

August 2, 2021

To: Members of the Budget and Finance Committee

From: Paula Boggs Muething, City Manager *HW RT PM*

202102513

Subject: **Emergency Ordinance – APPROVING AND AUTHORIZING CRA TAX EXEMPTION AGREEMENT WITH BLEH PROPERTY HOLDINGS LLC**

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement with Bleh Property Holdings LLC, thereby authorizing a 10-year tax exemption for 100% of the value of improvements made to real property located at 33, 35, and 37 E. Court Street in the Central Business District of Cincinnati, in connection with the remodeling of the existing buildings into approximately 3,438 square feet of commercial space, at a total construction cost of approximately \$248,800.

BACKGROUND/CURRENT CONDITIONS

Avril Bleh currently operates out of the ground-floor commercial space at 33-35 E Court Street, and Cincinnati Center City Development Corporation (3CDC) owns 37 E Court Street in the Central Business District. 3CDC will exchange the commercial space of 37 E Court Street for the residential space above 33-35 E Court Street. 3CDC submitted a CRA application to DCED on behalf of Avril Bleh, which DCED reviewed and processed.

DEVELOPER INFORMATION

Avril Bleh Meat Market has been operating since 1894, and 3CDC will be serving as the development manager for this project. 3CDC is a non-profit organization that has invested over \$1.47 billion dollars in development in Downtown and Over-the-Rhine over the past 15 years. This investment has resulted in 300 apartment units, 534 condominiums, 156 hotel rooms, 320 shelter beds, 1,070,500 square feet of commercial space, and 4,925 parking spaces. They recently completed a similar condominium development on the north side of Court Street.

PROJECT DESCRIPTION

Once completed, this project will consist of 3,438 square feet of street-level commercial space at an aggregate cost of \$248,800. In connection with this project, it is estimated that 8 temporary construction jobs are created at a total annual payroll of \$296,640 and 3 full-time equivalent employees (FTEs) will be created at a total annual payroll of \$122,317.

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

DCED is recommending a 10-year, 100% (net-52%) CRA tax exemption for the commercial spaces of 33, 35, and 37 E Court Street.

The exemption applies only to the increase in value 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. Providing this project an incentive allows one of the City's oldest businesses to remain in a rapidly changing Court Street business district. Increasing the number of commercial spaces along Court Street will result in a more vibrant street life contributing to the health, safety and welfare of the City.

SUMMARY	
Forgone Public Benefit if Project Does not Proceed	
CPS PILOT (Forgone New Revenue)	(\$14,081)
VTICA (Forgone New Revenue)	(\$6,400)
Income Tax (Forgone New Revenue)	(\$98,337)
Total Public Benefit Lost	(\$118,818)
Incentive Value	
Annual Net Incentive to Developer	\$2,219
Total Term Incentive to Developer	\$22,188
City's Portion of Property Taxes Forgone	\$5,996
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$1,408
Total Term CPS PILOT	\$14,081
VTICA	
Annual VTICA	\$640
Total Term VTICA	\$6,400
Income Tax (Max)	\$98,337
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$118,818
Total Public Benefit ROI*	\$5.36
City's ROI*	\$19.82

*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 team (listed below) will make themselves available at the request of the councilmember(s).

- Assistant City Manager: John Juech
- DCED Director: Markiea Carter
- Project Attorney: Samantha Brandenburg

The anticipated council timeline is as follows:

- August 2, 2021: Budget and Finance
- August 4, 2021: City Council for Final Approval

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The emergency clause is needed so that the project can meet its construction commencement deadlines.

Attachment: A. Property location and photographs


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

Attachment A: Location and Photographs

