

January 18, 2024

To: Mayor and Members of City Council

202400221

From: Sheryl M.M. Long, City Manager

Subject: **Emergency Ordinance** – Approving and Authorizing a CRA Tax Exemption Agreement with the Beta Nu of Beta Theta Pi Building Co.

Attached is an Emergency Ordinance captioned:

APPROVING, AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement with The Beta Nu of Beta Theta Pi Building Company and the State of Ohio, for the use of the University of Cincinnati, thereby authorizing an eight-year tax exemption for 100 percent of the value of improvements made to real property located at 2630 University Court in the CUF neighborhood of Cincinnati, in connection with the remodeling of an existing building into nine residential units as well as meeting, academic, and social space consisting of approximately 12,690 square feet in aggregate, at a total remodeling cost of approximately \$5,084,640.

STATEMENT

This project provides additional housing units for students at the University of Cincinnati, which continues to set record enrollment and strain the student housing supply. The project will also help improve the existing condition of the building extending the overall life of the structure.

BACKGROUND/CURRENT CONDITIONS

The project is located at 2630 University Court in the CUF neighborhood. Currently, the Beta Nu Chapter of Beta Theta Pi fraternity house provides room and board for 50 University of Cincinnati students and provides meeting, academic, and social facilities for an additional 80 students. The portion of the property that will be demolished and rebuilt was originally constructed in the early 1900s and in disrepair. Once completed, the rebuilt project will be comprised of 9 residential units (1 single, 3 doubles, and 3 triples), bringing the total number of units in the house to 29 and the ability to house 57 University of Cincinnati students. The project will include a newly amenities like a living room, a grand study, an exercise room, and meeting spaces for all chapter members.

DEVELOPER INFORMATION

The Beta Nu of Beta Theta Pi Building Company was founded in 1914. The organization's Articles of Incorporation task the organization with activities related to the provision of housing, financing, and other related services to the Beta Theta Nu Chapter of the Beta Theta Pi Fraternity at the University of Cincinnati. Previously, the Beta Nu of Beta

Theta Pi Building Company oversaw the construction of an addition to the original building in the 1930s.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

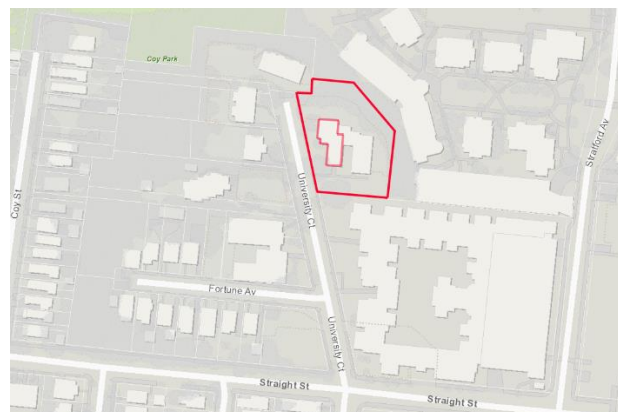
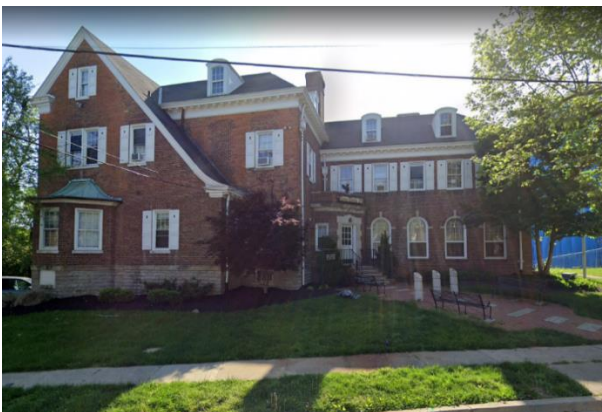
Attachment: Project Outline and Proposed Incentive

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

Project Outline

Project Name	Beta Nu of Beta Theta Pi Building Co. CRA
Street Address	2630 University Court
Neighborhood	CUF
Property Condition	Occupied Building
Project Type	New Construction (demolition to outdated portion of existing building to be replaced with a newly constructed one)
Project Cost	Acquisition Cost: \$0 Hard Construction Costs: \$5,084,640 Soft Costs: \$630,928 Total Project Cost: \$5,715,568
Private Investment	Private Financing: \$2,359,752 Developer Equity: \$3,355,816
Sq. Footage by Use	Residential: 12,690 SF
Number of Units and Rent Ranges	1 1-BR Units; Rent \$2,350 per student per semester 3 2-BR Units; Rent \$2,350 per student per semester 3 3-BR Units; Rent \$2,350 per student per semester 9 Total Units
Median 1-BD Rent Affordable To	Salary: \$23,500 City Job Classification: Design Specialist 2, Recreation Specialist. Note this housing will be provided to university students who are members of the fraternity.
Jobs and Payroll	Created FTE Positions: 2 Total Payroll for Created FTE Positions: \$50,000 Average Salary for Created FTE Positions: \$25,000 Construction FTE Positions: 26 Total Payroll for Construction FTE Positions: \$2.7MM
Location and Transit	Transit Score: 56
Community Engagement	Presented at CUF Neighborhood Association General Meeting on 6/20/2023.
Plan Cincinnati Goals	Live Initiative Goal 3 (p. 172-186)

Project Image and Site Map



Proposed Incentive

Incentive Terms	8-year, net 52%
Incentive Application Process	Commercial CRA – Neighborhood (Non-LEED)
“But For” (0-3 points)	Developer’s need to expand at its current location adjacent to the university indicates they will proceed with the project without provision of additional years so no “But For” points were awarded (0 points).
Environmental Building Certification (0-5 points)	Non-LEED (0 points)
VTICA (0-8 points)	Neighborhood VTICA – 15% (8 points)
SBE/MBE/WBE Goals	SBE Goal of 30%
Planning Commission Approval	N/A
Other Incentives & Approvals	N/A

Potential Taxes Forgone & Public Benefit

Taxes Forgone	Value
Annual Net Incentive to Developer	\$41,437
Total Term Incentive to Developer	\$331,496
City's Portion of Property Taxes Forgone (Term)	\$89,588
City's TIF District Revenue Forgone (Term)	\$0

Public Benefit	Value	
CPS PILOT	Annual	\$26,297
	Total Term	\$210,372
VTICA	Annual	\$11,953
	Total Term	\$95,624
Income Tax Total Term (Maximum)	\$55,800	
Total Public Benefit (CPS PILOT, VTICA, Income Tax)	\$361,796	

Total Public Benefit ROI*	\$1.09
City's ROI**	\$4.04

* 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: 2023 Cincinnati MSA Area Median Income Limits

AMI	1	2	3	4	5	6	7	8
30%	\$21,250	\$24,300	\$27,350	\$30,350	\$32,800	\$35,250	\$37,650	\$40,100
50%	\$35,400	\$40,450	\$45,500	\$50,550	\$54,600	\$58,650	\$62,700	\$66,750
60%	\$42,480	\$48,540	\$54,600	\$60,760	\$65,520	\$70,380	\$75,240	\$80,100
80%	\$56,650	\$64,750	\$72,850	\$80,900	\$87,400	\$93,850	\$100,350	\$106,800