March 24, 2021

To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager *(signature)* FOR PBM

202101192

Subject: **COMMUNITY REINVESTMENT AREA TAX EXEMPTION AGREEMENT FOR 64 E. MCMICKEN LLC**

Attached is an Emergency Ordinance captioned as follows:

> **APPROVING AND AUTHORIZING** the City Manager to execute a *Community Reinvestment Area Tax Exemption Agreement* with 64 E McMicken LLC, an affiliate of Northcrown Property LLC thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 64 E. McMicken Avenue in the Over-the-Rhine neighborhood of Cincinnati, in connection with the remodeling of the existing building into approximately 1,370 square feet of commercial space and approximately 4,003 square feet of residential space, consisting of 6 apartments, at a total construction cost of approximately $919,178.

BACKGROUND/CURRENT CONDITIONS

This property is a multi-story vacant building in the Over-the-Rhine neighborhood of Cincinnati. It is within the OTR Historic District. The property is within walking distance to Grant Park. The Developer submitted a CRA application to DCED requesting assistance in the redevelopment of this property.

DEVELOPER INFORMATION

64 E. McMicken LLC is an entity affiliate of Northcrown Property LLC, a neighborhood developer, who primarily redevelops vacant buildings in the Over the Rhine neighborhood surrounding Grant Park. In the past, they have stabilized the historic Crown Brewery Building located at 131 E. McMicken and have multiple projects underway north along E. McMicken.

PROJECT DESCRIPTION

Once completed, this project will consist of 6 apartment units and 1,370 square feet of commercial space. Rent will range between $938-$1,498 per month depending on the square footage of the unit (ranging from 469-899 square feet). In connection with this project, it is estimated that 20 temporary construction jobs are created at a total annual payroll of $750,000.

This 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

The 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 is recommending a 15 year CRA term to allow for the project to secure adequate construction and permanent financing using the realized savings. This project will result in a more vibrant commercial district along the McMicken corridor and bring much needed housing to the northern section of Over the Rhine.

SUMMARY	
Forgone Public Benefit if Project Does not Proceed	
CPS PILOT (Forgone New Revenue)	($56,327)
VTICA (Forgone New Revenue)	($25,603)
Income Tax (Forgone New Revenue)	($27,825)
Total Public Benefit Lost	($109,755)
Incentive Value	
Annual Net Incentive to Developer	$8,876
Total Term Incentive to Developer	$88,758
City's Portion of Property Taxes Forgone	$22,029
Public Benefit	
CPS PILOT	
Annual CPS Pilot	$5,633
Total Term CPS PILOT	$56,327
VTICA	
Annual VTICA	$2,560
Total Term VTICA	$25,603
Income Tax (Max)	$27,825
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	$109,755
Total Public Benefit ROI*	$1.24
City's ROI*	$4.98

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The emergency clause in the Ordinance is required for the developer to maintain a strict project schedule.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs