

September 28, 2020

To: Mayor and Members of City Council

From: Paula Boggs Muething, Interim City Manager

Subject: **LEED-CRA COMMERCIAL TAX EXEMPTION FOR TRI-DELTA
SORORITY HOUSE, LOCATED AT 2605 UNIVERSITY COURT**

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 Zeta House Corporation of Delta Delta Delta, thereby authorizing a 14-year tax exemption for 100% of the value of the improvements made to real property located at 2605 University Court in the CUF neighborhood of Cincinnati, in connection with the construction of a new sorority house at the University of Cincinnati, consisting of approximately 15,478 square feet of residential space, which construction 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 construction cost of approximately \$2,250,000.

BACKGROUND/CURRENT CONDITIONS

Zeta House Corporation of Delta Delta Delta (Tri-Delta) is relocating their sorority house from the corner of Straight Street and Clifton Avenue to a new site, a vacant lot at 2605 University Court in the CUF neighborhood. This new construction project supports the redevelopment of the former Deaconess Hospital where Trinitas will build a \$300 Million mixed-use development at Tri-Delta's current site. Tri-Delta submitted a Financial Assistance application for the construction of a new building at 2605 University Court. The application was received and reviewed by DCED.

DEVELOPER INFORMATION

Tri-Delta is a non-profit organization providing housing for university students. Tri-Delta owns and/or operates 60 facilities at colleges and universities across the United States. Their portfolio has invested approximately \$23 Million in the last four years and has an additional \$11 Million in property construction and/or expansion in planning and in progress.

PROJECT DESCRIPTION

The project is the construction of a \$2.2 Million new sorority house at the University of Cincinnati. Upon completion, this project will consist of 15,478 square feet of residential space, with three floors and a basement. The new house will accommodate 33 students during each academic school year. The house will also have a live in, on site director year-round and will provide dining and meeting space for 200 collegiate women. The building will be LEED Silver certified once completed.

The 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

Pursuant to the Commercial CRA policy established by City Council, this project scored 13 points as indicated below which would merit a 14-year net 52% LEED-CRA Tax Exemption:

“But For” Analysis (0-3 points) *	3
LEED (0-6 points)	2
Neighborhood VTICA (1 point for contributions over 1% but less than 15% and 8 points for contributions of 15% or more)	8
TOTAL	13

* “But For” Analysis Explanation: 3 points were awarded for the following reasons:

- As the first component of the larger Trinitas development, the relocation is not economically feasible without the CRA. The CRA and relocation of the Tri Delta House will unlock Trinitas’ \$300M development.

SUMMARY	
Forgone Public Benefit if Project Does not Proceed	
CPS PILOT (Forgone New Revenue)	(\$193,032)
VTICA (Forgone New Revenue)	(\$87,742)
Income Tax (Forgone New Revenue)	(\$9,240)
Total Public Benefit Lost	(\$290,014)
Incentive Value	
Annual Net Incentive to Developer	\$21,727
Total Term Incentive to Developer	\$304,171
City's Portion of Property Taxes Forgone	\$75,494
Public Benefit	

CPS PILOT	
Annual CPS Pilot	\$13,788
Total Term CPS PILOT	\$193,032
VTICA	
Annual VTICA	\$6,267
Total Term VTICA	\$87,742
Income Tax (Max)	\$9,240
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$290,014
Total Public Benefit ROI*	\$0.95
City's ROI*	\$3.84

*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

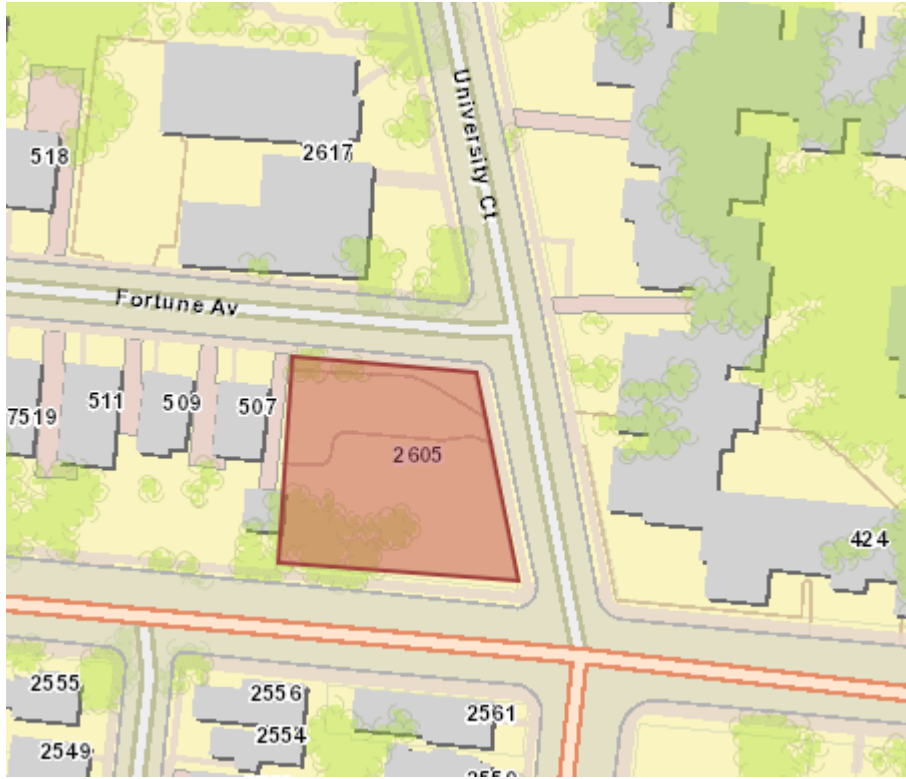
RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The emergency clause is necessary to allow for the land sale to take place and construction to commence within the month of October for completion of Construction prior to the 2021-2022 academic year.

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



2605 University Court southeast view



2605 University Court northwest view