

December 13, 2021

To: Members of the Budget and Finance Committee

From: William P. Weber, Assistant City Manager دین 202103301

Subject: **Emergency Ordinance – Tax Increment Financing (TIF) Exemption for Lunken Airport Terminal Building**

Attached is an Emergency Ordinance captioned:

DECLARING improvements to certain real property located at 262 Wilmer Avenue in the East End neighborhood of Cincinnati, including the Lunken Airport Terminal Building and surrounding areas, to be a public purpose and exempt from real property taxation for a period of 30 years pursuant to Section 5709.41 of the Ohio Revised Code.

BACKGROUND/CURRENT CONDITIONS

Located just outside of the East End's business district, the Lunken Airport is one of the oldest municipal airports in the country. The historic Terminal Building at Lunken is currently underutilized and primarily functions as office space for DOTE and Flamingo Air. On August 14, 2020, the City released a Request for Information (RFI) to solicit ideas, availability of firms, and proposals for the use of the Terminal Building, located at 262 Wilmer Avenue. Through the RFI, the City elected to enter into negotiations with vR Group (the "Developer") with the end goal of entering into redevelopment contract(s) for the Terminal Building.

DEVELOPER INFORMATION

The vR Group is the private investment management firm of the van Rooyen family. Their company is focused on renovating buildings with notable historic character and an interesting story. Locally, the vR Group is best known for their renovation of Covington's former City Hall into what is now known as Hotel Covington—a 114 key hotel—paired with the creation of a distinguished restaurant and event space. Additionally, the Developer is currently working on the redevelopment of a former YMCA in Covington into a mixed-use hotel, restaurant, and distillery.

PROJECT DESCRIPTION

Once completed, this project will result in 71,500 square feet of commercial space including a 55-key hotel, a 2,400 sq. ft. of event space, a 5,5000 sq. ft. restaurant space, and a 2,000 sq. ft. bar space. The projected total cost of this project is estimated to be \$20,560,000 and will result in the creation of 100 full time, temporary construction jobs at a total annual payroll of \$5,200,000 over a two-year construction period. The project will also support the creation of about 90 permanent, full-time jobs and \$3MM in annual payroll associated with the hotel, restaurant, event space, and bar.. Separately, the Developer is pursuing the development of an 8,900 sq. ft. Fixed Base Operator (FBO)/hanger as a compliment to the hotel project.

This project was approved by Planning Commission on December 3, 2021. This project is consistent with several of Plan Cincinnati's goals including the Compete, Live, and Sustain initiatives. Additionally, City Planning and the Developer conducted a public engagement meeting with East End stakeholders following the City Manager's Community Engagement Policy on December 8, 2021. A written summary of the engagement session can be found on City Planning's website. The Developer has also conducted extensive engagement with the East End Community Council, which has provided its support of the project.

PROPOSED INCENTIVE

Through this emergency ordinance, DCED is recommending a 30-year, net 67% 5709.41 Tax Increment Financing (TIF) exemption. Following the creation of the TIF, the City and Developer will enter a Service Agreement which will require payment of full statutory Service Payments in lieu of real estate taxes. Prior to the rebate of any Service Payments to the Developer, 33% of the Service Payments will be paid to Cincinnati Public Schools, and for tax years 1-30.

To support the project, DCED is also recommending under separate ordinances (1) a 32-year lease with a 10-year extension option followed by an 8-year extension option for the hotel portion of the project and (2) a 5-year lease with seven, 5-year renewal option (up to a period of 40 years total) for the FBO portion of the project.

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 Attorneys: Samantha Brandenburg and Marion Haynes

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.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs

