



November 10, 2021

To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager

A handwritten signature in blue ink, appearing to read 'PBW'.

202103075

Subject: **EMERGENCY ORDINANCE - LEED CRA TAX EXEMPTION WITH GRIFFON APARTMENTS LLC**

Attached is an Emergency Ordinance captioned:

**APPROVING AND AUTHORIZING** the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement (LEED or Living Building Challenge) with Griffon Apartments, LLC, an affiliate of The Model Group, Inc. and Cincinnati Center City Development Corporation (3CDC), thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 30 E. 15th Street, 1684 Central Parkway, 1827 Logan Street, and 1617-16119 Race Street in the Over-the-Rhine neighborhood of Cincinnati, in connection with the remodeling of 2 existing buildings and construction of 2 new buildings to create, in aggregate, approximately 861 square feet of commercial space and approximately 30,678 square feet of residential space, consisting of 48 residential rental units, which remodeling and construction shall be completed in compliance with Leadership in Energy and Environmental Design Silver, Gold or Platinum standards or Living Building Challenge standards, at a total remodeling and construction cost of approximately \$9,567,187.

**BACKGROUND/CURRENT CONDITIONS**

Griffon Apartments is the second phase of a mixed-use, mixed-income development project lead by the Model Group and Cincinnati Center City Development Corporation (3CDC) in Over-the-Rhine. This first phase, known as Willkommen, consisted of the renovation of 16 historic buildings and construction of four new buildings in Over-the-Rhine resulting in the creation of 163 new housing units, 56 of which will be affordable to households earning between 50-60% of Area Median Income.

In June of this year, the Department of Community & Economic Development (DCED) recommended that Griffon Apartments receive up to \$1,000,000 in nine percent (9%) Low Income Housing Tax Credits via the FHAct50 Building Opportunity Fund, as reserved and approved by the Ohio Housing Finance Agency (OHFA). The City has also committed \$1,250,000 from the Downtown/OTR West TIF District 3 to support the Griffon Apartments project, as authorized by City Council ordinance 317-2021 on August 4, 2021.

**COMPANY INFORMATION**

Griffon Apartments, LLC is an affiliate of the Model Group and 3CDC. Model Group has developed more than \$500 million in real estate, including \$65 million in the Findlay Market district of Over-the-Rhine. 3CDC is a private non-profit corporation working to strengthen the core assets of downtown by revitalizing and connecting the Central Business District and Over-the-Rhine.

**PROJECT DESCRIPTION**

Griffon Apartments is a scattered site affordable housing project in Over-the-Rhine. The project will consist of the renovation of two historic buildings and the construction of two new buildings resulting in the creation of 48 residential units, all of which will be affordable to households earning a total average of 60% of Area Median Income or less, and 1,000 square feet of commercial space. Upon completion, all four buildings will receive LEED Silver certification from the U.S. Green Buildings Council.

The project will support the creation of four (4) permanent FTEs and \$208,000 in annual payroll and 210 temporary construction jobs and \$3,150,000 in payroll over an 18-month construction period.

**PROPOSED INCENTIVE**

The Emergency 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 LEED Commercial CRA policy established by City Council, this project is located within the Streetcar VTICA Area and is therefore eligible for a 15-year net 52% CRA Tax Abatement.

<b>SUMMARY</b>	
<b>Forgone Public Benefit if Project Does not Proceed</b>	
CPS PILOT (Forgone New Revenue)	(\$812,178)
VTICA (Forgone New Revenue)	(\$369,172)
Income Tax (Forgone New Revenue)	(\$229,278)
<b>Total Public Benefit Lost</b>	<b>(\$1,410,628)</b>
<b>Incentive Value</b>	
Annual Net Incentive to Developer	\$85,320
<b>Total Term Incentive to Developer</b>	<b>\$1,279,795</b>
<b>City's Portion of Property Taxes Forgone</b>	<b>\$345,868</b>
<b>Public Benefit</b>	
CPS PILOT	
Annual CPS Pilot	\$54,145
Total Term CPS PILOT	\$812,178
VTICA	
Annual VTICA	\$24,611
Total Term VTICA	\$369,172

LEED CRA Tax Exemption Agreement

Griffon Apartments, LLC

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Income Tax (Max)	\$229,278
<b>Total Public Benefit (CPS PILOT/VTICA /Income Tax)</b>	<b>\$1,410,628</b>
Total Public Benefit ROI*	\$1.10
City's ROI*	\$4.08

\*If the project were going to happen regardless of incentive, this is the return of real dollars for public benefits as potential future dollars are forgone

**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:

- November 10, 2021: Introduction to City Council
- November 15, 2021: Budget and Finance (#1)
- November 22, 2021: Budget and Finance (#2, if required)
- November 24, 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 *mrc*