

March 24, 2021

To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager

QJM for PBM 202101196

Subject: **LEED CRA ABATEMENT AGREEMENT FOR 18 W. ELDER ST.**

Attached is an Emergency Ordinance captioned as follows:

APPROVING AND AUTHORIZING the City Manager to execute a *Community Reinvestment Area Tax Exemption Agreement (LEED or Living Building Challenge)* with Robel 1 LLC, thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 18 W. Elder Street in the Over-the-Rhine neighborhood of Cincinnati, in connection with the remodeling of an existing building into approximately 500 square feet of commercial space and approximately 3,300 square feet of residential space, consisting of 7 residential rental units, which remodeling shall be completed in compliance with Leadership in Energy and Environmental Design Silver, Gold or Platinum standards or Living Building Challenge standards, at a total remodeling cost of approximately \$300,000.

BACKGROUND/CURRENT CONDITIONS

18 W. Elder Street is a three-story vacant historic building located just east of Findlay Market in Over-the-Rhine. The property is also directly south of Findlay Park. The property owner is planning a full renovation of the building that will achieve a LEED Silver Certification from the U.S. Green Building Council.

DEVELOPER INFORMATION

Robel I, LLC is a small business owned by Mr. Robel Abraham. Mr. Abraham has been renovating residential properties for the last seven years and also owns a property at 1646 Vine Street, which will also be renovated in 2021.

PROJECT DESCRIPTION

Developer will renovate the vacant historic building at 18 W. Elder Street in Over-the-Rhine. Work will be completed to LEED Silver standards, as defined by the U.S. Green Building Council. Once completed, the building will include seven residential apartment units as well as 500 square feet of ground floor commercial space. The apartments will be 500 square feet on average and rents will range between \$900 and

\$1,000 per month. Total project cost is estimated to be \$350,000. In connection with this project, it is estimated that seven temporary construction jobs will be created with an annual payroll of \$120,000.

PROPOSED INCENTIVE

The Emergency Ordinance provides for a 100% (net 52%), 15-year CRA tax exemption for this property. The exemption applies only to the increase in value of the building 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.

The administration recommends a 15-year CRA term to allow for the project secure adequate construction and permanent financing to complete this LEED Silver certified renovation. This project will result in a highly visible renovated building and new apartments directly adjacent to Findlay Market and Findlay Park.

SUMMARY	
Forgone Public Benefit if Project Does not Proceed	
CPS PILOT (Forgone New Revenue)	(\$58,495)
VTICA (Forgone New Revenue)	(\$26,588)
Income Tax (Forgone New Revenue)	(\$2,520)
Total Public Benefit Lost	(\$87,603)
Incentive Value	
Annual Net Incentive to Developer	\$6,145
Total Term Incentive to Developer	\$92,173
City's Portion of Property Taxes Forgone	\$22,877
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$3,900
Total Term CPS PILOT	\$58,495
VTICA	
Annual VTICA	\$1,773
Total Term VTICA	\$26,588
Income Tax (Max)	\$2,520
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$87,603
Total Public Benefit ROI*	\$0.95
City's ROI*	\$3.83

*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

RECOMMENDATION

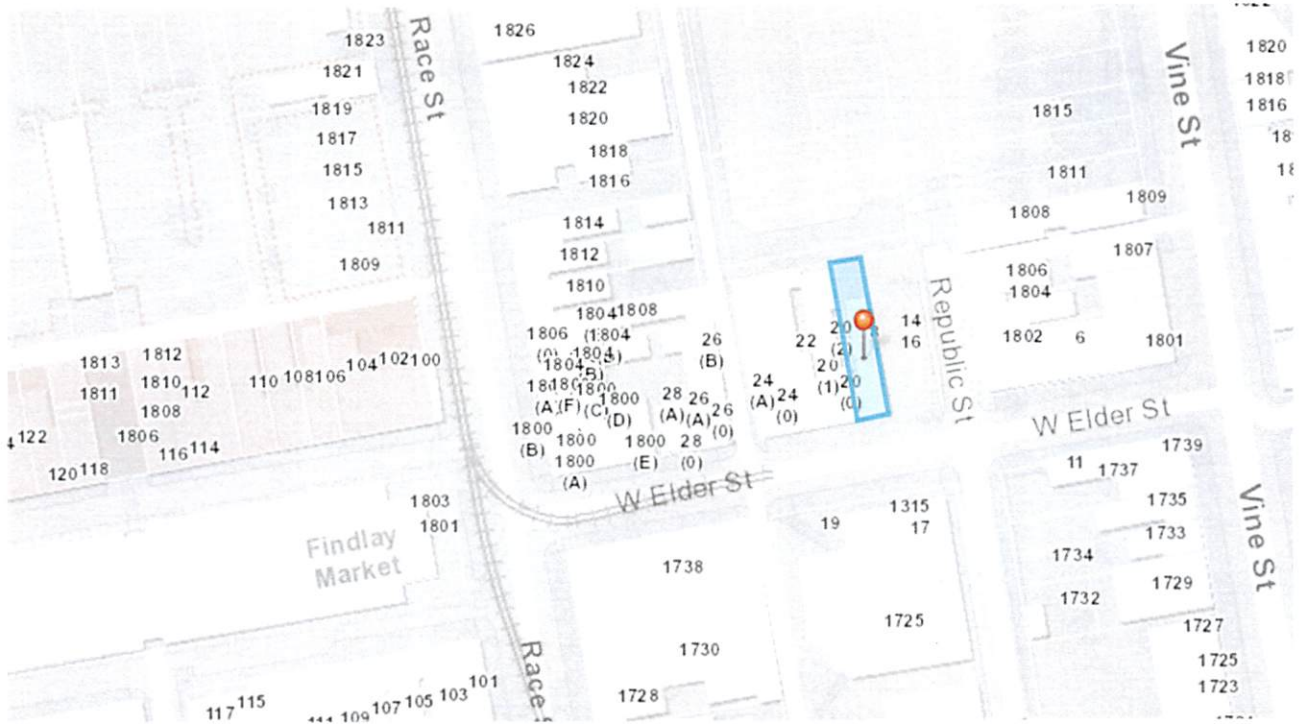
The Administration recommends approval of this Emergency Ordinance. The project will restore a historic building to LEED Silver standards, activate a vacant property adjacent to Findlay Market and Findlay Park, and will bring additional housing units to the urban core and will add much needed density to northern Over-the-Rhine. 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, Interim Director, Department of Community & Economic Development *MLC*

Attachment A: Location and Photographs

Property Location



18 W. Elder Street – Current Condition

