

September 17, 2025

To: Mayor and Members of City Council

From: Sheryl M.M. Long, City Manager

202501747

Subject: Emergency Ordinance – Authorizing the City Manager to execute a Development Agreement with Atrium Tower One, L.P. and Acabay Atrium Two, L.P.

Attached is an Emergency Ordinance captioned:

AUTHORIZING the City Manager to execute a Development Agreement with Atrium Tower One, L.P. and Acabay Atrium Two, L.P., pertaining to the redevelopment of an existing building into approximately 200 residential rental units, on property located at 201 E. Fourth Street in the Central Business District of Cincinnati, which property is commonly known as the Atrium One building, and providing for City assistance to the project in the form of (1) a rebate of a portion of service payments in lieu of taxes imposed in connection with a proposed thirty-year property tax exemption for improvements pursuant to Ohio Revised Code Section 5709.41, subject to the passage by Council of a separate ordinance authorizing such tax exemption, and (2) a rebate of a portion of the service payments in lieu of taxes imposed in connection with the tax exemption previously authorized by Ordinance No. 95-2024.

STATEMENT

HOUSING: As work patterns shift and demand for office space declines, many commercial buildings risk becoming underutilized or vacant, creating challenges for downtown vibrancy and surrounding neighborhoods. Adaptive reuse projects—such as converting obsolete office buildings into residential units—turn these liabilities into assets. By prioritizing such projects, Cincinnati is staying ahead of shifting economic trends and ensuring our urban core remains active, thriving, and positioned for long-term growth. Furthermore, Cincinnati is experiencing a severe housing shortage alongside a growing population. Expanding housing supply at all income levels is a proven strategy to relieve these pressures.

BACKGROUND/CURRENT CONDITIONS

Acabay, Inc (the “Developer”), through two separate subsidiaries, owns the Atrium I and Atrium II buildings located at 201 E. 4th Street and 221 E. 4th Street, respectively. Collectively, these buildings make up the largest office space in the city’s urban core.

Like many office buildings across the country, Atrium I faced unprecedented levels of office vacancy coming out of the COVID-19 pandemic, largely driven by the shift to hybrid

and remote work. To combat high office vacancy—and reflect increased demand for urban living in the housing market—the Developer, in partnership with The Model Group, is proposing the conversion of vacant floors in Atrium I into approximately 200 new market-rate residential units.

In order to secure private financing for the project, the Developer has proposed a unique Private Project TIF structure (ORC 5709.41). Under the proposed deal structure, the City would establish a 30-year Private Project TIF on Atrium II, and a separate 30-year Private Project TIF on the residential improvements being made to Atrium I. The City would then provide the Developer with an annual rebate of statutory service payments in lieu of taxes made on both Private Project TIFs. The maximum annual rebate of service payments for Atrium I will be capped at \$1.3 million, while the maximum annual rebate of service payments for Atrium II will be capped at \$1.7 million. The City is entitled to retain any portion of service payments made in excess of each cap. By way of example, if, after payment of the CPS PILOT and applicable fees, the Developer is required to make an annual service payment of \$1.4 million for the Atrium I Private Project TIF, the City will rebate \$1.3 million back to the Developer and will retain \$100,000.

City Council previously authorized the establishment of a Private Project TIF on the Atrium II tower in March of 2024 (Ord. Number 95-2024) to lay the groundwork for the deal structure proposed under this ordinance. This ordinance would authorize the establishment of a Private Project TIF on the residential improvements being made at Atrium I and will further authorize the City Manager to enter into a development agreement with Atrium Tower One, LP and Acabay Atrium Two, LP.

Separate from this project, the Developer has already invested \$13 million in common area upgrades at Atrium I and II, with another \$2 million planned. If the residential conversion proceeds, they also plan to invest \$20 million in tenant improvements. In total, including the conversion costs, the Developer's investment in the Atrium complex will be approximately \$102 million.

DEVELOPER INFORMATION

Acabay, Inc. was founded in 1995 by Frank J. Motter. The company specializes in the construction, leasing, and management of office buildings in the greater Burlington, Vermont area. Recently, the company has expanded into Ohio and Michigan. Mr. Motter has over 40 years of experience as a real estate developer, owner, and manager in Quebec, Vermont, Michigan, and Ohio.

The Model Group has an extensive history of successful development projects in Cincinnati and beyond. To date, they have developed over \$1.5 billion in real estate, including a diverse mix of commercial, residential, and mixed-use properties. Their vast residential portfolio includes market-rate, mixed-income, and deeply affordable units. The Model Group has significant experience using complex financing mechanisms, including federal and state historic tax credits, Low-Income Housing Tax Credits, and Transformational Mixed-Use Development tax credits. Most recently, they completed the redevelopment of Downtown's Mercantile Library Center and Dayton's historic Arcade Building.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

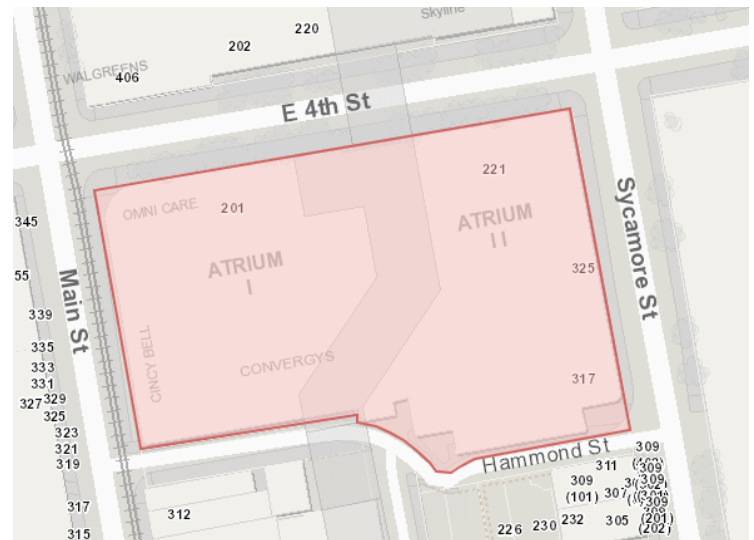
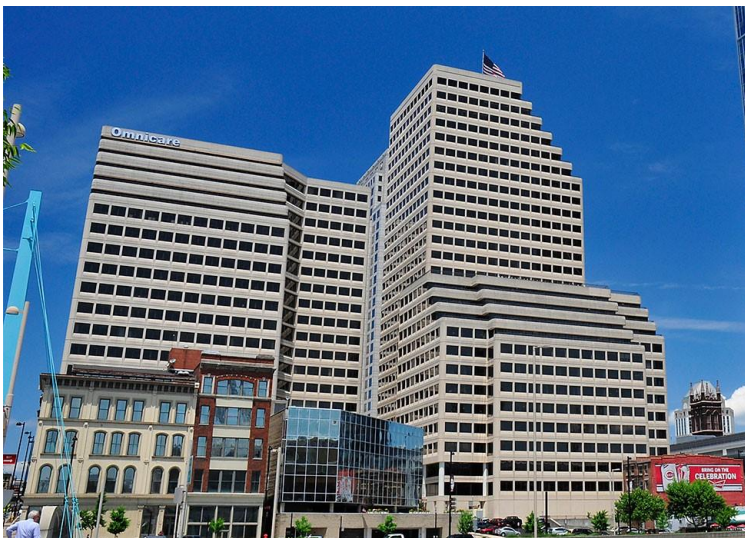
Attachment: Project Outline and Proposed Incentive

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

Project Outline

Project Name	Atrium I Redevelopment
Street Address	201 E. 4 th Street
Neighborhood	Downtown
Property Condition	Partially Occupied Office Building
Project Type	Renovation
Project Cost	Hard Construction Costs: \$54,428,195 Soft Costs: \$12,598,684 Total Project Cost: \$67,026,879
Private Investment	Private Financing: \$55,000,000 Developer Equity: \$12,026,879
Sq. Footage by Use	Converted Residential: 186,210 net leasable sf
Number of Units and Rent Ranges	Studio Units; Avg. Monthly Rent: \$1,610 1-BR Units; Avg. Monthly Rent: \$2,086 2-BR Units; Avg. Monthly Rent: \$2,646 200 Total Units; Final Unit Mix to be Determined
Median 1-BD Rent Affordable To	Salary: \$64,400-\$83,440 City Job Classification: Accounting Technician 3, Industrial Waste Inspector, Supervisor of Inspections, Dental Hygienist
Jobs and Payroll	Created FTE Positions: 5 Total Payroll for Created FTE Positions: \$330,000 Average Salary for Created FTE Positions: \$66,000 Construction FTE Positions: 405 Total Payroll for Construction FTE Positions: \$27MM
Transit	Transit Score: 81
Plan Cincinnati Goals	Compete Initiative Area Goal 2 (p. 114-120), Live Initiative Area Goal 3 (p. 164-178), Sustain Initiative Area Goal 2 (p.193-198)

Project Image and Site Map



Proposed Incentive

Incentive Terms	30-year, net 67% Private Project TIF for residential improvements made to Atrium I; 30-year, net 67% Private Project TIF for Atrium II <ul style="list-style-type: none"> - Annual rebate of service payments made on Atrium I TIF in the lesser amount of net 67% of service payments or \$1.3 million - Annual rebate of service payments made on Atrium II TIF in the lesser amount of net 67% of service payments or \$1.7 million
“But For”	Without Incentive: -5% avg. rate of return over 30 years With Incentive: 5% avg. rate of return over 30 years Project would not proceed without City incentive.
Environmental Building Certification	Non-LEED
SBE/MBE/WBE Goals	SBE Goal of 30%
Planning Commission Approval	Private Project TIF Conveyance/Reconveyance for Atrium I approved by CPC on 8/1/2025

Potential Taxes Forgone & Public Benefit

Taxes Forgone	Value
Annual Net Incentive to Developer	\$1,979,165
Total Term Incentive to Developer	\$59,374,952
City's Portion of Property Taxes Forgone (Term)	\$12,717,059
City's TIF District Revenue Forgone (Term)	\$0

Public Benefit		Value
CPS PILOT	Annual	\$1,037,257
	Total Term	\$31,117,723
VTICA	Annual	\$0
	Total Term	\$0
Income Tax Total Term (Maximum)		\$664,200
Total Public Benefit (CPS PILOT, VTICA, Income Tax)		\$31,781,923

Total Public Benefit ROI*	\$0.54
City's ROI**	\$0.05

* 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: 2025 Cincinnati MSA Area Median Income Limits

AMI	1	2	3	4	5	6	7	8
30%	\$23,500	\$26,850	\$30,200	\$33,550	\$36,250	\$38,950	\$41,650	\$44,300
50%	\$39,150	\$44,750	\$50,350	\$55,900	\$60,400	\$64,850	\$69,350	\$73,800
60%	\$46,980	\$53,700	\$60,420	\$67,080	\$72,480	\$77,820	\$83,220	\$88,560
80%	\$62,650	\$71,600	\$80,550	\$89,450	\$96,650	\$103,800	\$110,950	\$118,100

