

December 13, 2021

To: Mayor and Members of Budget and Finance **202103293**
From: Paula Boggs Muething, City Manager
Subject: **CRA Tax Exemption for Warsaw Creative Campus, LLC**

Attached is an Emergency Ordinance captioned as follows:

APPROVING AND AUTHORIZING the City Manager to execute a *Community Reinvestment Area Tax Exemption Agreement* with Warsaw Creative LLC and the Port of Greater Cincinnati Development Authority, thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 3108-3120 Warsaw Avenue in the East Price Hill neighborhood of Cincinnati, in connection with the remodeling of 7 existing buildings into approximately 11,150 square feet of residential space, consisting of 13 residential rental units, and approximately 13,820 square feet of commercial space, at a total construction cost of approximately \$5,503,972.

BACKGROUND/CURRENT CONDITIONS

Warsaw Creative Campus (WCC) is part of the larger comprehensive re-development along Warsaw Avenue. The campus will be a place where youth and families can learn and grow together via arts and creative pursuits in the heart of East Price Hill. Warsaw is a main corridor through East and West Price Hill, and the Creative Campus will be a way to connect the momentum in the Incline District with the revitalization of the Price Avenue corridor. The buildings, particularly the residential units are in varied states of disrepair, all needing significant renovation, with subpar, non-code compliant units needing to be fully gutted.

DEVELOPER INFORMATION

Warsaw Creative, LLC is a limited liability and subsidiary of Price Hill Will with Model Construction as the General Contractor. Price Hill Will, led by Rachel Hastings, Executive Director, in a local nonprofit and Community Development Corporation that has extensive experience in housing development, particular single family.

PROJECT DESCRIPTION

WCC is a historic rehabilitation of seven mixed-buildings in the 3100 block of Warsaw Avenue in East Price Hill. The project will result in 13 units of affordable housing targeting 60-80% AMI, with a mix of 1-2 bedroom and studio apartments.

The total project cost is approximately \$10 million will be funded from several private and public sources including an investment of \$1.7 million in public funds includes \$700,000 City capital from the City's 2019 Notice of Funding Availability and a \$500,000 allocation of capital funds from City Council as well as \$500,000 in Community Development Block Grant proceeds from the City's Neighborhood Business District Improvement Program. The remaining approximate \$8 million includes private financing, New Market Tax Credit Equity, State and Federal historic Tax Credits, Developer equity, and private grant funds.

The project will be done to National Parks Service Historic Guidelines. Construction is anticipated to be completed in 15 months and is expected to create 118 temporary construction jobs with an estimated annual payroll of \$2.3 million. Following completion, the eight part time jobs with an estimated annual payroll of \$1.3 million.

WCC achieves Plan Cincinnati's Live Goal 3 (pages 164-178) by providing a full spectrum of housing options and improving housing quality and affordability. Additionally, the project accomplishes Plan Cincinnati's Live Goal 2 (pages 156-163) of creating a more livable community as well as supports the Sustain Initiative Area's Goal to "Preserve our built history" (p. 197).

PROPOSED INCENTIVE

DCED is recommending a 15-year, net 67% CRA tax exemption. Pursuant to the Commercial CRA policy established by City Council, this project is located in the neighborhood 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 15-year net 67% CRA Tax Abatement based on the following criteria:

- Projected is undercapitalized and needed gap financing from the City in order to be possible
- The project is creating affordable housing units and a 15-year, net 67% with no VTICA is warranted and will help sustain the affordability long term

SUMMARY	
Incentive Value	
Annual Net Incentive to Developer	\$63,243
Total Term Incentive to Developer	\$948,646
City's Portion of Property Taxes Forgone	\$198,977
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$31,150
Total Term CPS PILOT	\$467,243
VTICA	
Annual VTICA	\$0
Total Term VTICA	\$0
Income Tax (Max)	\$405,492
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$872,736
Total Public Benefit ROI*	\$0.92
City's ROI*	\$4.39

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 L. Carter
- Project Attorney: Timothy Lynch

The anticipated council timeline is as follows:

- December 13, 2021: Budget and Finance
- December 15, 2021: City Council for Final Approval

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. This is an Emergency Ordinance so developer can close on the necessary financing this calendar year and begin construction and complete construction on tight construction schedule.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs

Property Location





3120 Warsaw



3116 Warsaw



3114 Warsaw



3110-3112 Warsaw



3108 Warsaw



3113 Warsaw



3117 Warsaw