

City of Cincinnati



801 Plum Street, Suite 356
Cincinnati, Ohio 45202

Phone (513) 352-5205
Email Jan-Michele.Kearney@cincinnati-oh.gov
Web www.cincinnati-oh.gov

Jan-Michele Lemon Kearney
Vice Mayor

January 12, 2026

MOTION TO CREATE “BUY THE BUILDING” PROGRAM FOR SMALL BUSINESSES

WE MOVE that the administration work with City Council to create a “Buy the Building (BTB)” program to assist small businesses in obtaining ownership of a building in which they will house their business. The City of Cincinnati’s Office of Opportunity would track the progress of the program, including participants’ demographics and report to Council on a quarterly basis.

Similar to the Hamilton County Down Payment Match Program, the City would consider the following for its BTB program:

1. Partnering with an entity such as Alloy to create the BTB program;
2. Establishing funding for up to \$50,000 as down payment assistance.
3. Requiring that part of the building is used for the small business.
4. Requiring that the building is owner-occupied.

In addition, the City of Cincinnati would consider:

1. Eligibility requirements;
2. Owner-occupied, commercial or mixed use (commercial and residential) property purchasers,
3. Property must be within the City of Cincinnati,
4. The business must meet the guidelines of the Small Business Administration’s 504 loan (see Attachment A) except the business may be a nonprofit as well as a for-profit.
5. Allowing mixed use of the building purchased so that its use could be residential as well as commercial.
6. Partnering with 3CDC to provide some of their inventory for the BTB program.

A handwritten signature in blue ink that reads "Jan-Michele Lemon Kearney".

Vice Mayor Jan-Michele Lemon Kearney

STATEMENT

Many entrepreneurs rent a space for their small business. However, there are many advantages to owning the business' building rather than renting a space in a building. Some of those advantages are as follows:

- **Stability in costs:** Fixed mortgage payments instead of fluctuating rent are predictable and give the entrepreneur more control over finances.
- **Freedom to customize space** without owner's approval and the improvements can add value to the building which further benefits the entrepreneur who owns the building.
- Ownership allows **equity building which increases wealth** and can also be a tool for building the business or in retirement planning.
- Potential for **property appreciation translates into increased wealth** for the entrepreneur.
- **Tax advantages** include the mortgage interest deductions as well as deductions for expenses for the maintenance and improvement of the building.
- Ownership provides a stable location for the business which creates **stability, and security**.
- Potential rental income: Renting out other parts of the building for residential or commercial use **add a stream of income**.

In creating the City's BTB program, most of the requirements of the Small Business Administration's 504 Loan Program (see Attachment A) should be considered for incorporation into the City's program. For example, the entrepreneur's business must have a net worth of less than \$15 million and have an average net income of less than \$5 million. However, the 504 loan program only serves for-profit businesses. The City should consider including non-profits in the BTB program.

The City should also consider a few deviations from the Hamilton County Down Payment Match Program such as not requiring that the business has operated for at least 24 months, and not excluding mixed use (commercial and residential) buildings. The model in many parts of the City such as OTR and College Hill is one where residents live above businesses in the neighborhood business districts.

Finally, the Office of Equity is the appropriate "home" for the BTB program, and should report on the progress of the program in helping small businesses to buy the property where their business is located, as well as track demographic information including race and gender of the participants to ensure equity.

Attachment A

Small Business Administration 504 Loan

What is the 504 loan program?

The 504 loan program provides long-term, fixed rate financing for major fixed assets that promote business growth and job creation.

504 loans are available through Certified Development Companies (CDCs), SBA's community-based nonprofit partners who promote economic development within their communities. CDCs are certified and regulated by SBA.

The maximum loan amount for a 504 loan is \$5.5 million.

Am I eligible?

To be eligible for a 504 loan, your business must:

- Operate as a for-profit company in the United States or its possessions
- Have a tangible net worth of less than \$15 million
- Have an average net income of less than \$5 million after federal income taxes for the two years preceding your application

Other general eligibility standards include falling within SBA size guidelines, having qualified management expertise, a feasible business plan, good character and the ability to repay the loan.

Loans cannot be made to businesses engaged in nonprofit, passive, or speculative activities. For additional information on eligibility criteria and loan application requirements, small businesses and lenders are encouraged to contact a Certified Development Company in their area.

How do I use a 504 loan?

A 504 loan **can** be used for a range of assets that promote business growth and job creation. These include the purchase or construction of:

- Existing buildings or land
- New facilities
- Long-term machinery and equipment with a useful remaining life of a minimum of 10 years, including project-related AI-supported equipment or machinery for manufacturing products

Or the improvement or modernization of:

- Land, streets, utilities, parking lots and landscaping
- Existing facilities

A 504 loan **cannot** be used for:

- Working capital or inventory
- Consolidating, repaying or refinancing debt
- Speculation or investment in rental real estate
- The financing of AI-related working capital, intellectual property, or consulting services soft costs

What do I need to apply?

504 loans are available exclusively through Certified Development Companies (CDCs). Find a CDC in your area to ensure you are dealing with a qualified lender. CDCs are uniquely qualified to understand 504 loan program regulations, and will help you navigate the lender channels to create your project financing.