

June 7, 2023

To: Mayor and Members of City Council

202301585

From: Sheryl M.M. Long, City Manager

Subject: Emergency Ordinance – Approving and Authorizing CRA Tax Exemption Agreement with 700 Chalfonte Holdings, LLC

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement with 700 Chalfonte Holdings LLC, thereby authorizing a fifteen-year tax exemption for 100% of the value of improvements made to real property located at 700 Chalfonte Place in the Avondale neighborhood of Cincinnati, in connection with the remodeling of an existing building into 23 rental units containing approximately 20,080 square feet of residential space, at a total construction cost of approximately \$1,346,861.

BACKGROUND/CURRENT CONDITIONS

The property at 700 Chalfonte Place is a vacant multifamily building in the Avondale neighborhood in Cincinnati. In January 2023, 700 Chalfonte Holdings, LLC (the “Developer”) submitted a Commercial CRA Application seeking city assistance to rehabilitate the property. The renovation will create five (5) studio apartment units and eighteen (18) three-bedroom units. Upon completion, 100% of the twenty-three (23) apartment units will be affordable to households earning thirty percent (30%) to sixty percent (60%) of the area median income.

DEVELOPER INFORMATION

The project is led by 700 Chalfonte Holdings, LLC, a subsidiary of Yolo Investments LLC. Yolo Investments, LLC is managed by Nadav Livne, who has ten (10) years of real estate experience and has completed renovations of residential homes and apartment buildings in the City of Cincinnati, specifically in the neighborhoods of Madisonville, Evanston, West End, and the Central Business District. More recently, the Developer has completed an eighteen (18) unit property at 542 Prospect Place and a twenty-two (22) unit at 1631 Sparkle Drive.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. This is an Emergency Ordinance for the Developer to close their financing and begin construction as soon as possible after passage.

Commercial CRA
1001-1007 Dayton Street

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Attachment: Project Outline

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

Project Outline

<u>Project Description Details</u>	<u>Explanation</u>
Project Name	700 Chalfonte Holdings
Street Address	700 Chalfonte Place
Property Condition	The property is currently vacant
Neighborhood	Avondale
Incentive Application Process	Commercial CRA (Non-LEED)
Recent or other projects by Developer	- 542 Prospect Place, 18 units -1631 Sparkle Drive, 22 units
Approval at planning commission/Neighborhood support	Planning Commission approved a local historic designation of the building on February 3, 2023, The executive committee of the Avondale Community Council supports the developer's plans for the site.
Plan Cincinnati Goals	Achieves the Sustain Initiative Area Goal 2 (pages 193-198) and Live Initiative Area Goal 3 (pages 164-177) of <i>Plan Cincinnati</i> (2012).

Project Image



<u>Incentive Summary Category</u>	<u>Explanation</u>
Abatement Term and amount	15-year, net 52%
Construction Cost & Private investment committed	Approximately \$1.3 Million in hard construction costs, with \$600,000 from State Historic Tax Credits. The private investment totals approximately \$1.9 million.
Sq. Footage by Use	20,080 SF of Residential space
Number of units and rental ranges	23 Units (5 studios, 18 3-BR), monthly rent ranges between \$550 - \$950, the Developer is committed to keeping rents affordable to households earning 60% AMI or below.

Jobs created/retained and payroll (living wage)	The project is anticipated to create 2 FTE at an estimated \$80,000 annual payroll and 8 Construction jobs at a \$550,000 annual payroll.
“But For”	The project would not proceed without an abatement, given the lower rents being affordable to households earning between 30% to 60% AMI.
Cash on Cash Return for developer (Market return between 8-12%, depends on investment risk)	Without Abatement: average 4% (Over 15-year Term) With Abatement: average 10% (Over 15-year Term)
LEED or other environmental build	Non-LEED
Neighborhood VTICA	Neighborhood VTICA – 15%
Total Public Benefit (Benefits Realized vs Taxes Forgone)	\$1.13 of new CPS/VTICA/Income taxes for each \$1 forgone
Projected Income Tax Revenue	\$36,450
MBE/WBE Goals	SBE Goal of 30%
Transit Access/Walkability	The project site sits along metro bus routes 51, 43, 46 and is ¼ mile from Reading Rd.
Geography	Located in the Avondale Neighborhood Revitalization Strategy Area
Historic Preservation/Existing Building Renovation	This project will renovate one blighted building, preserving and placing it into productive use.
Public Infrastructure Improvements	N/A

Rent	Affordable to Salary	City Jobs (Min Salary exceeds affordable salary)
\$550.00	\$22,000.00	Municipal Worker, Home Health Aide, Police Recruit, Admin Tech
\$950.00	\$38,000.00	Health Caseworker, Video Production Specialist, Lifeguard, Pool Monitor, Community Center Director 2

AMI	1	2	3	4	5	6	7	8
30%	\$20,100	\$22,950	\$25,800	\$28,650	\$32,470	\$37,190	\$49,910	\$46,360
50%	\$33,450	\$38,200	\$43,000	\$47,750	\$51,600	\$55,400	\$49,250	\$63,050
60%	\$40,140	\$45,840	\$51,600	\$57,300	\$61,920	\$66,480	\$59,100	\$75,660
80%	\$53,520	\$61,120	\$68,800	\$76,400	\$82,560	\$88,640	\$78,800	\$100,880