walnut Street, 106 and 110 E. 14<sup>th</sup> Street, and 1400 Clay Street in the Over-the-Rhine neighborhood of Cincinnati, in connection with the remodeling of 5 historic buildings into approximately 2,466 square feet of commercial space and approximately 13,746 square feet of residential space consisting of 24 residential units, at a total construction cost of approximately \$3,790,500.

### **BACKGROUND/CURRENT CONDITIONS**

This project consists of the historic rehabilitation and renovation of five historic, vacant buildings owned by WDC, LLC clustered around the intersection of 14<sup>th</sup> Street and Walnut Street in the Over-the-Rhine neighborhood. The buildings are in disrepair and will require stabilization and a gut renovation to make the buildings habitable once again.

### **DEVELOPER INFORMATION**

WDC, LLC is an Ohio limited liability corporation operated by Ms. Marilyn Scripps. Urban Sites is acting as the developer for the project on behalf of WDC, LLC. Urban Sites has extensive experience successfully rehabilitating historic buildings in the Over-the-Rhine neighborhood and throughout the city.

### **PROJECT DESCRIPTION**

The Developer is proposing the rehabilitation of five (5) historic buildings in the Over-the-Rhine neighborhood to create 24 market-rate rental residential units and approximately 2,466 square feet of street-level commercial space divided into three (3) storefronts. The 24 residential units will consist of two (2) studios ranging from 459-557 square feet and 22 one-bedroom units ranging from 357-961 square feet. Rents will range between \$935-\$975/month for a studio and \$800-\$1,500/month for a one-bedroom. The

project is receiving state and federal historic tax credits and will be renovated to National Parks Service historic standards. Total project cost is \$4,228,334 with construction costs estimated to be \$3,790,500. The project is estimated to take 12 months to complete and will support the creation of eleven (11) full-time equivalent jobs with a total annual payroll of \$385,000 and 20 temporary construction jobs with an annual payroll of \$1,731,750.

This project achieves Goal 3 of the Live Initiative Area of *Plan Cincinnati* (2012) (pages 164-178) by providing a full spectrum of housing options and Goal 2 of the Live Initiative (pages 156-163) of creating a more livable community by activating property that has been vacant. The developer is ready to commence construction.

Rent	Affordable to Salary	City Jobs (Min Salary exceeds affordable salary)
\$800.00	\$32,000.00	Municipal Worker, Health Case Worker, Custodian, Co-Op/Student Intern, Greenspace Manager, Card Punch Operator
\$1,500.00	\$60,000.00	Traffic Engineering Tech, Senior Plant Operator, Zoning Supervisor, Fire Fighter, Pharmacist, Law Enforcement Instructor

AMI	1	2	3	4	5	6	7	8
30%	\$20,100	\$22,950	\$25,800	\$28,650	\$32,470	\$37,190	\$49,910	\$46,360
50%	\$33,450	\$38,200	\$43,000	\$47,750	\$51,600	\$55,400	\$49,250	\$63,050
60%	\$40,140	\$45,840	\$51,600	\$57,300	\$61,920	\$66,480	\$59,100	\$75,660
80%	\$53,520	\$61,120	\$68,800	\$76,400	\$82,560	\$88,640	\$78,800	\$100,880

**PROPOSED INCENTIVE**

DCED is recommending a ten-year net 52% CRA tax exemption. The exemption applies only to the increase in improvement value attributed to the construction.

Pursuant to the Commercial CRA policy established by City Council, this project is located in the Streetcar VTICA area and is therefore subject to analysis based on project underwriting, VTICA contribution, and job creation to determine abatement terms. The project merits a ten-year net 52% CRA Tax Abatement based on the following criteria:

- Project produces marginal cash-on-cash return through year 10, healthy years 11-15

- Net 15% Streetcar VTICA contribution totals to \$97,510
- Project will create 11 full-time equivalent positions that will add a total annual payroll of \$385,000 and seven temporary construction jobs will add a total annual payroll of \$650,000.
- Project provides a \$4.52 return for every dollar of City investment.

<b>SUMMARY</b>	
<b>Incentive Value</b>	
Annual Net Incentive to Developer	\$33,803
<b>Total Term Incentive to Developer</b>	<b>\$338,035</b>
<b>City's Portion of Property Taxes Forgone</b>	<b>\$0</b>
<b>City's TIF District Revenue Forgone</b>	<b>\$474,549</b>
<b>Public Benefit</b>	
CPS PILOT	
Annual CPS Pilot	\$21,452
<b>Total Term CPS PILOT</b>	<b>\$214,522</b>
VTICA	
Annual VTICA	\$9,751
<b>Total Term VTICA</b>	<b>\$97,510</b>
Income Tax (Max)	<b>\$100,472</b>
<b>Total Public Benefit (CPS PILOT/VTICA /Income Tax)</b>	<b>\$412,504</b>
Total Public Benefit ROI*	\$1.22
City's ROI*	\$0.87

\*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/VTICA over the City's property taxes forgone including TIF district revenues. Note that projects may be recommended with an ROI of less than 1 if they meet specific policy objectives of the City like creation of new housing.

## **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 Carter
- Project Attorney: Samantha Brandenburg

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

- October 19, 2022: Introduction to City Council
- October 24, 2022: Budget and Finance (1)
- October 31, 2022: Budget and Finance (2)
- November 2, 2022: City Council for Final Approval

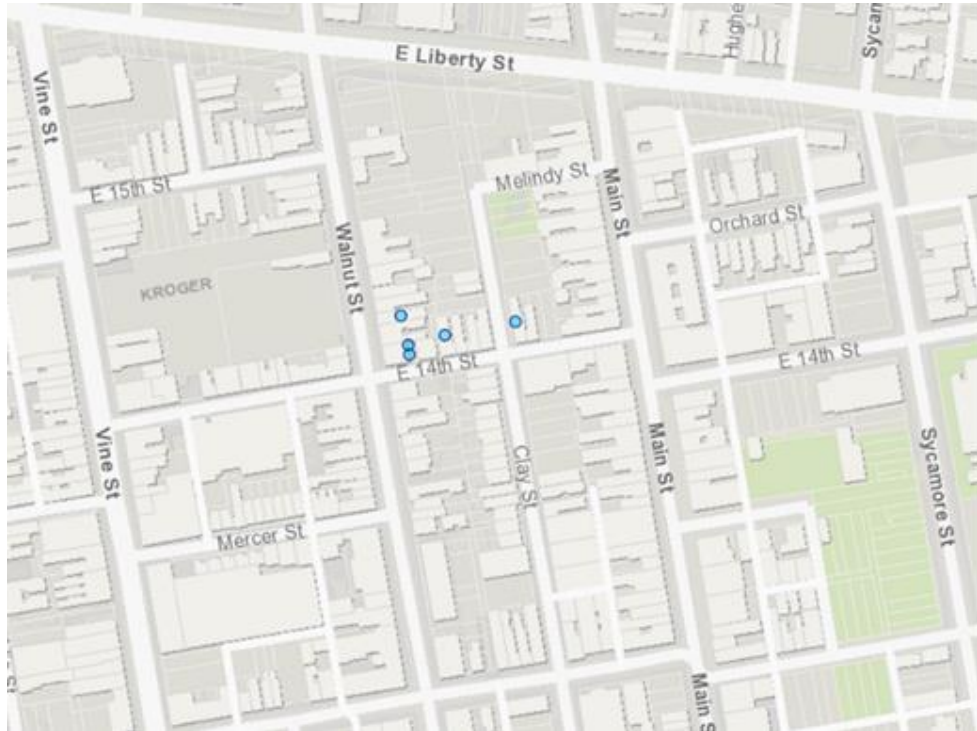
**RECOMMENDATION**

The Administration recommends approval of this Emergency Ordinance. This Ordinance is an Emergency Ordinance so the Developer can commence construction as soon as possible to retain their awarded state historic tax credits.

Attachment: A. Property location and photographs

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

**Attachment A: Location and Photographs**



*Property Location*



*1400 Walnut Street*