

June 9, 2021

To: Mayor and Members of City Council

202102154

From: Paula Boggs Muething, City Manager

Subject: **CRA TAX EXEMPTION AGREEMENT FOR MOERLEIN
MANSION, 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 Moerlein Mansion, LLC, thereby authorizing a 12-year tax exemption for 100% of the value of improvements made to real property located at 18 Mulberry Street in the Mt. Auburn neighborhood of Cincinnati, in connection with the remodeling of the existing building into approximately 6,722 square feet of residential space consisting of 9 residential units, at a total construction cost of approximately \$471,208.

BACKGROUND/CURRENT CONDITIONS

Moerlein Mansion, LLC owns and intends to renovate the residential property located at 18 Mulberry Street in Mt. Auburn, east of Vine Street and Loth Street. The property is the former home of Christian Moerlein. Moerlein Mansion, LLC purchased the property from the Hamilton County Land Reutilization Corporation (the Port) in May of 2021. The Port put approximately \$183,000 in to stabilize the building, but substantial renovation work is still necessary to make the building habitable.

DEVELOPER INFORMATION

Moerlein Mansion, LLC is a limited liability corporation operated by Michael Basch, Stuart Naeny, and Allison Dilbone. Mr. Basch has completed three (3) other renovations in Over-the-Rhine, totaling 13 units. Mr. Naeny has more than eight (8) years of small business leadership and ownership experience through the Pedal Wagon. Ms. Dilbone has worked in finance leadership roles in local banking and marketing firms.

PROJECT DESCRIPTION

The Developer is proposing the renovation of the vacant two-and-a-half story, 6,722 square foot historic property located at 18 Mulberry Street to include nine (9) market-rate residential rental units naturally affordable to households not exceeding 80% of the Area Median Income (AMI), consisting of four (4) studio units, four (4) one-bedroom units, and one (1) two-bedroom unit. Rents per month will be approximately \$725-\$795 for the studios, \$990-\$1,100 for the one-bedrooms, and \$1,595 for the two-bedroom. Total project cost is estimated to be \$713,583, with hard construction cost estimated to be \$471,208. The project is estimated to take eight (8) months to complete and is anticipated to create 28 temporary construction jobs with a total payroll of \$277,685. Following project completion, it is anticipated that one (1) part-time permanent job will be created (.25 FTE) with an annual payroll of \$10,250.

PROPOSED INCENTIVE

DCED is recommending a 12-year, net 52% CRA tax exemption. The exemption applies only to the increase in improvement value attributed to the renovation.

Pursuant to the Commercial CRA policy established by City Council, this project is located in the Mt. Auburn Neighborhood VTICA Area and is therefore subject to analysis based on financial gap analysis, LEED certification level, and Neighborhood VTICA contribution. The project merits a 12-year, net 52% CRA Tax Abatement based on the following criteria:

- Rents are priced at affordable rates that do not exceed 80% of the AMI
- Project has low cash flow the first several years
- Developer return is low the first several years

SUMMARY	
Incentive Value	
Annual Net Abatement (Savings to Developer)	\$4,550
Total Term Net Abatement (Savings to Developer)	\$54,601
City's Portion of Property Taxes Forgone	\$13,552
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$2,888
Total Term CPS PILOT	\$34,651
VTICA	
Annual VTICA	\$1,313
Total Term VTICA PILOT	\$15,750
Income Tax (Max)	\$5,546

New Permanent Jobs	.25
Total Public Benefit (CPS PILOT/VTICA PILOT/Income Tax)	\$55,947
Total Public Benefit ROI	\$1.02
City's ROI	\$1.57

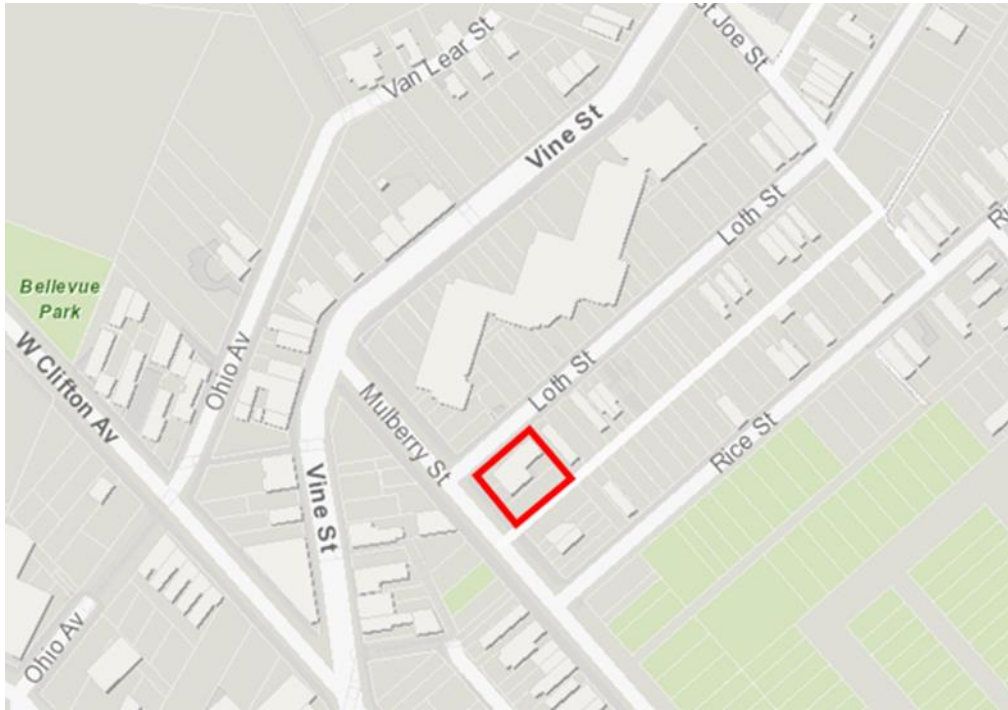
RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The Moerlein Mansion is consistent with *Plan Cincinnati* under the Sustain Initiative with the goal to preserve our natural and built environment as described more particularly on pages 197 and 198 of the Plan by activating property that has long been vacant in the Mt. Auburn neighborhood.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs



Property Location



18 Mulberry Street