

September 7, 2023

To: Mayor and Members of City Council

202301964

From: Sheryl M.M. Long, City Manager

Subject: Emergency Ordinance – Approving and Authorizing a CRA Tax Exemption Agreement with So Much Better LLC

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement with So Much Better, LLC, thereby authorizing an eight-year tax exemption for 100 percent of the value of improvements made to real property located at 635 Main Street in the Central Business District of Cincinnati, in connection with the remodeling of an existing building into approximately 1,920 square feet of commercial space and 1,720 square feet of office space, at a total construction cost of approximately \$557,501.

BACKGROUND/CURRENT CONDITIONS

The property is located at 635 Main Street near the corner of Main and E. 7th Street in the Central Business District. This historic building is approximately 150 years old and currently sits vacant. The building previously was home to the Hathaway Stamp company and at one point was a women's hat shop. Throughout the life of the building, the ground floor has primarily been used as a commercial space, with the remaining floors being used as storage space. This project will renovate the two lower floors of the building into a reception space and law offices. The building is in excellent structural condition and maintains its historic façade.

DEVELOPER INFORMATION

So Much Better, LLC is headed by Christopher P. Finney, owner of Finney Law Firm, the Project's future commercial tenant. Mr. Finney and his affiliated companies have been involved in several development projects, including the restoration and conversion of the adjacent property, 633 Main Street, into three residential condos and a hair salon. Other projects that Mr. Finney and his associates have completed include the renovation of a 16,000 sq. ft. office space at 7373 Beechmont Avenue, the renovation of a 14-unit office building in Ft. Thomas, Kentucky, the development and sale of the Massie's Point and Todd's Fork residential subdivisions, and the ownership and sale of numerous other residential units around the region.

CRA Agreement – 636 Main Street

So Much Better, LLC

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RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance so that the Developer can commence construction as soon as possible.

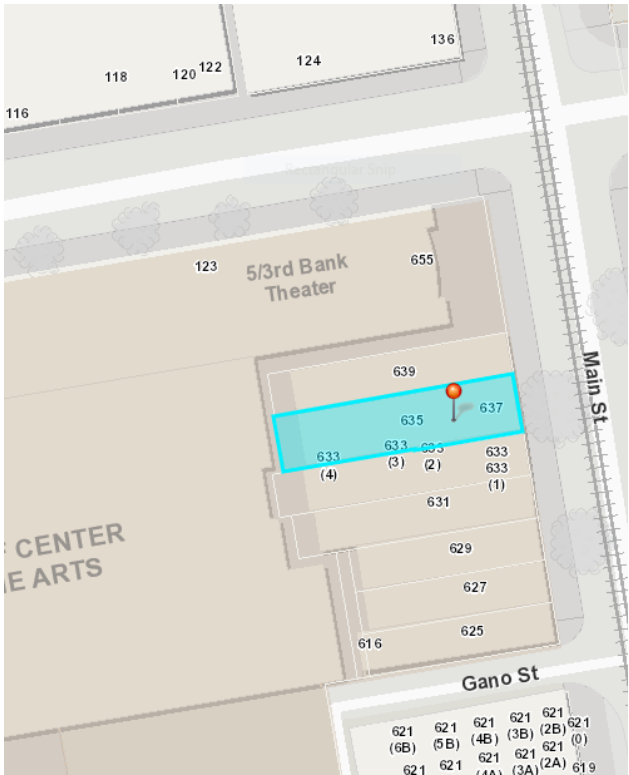
Attachment: Project Outline and Proposed Incentive

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

Project Outline

Project Name	635 Main Street
Street Address	635 Main Street
Neighborhood	Downtown
Property Condition	Primarily Vacant Building
Project Type	Renovation
Project Cost	Hard Construction Costs: \$557,501 Acquisition Costs: \$199,000 Soft Costs: \$83,575
Private Investment	Private Financing: None Developer Equity: \$840,076
Sq. Footage by Use	Commercial: 1,920 sq. ft. Office: 1,720 sq. ft.
Rent Ranges	\$23.35 per sq. ft.
Jobs and Payroll	Created FTE Positions: 9 Total Payroll for Created FTE Positions: \$987,596 Average Salary for Created FTE Positions: \$109,733 Construction FTE Positions: 1 Total Payroll for Construction FTE Positions: \$50,000
Location and Transit	Located within the Central Business District; Walk Score of 96, Transit Score of 80, and Bike Score of 64
Community Engagement	Developer has met with surrounding property owners
Plan Cincinnati Goals	Compete Initiative Area Goal 2 (p. 114-120), Sustain Initiative Area Goal 2 (p.193-198)

Project Image and Site Map



Proposed Incentive

Incentive Terms	8-year, net 52%
Incentive Application Process	Commercial CRA – Downtown Streetcar Area (Non-LEED)
“But For”	Without Abatement: Year 5: 8% (stabilized vacancy) With Abatement: Year 5: 10% (stabilized vacancy)
Environmental Building Certification	Non-LEED
VTICA	Streetcar VTICA – 15%
SBE/MBE/WBE Goals	SBE Goal of 30%
Other Incentives & Approvals	Developer is pursuing residential tax abatements for condominium units being created on the third and fourth floors of the building outside the scope of the commercial portion of this project.

Potential Taxes Forgone & Public Benefit

Taxes Forgone	Value
Annual Net Incentive to Developer	\$4,972
Total Term Incentive to Developer	\$39,774
City's Portion of Property Taxes Forgone (Term)	\$0
City's TIF District Revenue Forgone (Term)	\$55,837

Public Benefit		Value
CPS PILOT	Annual	\$3,155
	Total Term	\$25,241
VTICA	Annual	\$1,434
	Total Term	\$11,473
Income Tax Total Term (Maximum)		\$143,114
Total Public Benefit (CPS PILOT, VTICA, Income Tax)		\$179,828

Total Public Benefit ROI*	\$4.52
City's ROI**	\$2.56

* This figure represents the total dollars returned for public purposes (City/Schools/Other) over the benefit received.

**This figure represents the total income tax generated for the City over the City's property taxes forgone.