

September 28, 2020

To: Mayor and Members of City Council

202001599

From: Paula Boggs Muething, Interim City Manager

SML per PBM

Subject: **FUNDING AGREEMENT FOR FOUNTAIN PLACE, LLC - THE
FOUNDRY REDEVELOPMENT AT 505 VINE STREET**

Attached is an Emergency Ordinance captioned as follows:

AUTHORIZING the City Manager to execute a Funding Agreement with Fountain Place, LLC, a subsidiary of Cincinnati Center City Development Corporation (3CDC), providing for a forgivable loan of \$2,929,750 to fund redevelopment of 505 Vine Street (formerly known as Fountain Place) and proximate public infrastructure, located in the Central Business District of Cincinnati; **ESTABLISHING** new capital improvement program project account no. 980x164x211636, "Fountain Place Redevelopment – TIF" to provide resources for the redevelopment of 505 Vine Street and proximate public infrastructure; **AUTHORIZING** the transfer and appropriation of the sum of \$2,093,071.13 from unappropriated surplus of Downtown/OTR West Equivalent Fund 482 (Downtown/OTR West TIF District) to the newly-established capital improvement program account no. 980x164x211636, "Fountain Place Redevelopment – TIF," to provide resources for the redevelopment of 505 Vine Street and proximate public infrastructure; **AUTHORIZING** the transfer and appropriation of the sum of \$836,678.87 from the unappropriated surplus of Fountain Square West Trust Fund 156 to the newly-established capital improvement program project account no.980x164x211636, "Fountain Place Redevelopment – TIF," to provide resources for the redevelopment of 505 Vine Street and proximate public infrastructure; and further **DECLARING** expenditures from such project account serve a public purpose.

BACKGROUND/CURRENT CONDITIONS

Fountain Place, LLC is the current property owner of the project referred to as the Foundry, which is located at 505 Vine Street in the Central Business District. This building is commonly known as Fountain Place and is the former home to a Macy's Department store. On December 18, 2019, City Council approved the execution of a Property Sale and Development Agreement between Fountain Place, LLC and the

Department store. On December 18, 2019, City Council approved the execution of a Property Sale and Development Agreement between Fountain Place, LLC and the City. The execution of this PSDA resulted in the sale of the underlying land at 505 Vine Street to 3CDC and the creation of a 30-year, 5709.40(B) TIF on the property. However, upon further review, Fountain Place, LLC determined their need of additional subsidy to complete the project and submitted a Financial Assistance application for the redevelopment of this building. These applications were received and reviewed by DCED.

DEVELOPER INFORMATION

Fountain Place, 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. 3CDC has completed large office projects similar to the Foundry, including a project across Race Street which is home to the company 84.51°.

PROJECT DESCRIPTION

The Foundry Project is the redevelopment of the building known as Fountain Place into a mixed-use office building with ground-floor commercial space. Once completed, this project will consist of 205,000 square feet of office space, 20,000 square feet of commercial space, and the rehabilitation of an existing 164-parking space garage.

The estimated total project cost for this portion of the redevelopment is \$2,929,750, which includes a full streetscape on Vine Street, Race Street, and 5th Street, the demolition of the skywalk that connects Fountain Place to Carew Tower and repairing of Carew Tower, and exterior demolition of Fountain Place. This project will create 29 temporary construction jobs at an annual payroll of \$1,063,680. This project is in line with the Compete Initiative of Plan Cincinnati. 3CDC received the support of the Downtown Residence Council on August 10th and presented to the Over the Rhine Community Council's Board on September 14th.

PROPOSED INCENTIVE

DCED is recommending a 5-year, forgivable loan of \$2,929,750 for this portion of the project. \$2,093,071.13 of the forgivable loan will come from the Downtown/OTR West TIF District, and the remaining \$836,678.87 will come from the expired Project TIF associated with the original Macy's project in the early 1990s. This incentive is in addition to the previously approved sale of the underlying land at 505 Vine Street to 3CDC and the creation of a 30-year, 5709.40(B) TIF on the property. The streetscape work and the skywalk demolition are considered public improvement projects, and will be primarily funded with TIF district funds, while the exterior demolition,

considered a private improvement, will be completely funded by the project TIF money that is associated with this property.

Because of its location off Fountain Square, 505 Vine Street is one of Cincinnati's most important properties. Improving the street-level vibrancy surrounding this property by improving the streetscape is essential to the success of Cincinnati's premier public square. Moreover, the Foundry project in its totality will bring hundreds of office workers to our urban center, improving the long-term sustainability as Cincinnati's urban core as the economic core of our region.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs

