

June 21, 2021

To: Members of the Budget and Finance Committee

From: Paula Boggs Muething, City Manager *UD FG PBM* 202102346

Subject: **Emergency Ordinance - Tax Increment Financing (TIF)
Exemption for Liberty & Elm Development**

Attached is an Emergency Ordinance captioned:

DECLARING improvements to certain real property located at 1617 Elm Street and 1621 Logan Street in the Over-the-Rhine neighborhood of Cincinnati, to be constructed pursuant to a *Development Agreement* between the City of Cincinnati and OTR Project Partners, LLC, to be a public purpose and exempt from real property taxation for a period of 30 years pursuant to Section 5709.41 of the Ohio Revised Code.

BACKGROUND/CURRENT CONDITIONS

Previously, pursuant to Council Ordinance 027-2021, effective February 3, 2021, City Council authorized the City Manager to execute a Development Agreement with OTR Project Partners, LLC, pertaining to the development and construction of residential rental units and commercial space at 1617 Elm Street and 1621 Logan Street in the Over-the-Rhine neighborhood of Cincinnati, and providing for City assistance to the project in the form of a rebate of a portion of the service payments in lieu of taxes imposed in connection with a proposed 30-year property tax exemption for improvements pursuant to Ohio Revised Code Section 5709.41, subject to the passage by this Council of a separate ordinance authorizing such tax exemption.

DEVELOPER INFORMATION

OTR Partner Projects, LLC is an affiliate between FG OTR 1, LLC (KEAN Ventures), an Ohio company, and BC OTR Cincinnati, LLC (Buckingham Companies), an Indiana company. Together, the partnership is also developing the former Anthem Office Site in the East Walnut Hills neighborhood of Cincinnati where they broke ground in 2020.

PROJECT DESCRIPTION

Developer will first demolish the existing improvements at 1621 Logan Street and subsequently develop a six to seven story residential apartment building with 130

market-rate rental units. The newly constructed building at 1617 Elm Street will be a five-story mixed-use development consisting of 148 market-rate apartment units, 10,000 square feet of commercial space, and a 220-space structured parking garage. Freeport Alley will also be restored for pedestrian and bicycle use as part of the project. Once completed, monthly rents for the project will range from \$1,400 for a studio apartment to \$2,800 for a four-bedroom unit. Total project cost is estimated to be \$77,000,000.

PROPOSED INCENTIVE

DCED is recommending a Tax Increment Financing (TIF) exemption for the project site pursuant to Ohio Revised Code 5709.41 for a period of 30 years. Following the creation of the project TIF, the City and Developer will enter a Service Agreement which will require payment of full statutory Service Payments in lieu of real estate taxes. Prior to the rebate of any Service Payments to the Developer, 33% of the Service Payments will be paid to Cincinnati Public Schools, and for tax years 11-30, Developer is willing to make a VTICA contribution equal to the greater of \$90,000 or 7% of the Service Payments for the purpose of funding the maintenance and operations of the streetcar. Without the project TIF, the Developer is unable to secure the construction financing for the project improvements.

RECOMMENDATION

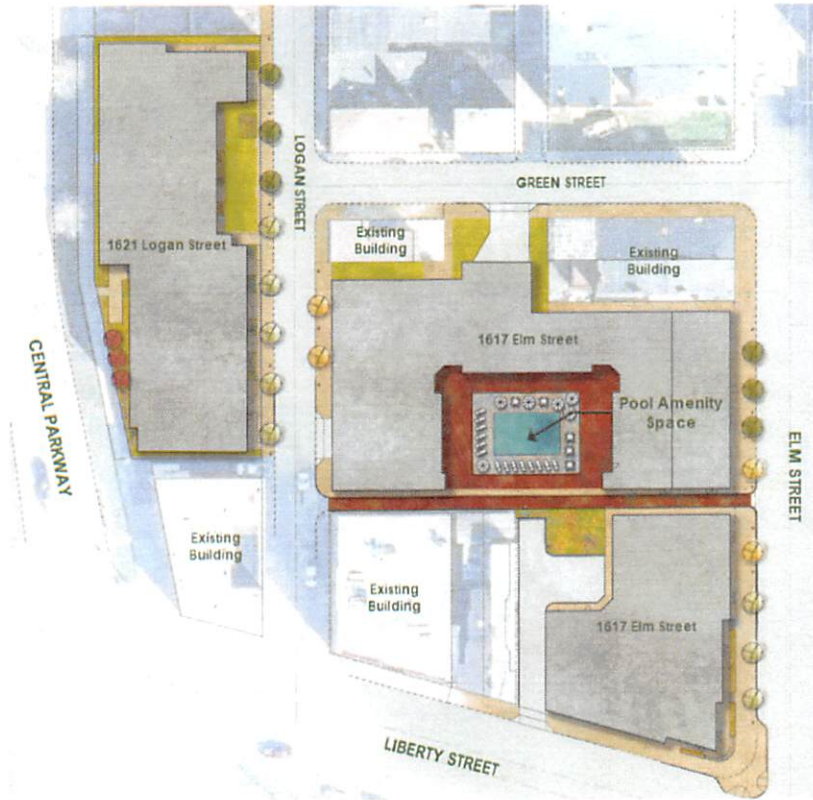
The Administration recommends approval of this Emergency Ordinance. The emergency clause is necessary to establish the TIF exemption prior to the start of construction of improvements which are anticipated to begin on the site in July.

Attachment: A. Property location and photographs

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

Attachment A: Location and Concept Plan

Property Location & Concept Plan



1617 Elm Street – Elevation

