

City of Cincinnati



August 31, 2020

To: Mayor and Members of City Council

From: Paula Boggs Muething, Interim City Manager

Subject: **COMMUNITY REINVESTMENT AREA TAX EXEMPTION
AGREEMENT FOR OTR HOLDINGS, INC., LOCATED AT 7-11 E.
COURT STREET**

Attached is an Emergency Ordinance captioned as follows:

APPROVING AND AUTHORIZING the City Manager to execute a *Community Reinvestment Area Tax Exemption Agreement* with OTR Holdings, Inc., or other subsidiary of Cincinnati Center City Development Corporation (3CDC) acceptable to the City thereby authorizing a 12-year tax exemption for 100% of the value of improvements made to real property located at 7-11 E. Court Street in the Central Business District of Cincinnati, in connection with the remodeling of existing first-floor commercial space, at a total construction cost of approximately \$1,098,288.

BACKGROUND/CURRENT CONDITIONS

OTR Holdings, Inc. is the current property owner of the project referred to as Court Street South, which includes 4 historic buildings located at 7-11 E. Court Street, 31 E. Court Street, 37 E. Court Street, and 915 Vine Street in the Central Business District. These historic buildings are currently vacant. OTR Holdings, Inc. submitted a Financial Assistance application for each of the buildings included in the Court Street South Project. These applications were received and reviewed by DCED.

DEVELOPER INFORMATION

OTR Holdings, Inc. is a subsidiary of Cincinnati Center City Development Corporation (3CDC). 3CDC is a non-profit organization that has invested over \$1.47 billion dollars in development in Downtown and Over-the-Rhine over the past 15 years. This investment has resulted in 300 apartment units, 534 condominiums, 156 hotel rooms, 320 shelter beds, 1,070,500 square feet of commercial space, and 4,925 parking spaces. They recently completed a similar condominium development on the north side of Court Street.

PROJECT DESCRIPTION

The Court Street South project is 4 separate buildings, each with ground floor commercial space and residential condos above. Upon completion this project will consist of 28 condominiums and 7,553 square feet of commercial space.

This transmittal is specific to the ground floor commercial space located at 7-11 E. Court Street, which encompasses 3,711 square feet. The estimated total project cost is \$1,349,151, with 25 permanent jobs created at a total annual payroll of \$659,816 and 11 temporary construction jobs at an annual payroll of \$562,543. This project is aligned with the Compete and Live initiatives of Plan Cincinnati, and 3CDC has received the support of the Downtown Residence Council.

PROPOSED INCENTIVE

The Ordinance provides for a 100% (net 52%), 12-year CRA tax exemption for this commercial space. The exemption applies only to the increase in value of the ground floor commercial space attributable to the project improvements. Pursuant to the Commercial CRA policy established by City Council, this project is located within 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 has demonstrated a financial need due to substantial stabilization and renovation costs. This project will result in a more vibrant Court Street and a help promote a much-needed link between the Riverfront, the CBD, and Over-the-Rhine.

| SUMMARY | |
|--|--------------------|
| Forgone Public Benefit if Project Does not Proceed | |
| CPS PILOT (Forgone New Revenue) | (\$80,764) |
| VTICA (Forgone New Revenue) | (\$36,711) |
| Income Tax (Forgone New Revenue) | (\$180,056) |
| Total Public Benefit Lost | (\$297,530) |
| Incentive Value | |
| Annual Net Incentive to Developer | \$10,605 |
| Total Term Incentive to Developer | \$127,264 |
| City's Portion of Property Taxes Forgone | \$31,586 |
| Public Benefit | |
| CPS PILOT | |
| Annual CPS Pilot | \$6,730 |
| Total Term CPS PILOT | \$80,764 |
| VTICA | |
| Annual VTICA | \$3,059 |
| Total Term VTICA | \$36,711 |
| Income Tax (Max) | \$180,056 |
| Total Public Benefit (CPS PILOT/VTICA /Income Tax) | \$297,530 |
| Total Public Benefit ROI* | \$2.34 |
| City's ROI* | \$9.42 |
| *If the project were going to happen regardless of incentive, this is the return of real dollars for public benefits as potential future dollars are forgone | |

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment A: Property location and photographs

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

Attachment A: Location and Photographs

