

October 30, 2024

To: Mayor and Members of City Council

From: Sheryl M.M. Long, City Manager

202402277

Subject: Ordinance - Approving and Authorizing CRA Tax Exemption

Agreement with 607 Main Holdings, LLC

Attached is an Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement 607 Main Holdings, LLC, thereby authorizing a fifteen-year tax exemption for 100 percent of the value of improvements made to real property located at 607 Main Street in the Central Business District of Cincinnati, in connection with the remodeling of an existing building into approximately 3,060 square feet of commercial space on the first floor and approximately 10,750 square feet of residential space on the upper floors, consisting of thirteen residential units, at a total construction cost of approximately \$3,098,578.

#### **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. This project will also help preserve our existing historic housing stock.

#### BACKGROUND/CURRENT CONDITIONS

This project is located at 607 Main Street in Downtown Cincinnati. This site is a six-story building with a first-floor commercial storefront. The building will be renovated to make thirteen residential units ranging from one to three bedrooms. The developer is seeking a Commercial Tax Abatement (CRA) for this project.

#### **DEVELOPER INFORMATION**

607 Main Street, LLC is the developer for this project which is a partnership between Yolo Investments LLC and Haneen Shetiwi with Yolo Investments LLC as the managing partner. Yolo Investments, LLC has over 10 years of experience in real estate and historic renovations. Yolo Investments, LLC has experience in renovation and rehabilitation of single-family homes and multi-family apartment buildings in neighborhoods such as Madisonville, Evanston, West End, and Downtown. 312 W 4th Street is a similar project that has been undertaken by Yolo Investments LLC.

Nadav Livne is the managing member for Yolo Investments LLC.

### **RECOMMENDATION**

The Administration recommends approval of this Ordinance.

Attachment: Project Outline and Proposed Incentive

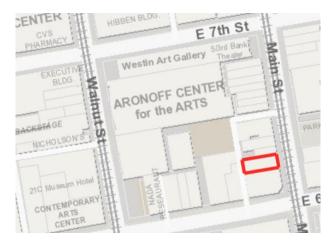
Copy: Markiea L. Carter, Director, Department of Community & Economic Development

## **Project Outline**

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Project Name	607 Main Street				
Street Address	607 Main Street				
Neighborhood	Downtown				
Property Condition	Vacant Property				
Project Type	Rehabilitation				
Project Cost	Hard Construction Costs: \$2,508,900				
	Acquisition Costs: \$845,905				
	Soft Costs: \$527,687				
	Developer Fee: \$62,000				
	Total Project Cost: \$3,944,492				
Private Investment	Private Financing: \$3,000,000				
	Developer Equity: \$944,492				
Sq. Footage by Use	Residential: 10,750 SF Commercial: 3,060				
Number of Units and Rent Ranges	3 1-BR Unit; Rent \$1,650				
	8 2-BR Units; Rent \$2,170				
	2 4-BR Units; Rent Range \$2,515				
	13 Total Units				
Median 1-BD, 2 BD, 3BD Rent	Salary: \$66,000 (1BD)				
Affordable To	City Job Classification: Wastewater Collection Inspector,				
	Water Security Supervisor, Clinical Medical Lab Tech 3				
	\$86,800 (2BD) : Public Health Nurse 3, Info Tech Asst				
	Manager, Senior Real Estate Specialist				
	\$100,600 (3BD): Fire Lieutenant, City Architect, Water				
	Distribution Supt				
Jobs and Payroll	Created FTE Positions: 2				
	Total Payroll for Created FTE Positions: \$110,000				
	Average Salary for Created FTE Positions: \$55,000				
	Construction FTE Positions: 16				
	Total Payroll for Construction FTE Positions: \$960,000				
Location and Transit	Located within Downtown Cincinnati				
	Transit Score: 44				
Community Engagement	There was no engagement.				
Plan Cincinnati Goals	Live Initiative Area Goal 3 (p. 148) and Sustain				
	Initiative Area Goal 2 (p. 180)				

### **Project Image and Site Map**





**Existing Building** 

Site Map

### **Proposed Incentive**

Incentive Terms	15-year, net 52%				
Incentive Application Process	Commercial CRA – Streetcar				
"But For"	Without Abatement the project has a very low rate of				
(0-3 points)	return				
	With Abatement: The rate of return increases				
	slightly, but still low, making the project more				
	feasible (stabilized).				
	(N/A Points)				
Environmental Building Certification	Project is not LEED				
(0-5 points)	(N/A points)				
VTICA	Streetcar VTICA – 15%				
(0-8 points)	(N/A points)				
SBE/MBE/WBE Goals	SBE Goal of 30%				
Planning Commission Approval	N/A				
Other Incentives & Approvals	N/A				

# Potential Taxes Forgone & Public Benefit

Taxes Forgone	Value
Annual Net Incentive to Developer	\$30,391
Total Term Incentive to Developer	\$455,872
City's Portion of Property Taxes Forgone (Term)	-
City's TIF District Revenue Forgone (Term)	\$639,974

Public Benefit		Value		
	Annual	\$19,286.90		
CPS PILOT	Total Term	\$289,308.54		
	Annual	\$8,766.77		
VTICA	Total Term	\$131,501.61		
Income Tax Total Terr	\$64,260			

Total Public Benefit (CPS PILOT, VTICA, Income Tax) \$485.0	065.15	5
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Total Public Benefit ROI*	\$1.06
City's ROI**	\$.76

 $<sup>\</sup>star$  This figure represents the total dollars returned for public purposes (City/Schools/Other) over the benefit received.

### 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

Hamilton County, Cincinnati-Middleton OH-KY-IN HUD Metro FMR Area

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