

September 25, 2024

To: Mayor and Members of City Council

From: Sheryl M.M. Long, City Manager

202402071

Subject: **Report - Tax Incentive Review Council Status of Property Tax Exemptions for Year End 2023**

BACKGROUND

The Tax Incentive Review Council (TIRC) held its annual meeting on June 20, 2024 to review the 2023 period performance of companies granted property tax exemptions under Sections 5709.85, 725, and 3735.671 of the Ohio Revised Code (ORC). The TIRC review determines whether businesses have complied with the terms of their agreement related to project investment and job retention/creation. The tax exemption agreements typically allow the company three years to achieve investment and job goals.

The TIRC recommends continuation, modification, or termination of Tax Increment Financing (TIF) exemptions and Community Reinvestment Area (CRA) agreements. It is important to note that the majority of tax exemption agreements executed by the City in recent years have been CRA agreements. TIF Agreements are more complex and tend to be used for large projects and have longer terms.

The following documents are attached:

- Attachment I (*TIRC 2024 Minutes and Summary Report*) reflects the minutes of the TIRC's 2024 Annual Meeting and the Summary Report.
- Attachment II (*2024 TIRC Report – TIF and ORC 725 Exemptions*) represents details of the 2023 year-end status of TIF Projects (General Information and Revenues and Expenditures), TIF Districts, and ORC 725 Exemptions.
- Attachment III (*2024 TIRC Report – CRA Agreements*) reflects details of the 2023 CRA Tax Abatements in four sections: General Information, Construction Issues, Jobs & Payroll Issues, and Reporting Issues.

PERFORMANCE OF TIF DISTRICTS AND TIF PROJECTS

The TIRC is required to review TIF exemptions including TIF Projects and TIF Districts. Attachment II provides detailed information on the 54 Project TIFs, 35 District TIFs, and seven ORC 725 exemptions. All companies with TIF or ORC 725 exemptions are in compliance with required service payments and these exemptions are recommended for continuation.

PERFORMANCE OF COMMERCIAL CRA AGREEMENTS

During the 2023 period there were 377 active commercial CRA agreements. A breakdown of the 2023 review and performance is summarized below and is also detailed in Attachment III:

- There are 330 agreements recommended for **continuation**.
- There are 25 agreements recommended for **modification**. In all 25 cases there is an extension request pending an amendment. Similar to last year, most of the construction delays are related to employment and supply issues as a result of the pandemic and economic factors. Amendments are being drafted for agreements where a letter from the Department Director is not sufficient.
- Five companies are recommended for **termination**. Three of these companies were in default on their CRA Agreement and will be terminated should the default not be remedied. Two of the five terminations are projects where the development plans have changed.
- Seventeen agreements have expired and the projects have been closed.

Termination as a Result of Default

- Lyjaad, LLC (Clifton Market)
- Children United, LLC (Youthland Academy)
- 1737 Vine, LLC

Termination due to Change in Development Plans

- Supreme Bright Cincinnati, LLC (First National Bank)
- Traction Partners, LLC (Traction Company Building)

Agreements that Expired in 2023

- Christian Moerlein Brewing Company
- NBDC I, LLC (Hildebrandt/Hilmon Child Care Center)
- Grandin Company LTD (1308 Race Street)
- Seymour Investments, LLC (Enquirer Distribution Center-Techsolve II)
- Keidel Supply Company, Inc. (Keidel Relocation Project)
- Central Y Senior Apartments, LLC (Parkway Place Apartments)
- Urban Sites (9487 Dry Fork Rd, LLC)
- ACG Federal Reserve, LLC (The Reserve)
- Avila Magna Group, LLC (1509 Republic Street)
- 2718 Observatory Partners, LLC (2718 Observatory Avenue)
- Machine Flats, LLC (3301 Colerain)
- Avondale Housing II, LLC (Avondale Revitalization Phase 1A)
- GCRC Power, LLC (The Power Building)
- North Rhine Heights L.P. (North Rhine Heights)
- 1400 Race, LLC (1400 Race Street)

- Woodburn Pointe, LLC (Woodburn Pointe)
- Aegis Protective Services (3033 Robertson Avenue)

RECOMMENDATION

The ORC Section 5709.85(E) states that City Council must act on the CRA and TIF program recommendations determined at the annual TIRC meeting. Recommendations to continue, modify, or terminate company agreements are contained in the 2024 TIRC Minutes (Attachment I). The Administration recommends approval of these minutes and the recommendations therein.

Attachments: I. TIRC 2024 Meeting Minutes and Summary Report
 II. 2024 TIRC Report – TIF and ORC 725 Exemptions
 III. 2024 TIRC Report – CRA Agreements

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