

March 18, 2024

To: Members of the Budget and Finance Committee

202400885

From: Sheryl M.M. Long, City Manager

Subject: Emergency Ordinance – Authorizing a Property Sale, Funding, and Development Agreement with 101 West Fifth, LLC

Attached is an Emergency Ordinance captioned:

AUTHORIZING the City Manager to execute a Property Sale, Funding, and Development Agreement with 101 West Fifth LLC, an affiliate of Cincinnati Center City Development Corporation (commonly known as 3CDC), for the sale of City-owned real property located at 101 West Fifth Street in the Central Business District of Cincinnati, in connection with the redevelopment of that property into approximately 75,000 square feet of commercial and office space; **AUTHORIZING** the transfer and appropriation of \$2,000,000 from the unappropriated surplus of Downtown South/Riverfront Equivalent Fund 481 to the Department of Community and Economic Development non-personnel operating budget account no. 481x164x7200 to provide resources to assist with certain public infrastructure improvements in support of the redevelopment of 101 West Fifth Street; and **DECLARING** that expenditures from the Department of Community and Economic Development non-personnel operating budget account no. 481x164x7200 to assist with certain public infrastructure improvements in support of the redevelopment of 101 West Fifth Street are for a public purpose and constitute a “Public Infrastructure Improvement” as defined in Ohio Revised Code Section 5709.40(A)(8) that will benefit and/or serve the District 2-Downtown South/Riverfront District Incentive District, subject to compliance with Ohio Revised Code Sections 5709.40 through 5709.43.

BACKGROUND/CURRENT CONDITIONS

The project involves the renovation of 101 West Fifth Street located in the Central Business District at the corner of 5th Street and Race Street. The building previously housed the Saks Fifth Avenue (“Saks”) department store which closed at the end of 2022 and the building has been vacant since that time. The City owns the land and was party to a long term ground lease with Saks. The ground lease provided the City with the right to terminate the lease and purchase the improvements upon Saks discontinuation of services. The City purchased the improvements in January 2023 for \$3 million.

The City has contracted with 3CDC to manage development of the Convention District. This property lies within the Convention District and therefore the City Administration

has been working with 3CDC on a direct sale. 3CDC submitted a financial assistance application seeking City incentives to support the redevelopment of the building.

DEVELOPER INFORMATION

101 West Fifth, LLC is a subsidiary of Cincinnati Center City Development Corporation (3CDC). 3CDC is a non-profit organization that has invested over \$1.47 billion dollars in development in Downtown and Over-the-Rhine over the past 15 years. This investment has resulted in 300 apartment units, 534 condominiums, 156 hotel rooms, 320 shelter beds, 1,070,500 square feet of commercial space, and 4,925 parking spaces. Furthermore, 3CDC manages several of the City's public spaces, including Fountain Square, which is near this property.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The emergency clause is necessary to confirm City support prior to financial closing and so that construction can commence at the earliest possible time.

Attachment: Project Outline and Proposed Incentive

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

Project Outline

Project Name	Saks Redevelopment
Street Address	101 West 5 th Street
Neighborhood	Central Business District
Property Condition	Vacant building
Project Type	Renovation
Project Cost	Hard Construction Costs: 12.3\$MM Tenant Improvements: \$8.9MM Soft Costs: \$6.8MM Public Improvements: \$2.0MM Total Project Cost: \$30.0MM
Private Investment	Private Financing: \$23.0MM
Sq. Footage by Use	Office: 62,000 SF Restaurant/Retail: 13,000 SF
Rent Ranges	Office Rent: \$25/SF (Triple Net) Restaurant Rent: \$30/SF (Triple Net plus % of sales)
Jobs and Payroll	Created FTE Positions: 130 Total Payroll for Created FTE Positions: \$5.9MM Average Salary for Created FTE Positions: \$45,000 Construction FTE Positions: 120 Total Payroll for Construction FTE Positions: \$6MM
Location and Transit	Transit Score: 79 (Excellent)
Community Engagement	Presented at Community Council (CC) in July 2023 and Jan. 2024. Community Engagement Meetings held in Aug. 2023 and February 2024.
Plan Cincinnati Goals	Compete Initiative Area Goal 2 (p. 114-120), Sustain Initiative Area Goal 2 (p.193-198)

Project Image and Site Map



Proposed Incentive

Incentive Terms	<ul style="list-style-type: none"> - Sale of City property below FMV (FMV \$3.2MM) - \$2MM District TIF funds (forgivable loan) - 30-year, net 67% Project TIF
Project TIF Type	ORC 5709.40(B) (“Public Project”)
“But For”	The project is not projected to provide net revenue for the first ten years primarily based on reserve requirements of bond financing (inclusive of exemption and loan).
Environmental Building Certification	Non-LEED
VTICA	None
SBE/MBE/WBE Goals	20% MBE, 10% WBE (with a 5% aspirational reach goal for each)
Planning Commission Approval	Land sale, skywalk easement termination, and skywalk demolition approved on August 18, 2023. ROW vacation/sale and façade easement approved on March 15, 2024.
Other Incentives & Approvals	Applicant is seeking a \$1.5MM grant and \$3.5MM loan from JobsOhio.
Additional Incentive Details	City to receive 40% of any Net Revenue and/or Net Sale Proceeds resulting from the project.

Potential Taxes Forgone & Public Benefit

Taxes Forgone	Value
Annual Net Incentive to Developer	\$161,249
Total Term Incentive to Developer	\$4,837,458
City's Portion of Property Taxes Forgone (Term)	\$1,014,649
City's TIF District Revenue Forgone (Term)	\$5,270,663

Public Benefit		Value
CPS PILOT	Annual	\$79,421
	Total Term	\$2,382,628
VTICA	Annual	\$0
	Total Term	\$0
Income Tax Total Term (Maximum)		\$3,294,000
Total Public Benefit (CPS PILOT, VTICA , Income Tax)		\$5,676,628

Total Public Benefit ROI*	\$1.17
City's ROI**	\$0.52

*This figure represents the total dollars generated for public purposes (City/Schools/Other) over total property taxes forgone.

**This figure represents the total income tax generated for the City over the City's property taxes forgone.