

October 12, 2020

To: Mayor and Members of City Council

From: Paula Boggs Muething, Interim City Manager

PBM

202001883

Subject: **AMENDMENT - TAX INCREMENT FINANCING EXEMPTION
FOR ACKERMANN ENTERPRISES, INC.**

Attached is an Emergency Ordinance captioned as follows:

AMENDING Ordinance No. 495-2019 to modify the reference from Fund 762 to Fund 763 to accommodate Ackermann Enterprises, Inc.'s and its affiliates' proposed financing.

BACKGROUND/CURRENT CONDITIONS

Ackermann Enterprises, Inc. is the selected developer for the Madison and Whetsel site in Madisonville and they are finalizing their financing for the Phase IIB project. City Council approved Ordinance No. 495-2019 in December 2019, authorizing the establishment of a Project TIF exemption for the Phase IIB project. City Council also approved Ordinance No. 249-2020 in August of 2020, authorizing the 4th Amendment to the Funding, Acquisition, and Development Agreement (FADA) between the City and the Developer, which included a detailed Phase IIB project scope, investment and job creation commitments from the Developer, as well as final details on the City incentives involved with the project.

DEVELOPER INFORMATION

Ackermann Group is a local property management and development firm led by Dobbs Ackermann. The company has been involved with large mixed-use projects including the ongoing Phase I and Phase IIA projects at Madison & Whetsel as well the completed University Station Project located near the Dana Avenue and Montgomery Road intersection in the neighborhood of Evanston and City of Norwood.

PROJECT DESCRIPTION

The scope of the proposed Phase IIB project has remained unchanged since last presented to City Council in August in conjunction with the 4th Amendment to the

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FADA Agreement. It will cover the entire Southeast block consisting of ten City owned parcels and one parcel owned by the Developer.

The scope of the new construction project includes the following:

- Approximately 92 market rate residential rental units (studio and 1-bedroom units). Rents are estimated to range from \$971 to \$1,778.
- Approximately 18,900 SF of commercial space
- Approximately 94 surface parking spaces
- Approximately 15 public parking spaces on Prentice Street
- ROW infrastructure improvements to support the private development including streetscaping, water main, a public plaza, and roadway maintenance

The total project cost is estimated to be \$24.0MM, including \$16.3MM in private investment. The Developer is committing to cause the creation of 88 FTE permanent jobs and \$4.9MM in annual payroll as a result of the project as well as 124 construction jobs with \$6.8MM in one-time payroll.

PROPOSED INCENTIVE

No new incentives than that which were included with the previously approved Ordinance Nos. 495-2019 and 249-2020 are proposed. City Council authorization is only needed to allow for the financing changes proposed by the Developer. Service Payments resulting from the Project TIF exemption were previously intended to go towards debt service payments for bonds issued by The Port of Greater Cincinnati Development Authority. The Developer no longer intends to utilize bonds issued by The Port. The Port will remain involved in the transaction in a sale/leaseback structure to provide a sales tax savings to the project.

The Developer instead plans to increase debt financing with their private lender. City Council authorization is needed to allow for Service Payments to be rebated to the Developer for private debt service. Annual rebated Service Payments will not exceed \$292,109 and will require submission of documentation related to debt service payments.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

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