

September 20, 2021

To: Members of the Budget and Finance Committee

From: Paula Boggs Muething, City Manager *WJ, Ash*

202102805

Subject: EMERGENCY ORDINANCE – APPROVING THE SALE OF CITY-OWNED PROPERTY LOCATED AT 114-116 WEST ELDER STREET

Attached is an Emergency Ordinance captioned:

AUTHORIZING the City Manager to execute a *Property Sale and Development Agreement* with Nassau Avenue Investments, LLC, an affiliate of The Model Group, Inc., for the sale of City-owned property located at 114-116 W. Elder Street in the Over-the-Rhine neighborhood of Cincinnati, for a mixed-use development consisting of first floor commercial space and approximately 16 residential units.

BACKGROUND/CURRENT CONDITIONS

The City owns the property located at 114-116 W. Elder Street in Over-the-Rhine. The property is currently leased to the Corporation for Findlay Market (CFFM). The first floor of the property is occupied by Eckerlin's Meats and the public restrooms at Findlay Market. The property's commercial bay fronting Elder Street is currently vacant, as are the property's upper floors.

In October 2020, the Department of Community & Economic Development (DCED) released a Request for Proposals to purchase and redevelop the property. Through the competitive RFP process, the Model Group was awarded the right to negotiate a purchase of the property. The City Administration is proposing to sell the property to Nassau Avenue Investments, LLC, an affiliate of the Model Group, to facilitate the developer's mixed-use, mixed-income development project known as Findlay Exchange.

COMPANY INFORMATION

Nassau Avenue Investment, LLC is a holding company for the Model Group, who has developed more than \$500 million in real estate, including \$65 million in the Findlay Market district of Over-the-Rhine.

PROJECT DESCRIPTION

The developer proposes to conduct a comprehensive renovation of the building, rehabilitating it consistent with National Park Historic Standards. The project will create 16 new residential rental apartments, including 4 units that will be affordable to tenants earning 80% of the Area Median Income (AMI) or less for a period of 8 years following construction completion. Of the 16 apartments, 10 will be studio apartments

and 6 will be one-bedroom apartments. In addition to the residential units, the project will result in a build-out of the commercial space on the south side of the property fronting Elder Street and an update of the first-floor public restroom facilities.

Following the sale of the property, the first floor of the property will remain in control of the Corporation for Findlay Market through a capitalized lease structure. No later than 60 days after the property is transferred, the Developer must deliver to the City a fully executed copy of their lease agreement with CFFM.

PROPOSED INCENTIVE

The City Administration is recommending the sale of City-owned real property located at 114-116 W. Elder Street for less than fair market value.

The fair market value of the City-owned property was determined by appraisal to be \$150,000. However, through a competitive RFP process DCED awarded the sale of the property to the Model Group for \$1.00 because, as a part of their proposal for a \$1 sale, the Developer has committed to include a subsidized capital lease of the first floor for Corporation for Findlay Market, \$200,000 for capital improvements to the first-floor commercial space and public restrooms, and creating four additional affordable housing units in Over-the-Rhine.

The City may repurchase the property should the Developer (1) not execute a capitalized lease with CFFM within 60 days of property transfer or (2) fail to commence construction by December 31, 2022.

PROJECT TEAM & TIMELINE

The project's legislative team (listed below) is available to answer questions regarding this project:

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

The anticipated council timeline is as follows:

- September 20, 2021: Budget and Finance (#1)
- September 27, 2021: Budget and Finance (#2, if required)
- September 29, 2021: City Council for Final Approval

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: A. Property location

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

Attachment A: Location



114-116 W. Elder Street

