

April 21, 2021

To: Mayor and Members of City Council

202101476

From: Paula Boggs Muething, City Manager

Subject: **COMMUNITY REINVESTMENT AREA TAX EXEMPTION
AGREEMENT FOR MKRB1, 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 MKRB 1 LLC, thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 1646 Vine Street in the Over-the-Rhine neighborhood of Cincinnati, in connection with the remodeling of the existing building into approximately 1,200 square feet of commercial retail space and approximately 5,250 square feet of residential space, consisting of 8 apartments, at a total remodeling cost of approximately \$138,480.

BACKGROUND/CURRENT CONDITIONS

This property is a multi-story building in the Over-the-Rhine neighborhood of Cincinnati. It is within the OTR Historic District. The property is located north of Liberty Street, adding affordable units to the neighborhood. The Developer submitted a CRA application to DCED requesting assistance in the redevelopment of this property.

DEVELOPER INFORMATION

MKRB1, LLC. is a small business owned by Robel Abraham. Mr. Abraham has been renovating residential properties for the last seven years and also owns a property at 18 W. Elder Street, which will also be renovated in 2021.

PROJECT DESCRIPTION

Once completed, this project will consist of 8 apartment units and approximately 1,200 square feet of commercial space. Rent will range between \$800-\$1,000 per

month depending on the square footage of the unit. In connection with this project, it is estimated that 3 temporary construction jobs are created at a total annual payroll of \$138,480.

This project is consistent with several of Plan Cincinnati's goals including the City's goal to remain competitive economically, and the City's goal to be good stewards of its resources—both built and environmental.

PROPOSED INCENTIVE

The Ordinance provides for a 100% (net 52%), 15-year CRA tax exemption for this property. The exemption applies only to the increase in value of the building attributable to the project improvements. Pursuant to the Commercial CRA policy established by City Council, this project is located within the Streetcar VTICA Area and is therefore subject to analysis based on project underwriting, VTICA contribution, and job creation to determine abatement terms.

The administration is recommending a 15 year CRA term to allow for the project to secure adequate construction and permanent financing using the realized savings. This project will result in a more vibrant mixed-use district along the Vine street corridor and bring much needed housing to the northern section of Over the Rhine.

SUMMARY	
Forgone Public Benefit if Project Does not Proceed	
CPS PILOT (Forgone New Revenue)	(\$11,950)
VTICA (Forgone New Revenue)	(\$5,432)
Income Tax (Forgone New Revenue)	(\$2,908)
Total Public Benefit Lost	(\$20,289)
Incentive Value	
Annual Net Incentive to Developer	\$1,255
Total Term Incentive to Developer	\$18,830
City's Portion of Property Taxes Forgone	\$4,673
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$797
Total Term CPS PILOT	\$11,950
VTICA	
Annual VTICA	\$362
Total Term VTICA	\$5,432
Income Tax (Max)	\$2,908
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$20,289
Total Public Benefit ROI*	\$1.08
City's ROI*	\$4.34

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The emergency clause in the Ordinance is required for the developer to maintain a strict project schedule.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs



