



October 23, 2024

To: Mayor and Members of City Council

From: Sheryl M.M. Long, City Manager

202402203

Subject: **Emergency Ordinance – Approving and Authorizing CRA Tax Exemption Agreement with Hooper Cincy, LLC**

Attached is an Emergency Ordinance captioned:

**APPROVING, AND AUTHORIZING** the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement (LEED or Living Building Challenge) with Hooper Cincy, LLC, thereby authorizing a fifteen-year tax exemption for 100 percent of the value of improvements made to real property located at 139 and 151 W. Fourth Street in the Central Business District of Cincinnati, in connection with the remodeling of an existing building into approximately 61,114 square feet of residential space, consisting of 102 residential units and approximately 4,636 square feet of commercial space, which remodeling shall be completed in compliance with Leadership in Energy and Environmental Design Silver, Gold, or Platinum standards or Living Building Challenge standards, at a total remodeling cost of approximately \$16,877,500.

### STATEMENT

**HOUSING:** The additional housing units this project will provide will go toward helping to alleviate Cincinnati's strained housing market, which is currently experiencing increasing affordability issues due to lack of supply.

### BACKGROUND/CURRENT CONDITIONS

151 W. 4<sup>th</sup> Street, also known as the Hooper Building, is a former coworking space located in the Downtown neighborhood. The coworking company that previously owned the building faced high vacancies and defaulted on their mortgage in late 2023. Shortly thereafter, the building was acquired by Hooper Cincy, LLC, an affiliate of The Bernstein Companies.

The office portion of the building is currently vacant. The building also contains a 200-unit storage facility in the basement, as well as three street-level commercial spaces. Two of the street level commercial spaces are currently occupied, one by Saigon Subs & Rolls, and the other by G2 Coffee Lounge & Bistro. Both commercial tenants will be retained following the completion of renovation. The storage facility will also be retained.

### **DEVELOPER INFORMATION**

The Bernstein Companies is a development firm based in Washington D.C. that has been in business for over 90 years. They have significant experience in mixed-use development, particularly office-to-residential conversion projects. They place a particular emphasis on renovating historic buildings, and recently redeveloped the Textile Building, located across the street from the Hooper Building. They intend to market the Hooper Building as a “sibling” property to the Textile, in which residents of the Hooper can enjoy the amenities of the Textile.

Examples of other projects completed by The Bernstein Companies include the Marriott International Corporate Headquarters in Bethesda, Maryland, the Mark in Kansas City, Missouri, and the Highline Apartments in Hyattsville, Maryland.

### **RECOMMENDATION**

The Administration recommends approval of this Emergency Ordinance.

Attachment: Project Outline and Proposed Incentive

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

### Project Outline

Project Name	Hooper Building
Street Address	139-151 W. 4 <sup>th</sup> Street
Neighborhood	Downtown
Property Condition	Primarily Vacant Building
Project Type	Renovation
Project Cost	Hard Construction Costs: \$16,877,500 Acquisition Costs: \$3,900,000 Soft Costs: \$3,557,409 Total Project Cost: \$24,334,909
Private Investment	Private Financing: \$14,600,945 Developer Equity: \$2,426,668 HTC Equity: \$7,307,295
Sq. Footage by Use	Residential: 61,114 SF Office: 4,363 SF
Number of Units and Rent Ranges	19 Studio Units; Rent Range \$1,100-\$1,200 75 1-BR Units; Rent Range \$1,400-\$1,527.27 8 2-BR Units; Rent Range \$1,800-\$1,963.64 102 Total Units
Median 1-BD Rent Affordable To	Salary: \$56,000 City Job Classification: Contract Compliance Specialist, Parking Enforcement Officer, Laboratory Technician 2, Truck Driver
Jobs and Payroll	Created FTE Positions: 9 Total Payroll for Created FTE Positions: \$500,000 Average Salary for Created FTE Positions: \$55,555 Construction FTE Positions: 125 Total Payroll for Construction FTE Positions: \$6M
Location and Transit	Located within the West Fourth Street Historic District Transit Score: 79
Community Engagement	None
Plan Cincinnati Goals	Compete Initiative Area Goal 2 (p. 114-120), Live Initiative Area 3 Goal (p.164-178), Sustain Initiative Area Goal 2 (p.193-198)

**Project Image and Site Map**



**Proposed Incentive**

Incentive Terms	15-year, net 67%
Incentive Application Process	LEED Commercial CRA – Downtown Streetcar Area
“But For”	Without Abatement: -1% rate of return (stabilized) With Abatement: 8% rate of return (stabilized) Project would not proceed without an abatement.
Environmental Building Certification	LEED Silver
VTICA	Streetcar VTICA – 0%
SBE/MBE/WBE Goals	SBE Goal of 30%

**Potential Taxes Forgone & Public Benefit**

<b>Taxes Forgone</b>	<b>Value</b>
Annual Net Incentive to Developer	\$197,140
Total Term Incentive to Developer	\$2,957,096
City's Portion of Property Taxes Forgone (Term)	\$0
City's TIF District Revenue Forgone (Term)	\$3,221,911

<b>Public Benefit</b>	<b>Value</b>	
CPS PILOT	Annual	\$97,099
	Total Term	\$1,456,480
VTICA	Annual	\$0
	Total Term	\$0
Income Tax Total Term (Maximum)	\$279,750	
Total Public Benefit (CPS PILOT, VTICA, Income Tax)	\$1,727,230	

<b>Total Public Benefit ROI*</b>	\$0.58
<b>City's ROI**</b>	\$0.08

\* This figure represents the total dollars returned for public purposes (City/Schools/Other) over the benefit received.

\*\*This figure represents the total dollars returned for City/ over the City's property taxes forgone.

**For Reference: 2024 Cincinnati MSA Area Median Income Limits**

AMI	1	2	3	4	5	6	7	8
30%	\$22,050	\$25,200	\$28,300	\$31,450	\$36,580	\$41,960	\$47,340	\$57,860
50%	\$36,700	\$41,950	\$47,200	\$52,400	\$56,600	\$60,800	\$65,000	\$73,400
60%	\$44,050	\$50,350	\$56,600	\$62,900	\$67,950	\$72,950	\$78,000	\$83,050
80%	\$58,700	\$67,100	\$75,500	\$83,850	\$90,550	\$97,300	\$104,000	\$110,700