

December 16, 2024

To: Members of the Budget and Finance Committee

From: Sheryl M.M. Long, City Manager 202402567

Subject: Emergency Ordinance – Approving and Authorizing a CRA Tax Abatement with Grammers Place, LLC.

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement with Grammers Place, LLC or another affiliate of Urban Sites acceptable to the City Manager, thereby authorizing a fifteen-year tax exemption for 100 percent of the value of improvements made to real property located at 1422-1450 Walnut Street in the Over-the-Rhine neighborhood of Cincinnati, in connection with the remodeling of the existing buildings and construction of a new structure connecting the existing buildings to create, in aggregate, approximately 4,522 square feet of commercial space and approximately 103,931 square feet of residential space, consisting of 116 residential units, at a total construction cost of approximately \$26,000,000.

STATEMENT

HOUSING: The additional housing units this project will provide will go toward helping to alleviate Cincinnati’s strained housing market, which is currently experiencing increasing affordability issues due to lack of supply.

COMMERCIAL: The redevelopment of these commercial spaces will help contribute to Cincinnati’s economic stability by opening more potential for future job opportunities by increasing space for new tenants.

BACKGROUND/CURRENT CONDITIONS

Grammers Place, LLC will be developing a mixed-use residential and commercial project, which will result in the renovation of the vacant buildings and development of the vacant land located at 1422-1450 Walnut Street in the Over-the-Rhine neighborhood of Cincinnati. This project will transform the underutilized site into 116 apartment units (103,931 square feet of residential space) and 4,522 square feet of commercial space.

DEVELOPER INFORMATION

Grammers Place, LLC is affiliated with Urban Sites, who is a development, property management, and construction services company with a focus on revitalizing historic

assets in the urban core. Urban Sites has over 25 years of development experience and is best known for its catalytic work in Over-the-Rhine, as well as the historic Woodburn Corridor in East Walnut Hills.

Triversity Construction is codeveloping this project with Urban Sites. Triversity is a commercial construction company with a portfolio that includes work in the Central Business District and Over-the-Rhine.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

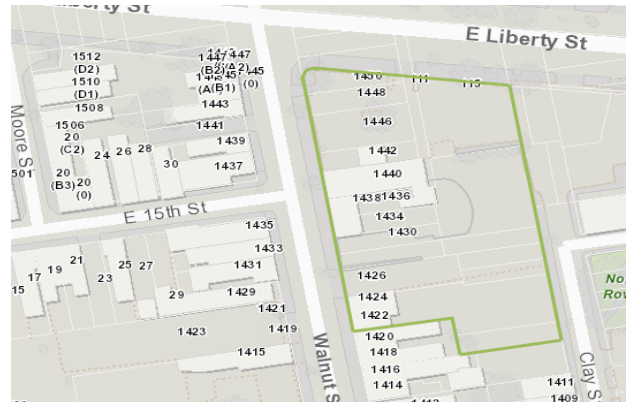
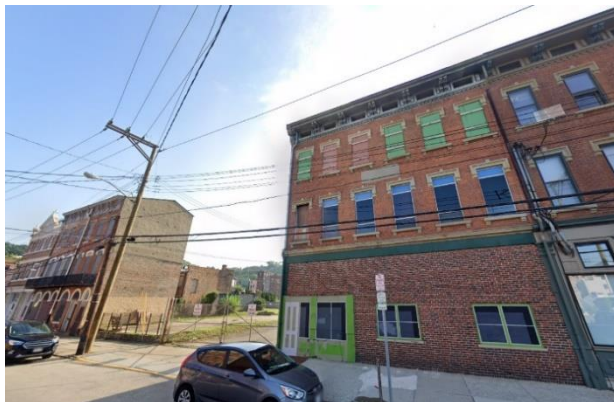
Attachment: Project Outline

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

Project Outline

Project Name	The Lockhart
Street Address	1422-1450 Walnut Street
Neighborhood	Over-the-Rhine
Property Condition	Vacant Land and Vacant Buildings
Project Type	Rehabilitation and New Construction
Project Cost	Hard Construction Costs: \$26,000,000 Acquisition Costs: \$1,500,000 Soft Costs: \$5,900,000 Total Project Cost: \$33,400,000
Private Investment	Private Financing: \$17,000,000 Developer Equity: \$13,248,296
Sq. Footage by Use	Residential: 103,931 SF Commercial: 4,522 SF
Number of Units and Rent Ranges	24 Studio Units; Rent Range \$1,241-\$1,504 84 1-BR Units; Rent Range \$1,666-\$2,181 9 2-BR Units; Rent Range \$2,482-\$2,557 116 Total Units
Median 1-BD Rent Affordable To	Salary: \$73,400 City Job Classification: Carpenter, Police Officer, Surveyor, Physician Assistant
Jobs and Payroll	Created FTE Positions: 14 Total Payroll for Created FTE Positions: \$650,000 Average Salary for Created FTE Positions: \$46,429 Construction FTE Positions: 275 Total Payroll for Construction FTE Positions: \$12.5MM
Location and Transit	Located within the OTR Historic District Transit Score: 73
Community Engagement	Presented at Community Council (CC) on 11/25/24. Community Engagement Meeting held on 11/5/24. CC has voted in support.
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	15-year, net 67%
Incentive Application Process	Commercial CRA – Downtown Streetcar Area (Non-LEED)
“But For”	Without Abatement: 4.19% rate of return (stabilized) With Abatement: 5.31% rate of return (stabilized) Project would not proceed without an abatement.
Environmental Building Certification	Non-LEED
VTICA	Streetcar VTICA – 0%
SBE/MBE/WBE Goals	SBE Goal of 30%
Planning Commission Approval	N/A
Other Incentives & Approvals	City Administration is also proposing a \$2.9 million forgivable loan.

Potential Taxes Forgone & Public Benefit

Taxes Forgone	Value
Annual Net Incentive to Developer	\$317,868
Total Term Incentive to Developer	\$4,768,027
City's Portion of Property Taxes Forgone (Term)	\$1,000,086
City's TIF District Revenue Forgone (Term)	\$0

Public Benefit	Value	
CPS PILOT	Annual	\$156,562
	Total Term	\$2,348,431
VTICA	Annual	\$0
	Total Term	\$0
Income Tax Total Term (Maximum)	\$209,250	
Total Public Benefit (CPS PILOT, VTICA , Income Tax)	\$2,557,681	

Total Public Benefit ROI*	\$0.54
City's ROI**	\$0.21

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

**This figure represents the total dollars returned for City/ over the City's property taxes forgone.

For Reference: 2024 Cincinnati MSA Area Median Income Limits

AMI	1	2	3	4	5	6	7	8
30%	\$22,050	\$25,200	\$28,350	\$31,450	\$34,000	\$36,500	\$39,000	\$41,550
50%	\$36,700	\$41,950	\$47,200	\$52,400	\$56,600	\$60,800	\$65,000	\$69,200
60%	\$44,040	\$50,340	\$56,640	\$62,880	\$67,920	\$72,960	\$78,000	\$83,040
80%	\$58,700	\$67,100	\$75,500	\$83,850	\$90,600	\$97,300	\$104,00	\$110,700