

August 2, 2021

To: Members of the Budget and Finance Committee 202102547
From: Paula Boggs Muething, City Manager
Subject: **EMERGENCY ORDINANCE – APPROVING THE SALE OF CITY-OWNED PROPERTY LOCATED AT 6007 MADISON ROAD**

Attached is an Emergency Ordinance captioned:

AUTHORIZING the City Manager to execute a *Property Sale and Development Agreement* with 6121-23 Madison Rd. Opportunity Fund, LLC, for the sale of City-owned real property located at 6007 Madison Road in the Madisonville neighborhood of Cincinnati, to be consolidated with the purchaser's own property and redeveloped as a mixed-use development; **ESTABLISHING** new capital improvement program project account no. 980x162x221641, "DCED Property Improvements," for the purpose of providing resources for permanent improvements to vacant buildings and properties controlled or previously controlled by the Department of Community and Economic Development; and further, **DECLARING** expenditures from capital improvement program project account no. 980x162x221641, "DCED Property Improvements," to be for a public purpose.

BACKGROUND/CURRENT CONDITIONS

The City currently owns 6007 Madison Rd. in Madisonville (the "Property"). The City previously leased the property to the Civic Garden Center of Greater Cincinnati ("CGC") for use as a community garden.

The City proposes to sell the property to the adjacent property owner, 6121-23 Madison Rd. Opportunity Fund, LLC (the "Developer"), to facilitate their redevelopment of 6011 Madison Rd. The Developer has agreed to (i) perform work associated with the Garden Relocation at the same cost as a third-party bid for work and approved by CGC, and/or (ii) reimburse CGC for expenses associated with the Garden Relocation in an amount totaling \$15,000, and the City is willing to reduce the Purchase Price in consideration thereof.

DEVELOPER INFORMATION

The Developer, 6121-23 Madison Rd. Opportunity Fund, LLC, recently completed full rehabs of a multi-use project at 6121-23 Madison Rd. and a commercial property at 6306 Madison Rd. The Sponsor/Principal of the development entity is a long-standing commercial real estate banker.

PROJECT DESCRIPTION

The Developer plans to renovate and expand the existing building located at 6011 Madison Rd. into approximately 7,707 square feet of residential space consisting of 7-8 apartments and approximately 3,793 square feet of commercial space. Residential rents are expected to be between \$1,250 for a 1 Bed, 1 Bath with a Study and \$1,450 for a 2 Bed, 2 Bath. 6007 Madison Rd. will be used to establish new ingress/egress and to create 12 surface parking spaces. The total project cost is approximately \$1,950,342 (\$1,234,650 in hard costs). The project is expected to create 25 new full-time equivalent permanent jobs (FTEs) with a total annual payroll of \$1,000,000 and to create 15 full-time temporary construction jobs with a total annual payroll of \$600,000.

PROPOSED INCENTIVE

DCED is recommending the sale of City-owned real property located at 6007 Madison Rd. for less than fair market value.

The fair market value of the City-owned property was determined by appraisal to be \$39,500. However, to facilitate the Project and in consideration of the Developer's reimbursement of the Garden Relocation Expenses, the City is agreeable to selling the City Property to Developer for less than fair market value; namely, for \$28,442.

DCED is also recommending a 15-year, net 52% CRA tax exemption. This proposed incentive is outlined in a separate ordinance.

PROJECT TEAM & TIMELINE

The project's legislative team (listed below) is available to answer questions regarding this project.

- Assistant City Manager: Billy Weber (Ext. 3318)
- DCED Deputy Director: Dan Bower (Ext. 1955)
- Project Attorney: Samantha Brandenburg (Ext. 4704)

The anticipated council timeline is as follows:

- August 2, 2021: Budget and Finance
- August 4, 2021: City Council for Final Approval

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The emergency clause is needed so that the project can meet its construction commencement deadlines.

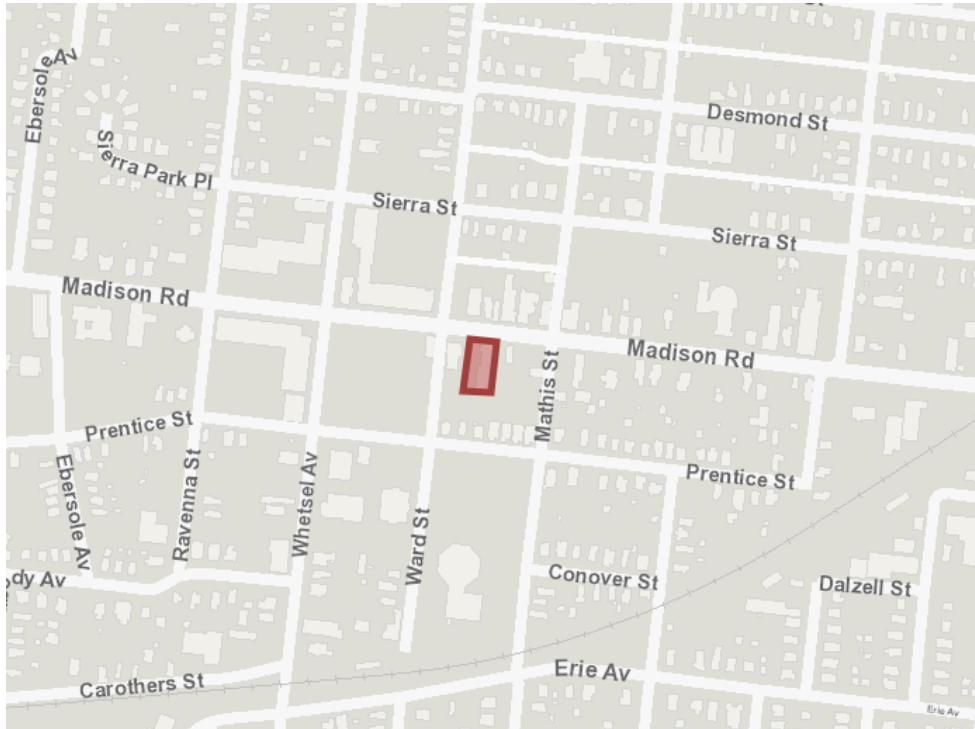
Attachment: A. Property location and photographs

Property Sale and Development Agreement
6121-23 Madison Rd. Opportunity Fund, LLC

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

Attachment A: Location and Photographs



Property Location



6007 and 6011 Madison Rd.