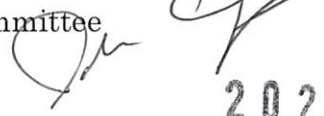


June 15, 2022

To: Members of Budget and Finance Committee

From: John P. Curp, Interim City Manager

Subject: **Emergency Ordinance - Authorizing a LEED Community Reinvestment Area Tax Exemption Agreement with Fountain Residential Partners, LLC**



202201411

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 Fountain Residential Partners, LLC, or an affiliate acceptable to the City, thereby authorizing a 13-year tax exemption for 100% of the value of improvement made to the real property located at 2701 W. McMicken Avenue, 2746 Central Parkway, 2743 Central Parkway, 2721 Central Parkway, 1009 Marshall Avenue, and adjacent property in the Camp Washington and CUF neighborhoods of Cincinnati, in connection with the construction of 3 new residential buildings into approximately 134,620 square feet of residential rental space, consisting of approximately 136 residential rental units, and a clubhouse and leasing facility, which construction 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 construction cost of approximately \$25,000,000.

BACKGROUND/CURRENT CONDITIONS

The proposed project will be located at 2701 W. McMicken Avenue, 2746 Central Parkway, 2743 Central Parkway, 2721 Central Parkway, 1009 Marshall Avenue, and adjacent property. The project site currently sits on vacant land.

On February 4, 2022, Planning Commission approved the vacation and sale of Hallmar Avenue in CUF as it relates to the project in order for the Developer to establish site control and help facilitate the construction of the proposed multi-family development which required a public right-of-way. Subsequent to the vacation and sale of the subject right-of-way, these properties were rezoned as a Planned Development to facilitate the proposed multi-family development. The vacation and sale of City-owned right-of-way was circulated to all City Departments through Coordinated Report No. 72-2021 in the Fall of 2021. There were no objections noted; however, conditions were identified and are actively being satisfied.

The development of the site will replace underutilized land blocks, create jobs, and increase property values and the tax base.

DEVELOPER INFORMATION

Fountain Residential Partners, LLC (FRP), was established in 2010 and headquartered in Dallas, Texas. FRP is a privately held development and asset management company specializing in luxury, mixed-use, and affordable apartment homes in university and collegiate markets across the U.S.

PROJECT DESCRIPTION

Developer desires to construct 3 new residential buildings on a 7.692 acre-site into approximately 134,620 square feet of residential rental space, consisting of approximately 136 residential rental units, and a clubhouse and leasing facility. The unit count by type and proposed rents are as follows: (56) 1-bedroom units, with rents ranging between \$1,000-1,150, (8) 2-bedroom units with rents at \$1,990 (\$995 per bedroom), (28) 4-bedroom units with rents at \$3,500 (\$875 per bedroom), and (44) 5-bedroom units with rents at \$4,125 (\$825 per bedroom).

The project intends to meet LEED Silver energy efficiency standards. Construction is planned to start in fall 2022 with an anticipated completion date of summer 2024. The project will support the creation of 7.5 full-time equivalent permanent jobs with an estimated total annual payroll of \$350,000 and 300 full-time temporary construction jobs with an estimated total annual payroll of \$2,000,000. Total project cost is estimated at \$35 million with construction costs at approximately \$25 million.

This project represents Plan Cincinnati’s “Vision to Compete” by making a targeted investment, and its “Vision of Live” to support and stabilize our neighborhoods. This projects also achieves Plan Cincinnati’s Live Initiative Area’s Goal to “Provide a full spectrum of housing options, and improving housing quality and affordability”. This incentive is consistent with the uniform rules for Community Reinvestment Areas adopted by Council Ordinance 119-2007. Additionally, the vacation and sale of Hallmar Avenue is consistent with the Connect Initiative Area of Plan Cincinnati (2012), particularly within the Strategy to “Plan, design and implement a safe and sustainable transportation system” (p. 135).

PRIORITIES RUBRIC

Pursuant to the *Priorities Rubric* established by City Council, this project is achieving the following policy objectives as outlined herein:

- **Balance Housing Production:**
 The project intends to create 56 one-bedroom apartment units that will be naturally affordable to households making at or below 80% AMI. The units will be marketed to local college and hospital students and professionals.

Unit Type	# Units	# Beds	Projected Rents	80% 1 BR Rent Limit
1 BR	56	56	\$1,000 – \$1,150	\$1,432

**Source: Hamilton County, Cincinnati, OH-KY-IN HUD Metro FMR Area FY2022*

- **Improvement of Vacant, Blighted and/or Underutilized Properties:**

Project replaces vacant land and adds net-new housing units without displacing residents. Project activates previously vacant property. Project enhances an underutilized site (i.e. vacant parcel) and add new amenities (like housing) to the neighborhood.

- **Environmentally Sustainable Development:**

Project will obtain requisite level of U.S. Green Building Council Leadership in Energy and Environmental Design Silver.

- **Voluntary Incentive Contribution:**

As a material representation of the CRA Agreement, the Developer has committed to a 15% VTICA Contribution, half of such VTICA Contribution is to be committed by the Third-Party Administrator to facilitate permanent improvements and neighborhood services furthering urban redevelopment in the applicable neighborhood and the other half of such VTICA Contribution is to be committed by the Third-Party Administrator in supporting quality affordable housing on a Citywide basis. The value of this contribution is estimated to be \$863,456 over the term.

- **Inclusion and Local Business:**

The Developer has committed to using good faith efforts to achieve 17% MBE and 10% WBE utilization goals for construction contracts. In addition, the Developer will utilize the City of Cincinnati's Small Business Enterprise Utilization Plan to maximize the project's probability of achieving the City's aspirational goal of 30% Small Business Enterprise Utilization.

- **Community Outreach:**

Project has been presented numerous times to the Camp Washington Business Association, Camp Washington Community Council, Camp Washington Urban Redevelopment Corp., and CUF Neighborhood Association, Inc. as well at Planning Commission. In connection with the Zone Change and Comprehensive Plan process, notices of a Public Hearing before Planning Commission concerning the Project were also distributed to owners within a 400-foot radius and all stakeholders, including the Clifton Heights Community Urban Redevelopment Corporation. Letters of support have been obtained from several businesses/including the Camp Washington Business Association. Developer intends to continue its community engagement during the development process.

- **Job Creation and Retention:**

Project will support the creation of 7.5 FTE positions with an estimated total annual payroll of \$350K and 300 Temporary Construction jobs with an estimated total annual payroll of \$2MM.

- **Place-Based Investment:**

Project is located in a Federally designated NRSA and an Opportunity Zone. Project is located within 1/2 mile of the Camp Washington Neighborhood Business District. Furthermore, Developer has a draft contract with Cincy RedBike and are working

with local artists in Camp Washington as it relates to completing the underpass renovations and murals on the new retaining walls.

- Transformative Project:
 Project fills a neighborhood need and adds a new community asset (housing for students and university professionals).

PROPOSED INCENTIVE

DCED is recommending a 13-year, net 52% CRA tax exemption based on the project’s financial underwriting. The exemption only applies to the increase in improvement value attributed to the construction.

SUMMARY	
Incentive Value	
Annual Net Incentive to Developer	\$222,949
Total Term Incentive to Developer	\$2,452,436
City's Portion of Property Taxes Forgone	\$662,777
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$146,123
Total Term CPS PILOT	\$1,899,604
VTICA	
Annual VTICA	\$66,420
Total Term VTICA	\$863,456
Income Tax (Max)	\$105,300
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$2,868,360
Total Public Benefit ROI*	\$1.17
City's ROI***	\$4.33

*If the project were going to happen regardless of incentive, this is the return of real dollars for public benefits as potential future dollars are forgone

** If the project were going to happen regardless of incentive, this is the return of real dollars for public benefits as potential property tax dollars to be received by the City are forgone.

PROJECT TEAM & TIMELINE

The project team (listed below) will make themselves available at the request of the councilmember(s).

- Assistant City Manager: William Weber
- DCED Director: Markiea Carter
- Project Attorney: Samantha Brandenburg

The anticipated council timeline is as follows:

- June 15, 2022: City Council for Introduction

LEED Commercial Reinvestment Area Tax Exemption Agreement

*Fountain Residential Partners, LLC – 2701 W. McMicken Ave, 2746-43-21 Central Pkwy, 1009
Marshall Ave*

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- June 21, 2022: Budget and Finance Committee
- June 27, 2022: Budget and Finance Committee
- June 29, 2022: City Council for Final Approval

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The emergency clause in the Ordinance is required for the developer to maintain a strict project schedule and minimize increased construction costs.

Attachment: A. Property location, photograph, and site plan

Attachment: B. Council Priorities Rubric

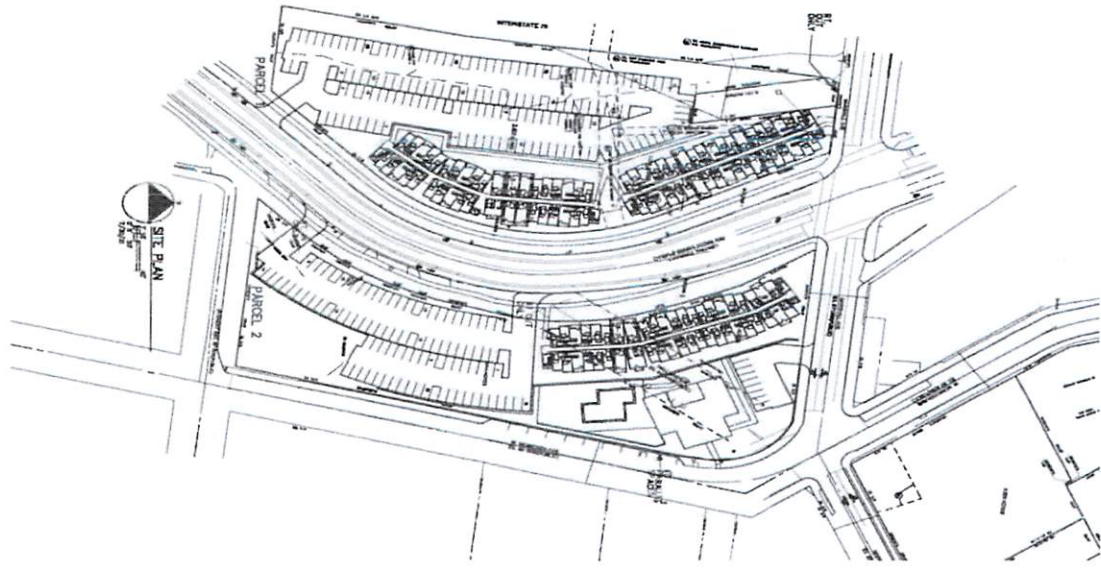
Copy: Markiea L. Carter, Director, Department of Community & Economic Development

Attachment A: Location, Photograph, and Site Plan

Property Location & Photograph



Site Plan



Attachment B: Council Priorities Rubric

BALANCED DEVELOPMENT PRIORITIES

Do total costs of the Project exceed \$5 million? Yes No

Does the present value of proposed City assistance exceed \$3 million? Yes No (\$2.9m est. total taxes exempted for term minus school board payment)

CATEGORY	APPLICABLE?	EXCEEDS	MEETS
BALANCED HOUSING PRODUCTION <ul style="list-style-type: none"> Project creates or preserves, low-income (51%-80% AMI) housing units and/or very low-income housing units (31%-50% AMI) to the extent financially feasible given project conditions. Project creates or preserves extremely low-income housing units (0%-30% AMI) to the extent financially feasible given project conditions. Project creates a mixture of extremely low (0%-30% AMI), very low (31%-50% AMI), and/or low-income (51%-80% AMI) housing units with workforce/middle housing units (81%-120% AMI) and/or market-rate units to the extent financially feasible given project conditions. Project creates additional market-rate or workforce/middle income (81%-120% AMI) housing units that promote a balanced, mixed-income neighborhood without displacing existing lower income residents. 	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
IMPROVEMENT OF VACANT, BLIGHTED AND/OR UNDERUTILIZED PROPERTIES <ul style="list-style-type: none"> Project replaces a vacant and/or underutilized property and adds net-new housing units without displacing existing residents. Project activates a previously vacant building or property. Project eliminates a blighted parcel or parcels (as defined in Ohio Revised Code Section 1.08). Project enhances an underutilized site (i.e. vacant parcel or surface parking lot) and adds new amenities (like housing, office, commercial, community space, etc.) to the neighborhood. Project will involve remediation of a brownfield site or involves mitigation of previously existing site conditions that make redevelopment difficult. 	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT <ul style="list-style-type: none"> Project will obtain requisite level of U.S. Green Building Council Leadership in Energy and Environmental Design Silver, Gold or Platinum or Living Building Challenge Net Zero or Petal (which must comply with the requirements of LBC). 	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
VOLUNTARY TAX INCENTIVE CONTRIBUTION <ul style="list-style-type: none"> Applicant has represented that it (i) will contribute at least 15% of the exempted value of the improvements either in support streetcar operations or to further 	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

neighborhood improvements in the neighborhood of the project and affordable housing city-wide and (ii) will execute an agreement with a third-party memorializing such contribution.			
INCLUSION AND LOCAL BUSINESSES	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Applicant has committed to using good-faith efforts to achieve 17% MBE and 10% WBE utilization goals for construction contracts related to the Project consistent with Chapter 324 of the Cincinnati Municipal Code. Applicant has participated, is participating, or will participate in the City's program advancing minority development professionals. To the extent financially feasible, if a new commercial space becomes available as part of this Project, Applicant has committed (or will cause the end-user to commit) to using commercially reasonable efforts to market and offer this space to local businesses and minority businesses. 			
COMMUNITY OUTREACH	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Applicant has engaged all necessary stakeholders in the community in an open and public process, as early as feasible. DCED made information available to Applicant regarding best practices for community engagement. In the interest of mitigating displacement directly associated with the Project, Applicant has engaged any and all tenants, businesses, and persons that as a direct result of the Project may be entitled to relocation benefits pursuant to Chapter 740 of the Cincinnati Municipal Code. 			
LIVING WAGES AND LOCAL JOBS	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Applicant has committed that all jobs created by the Project (during construction and after) will comply with the City's Living Wage Policy. Applicant has represented that it will engage a partner in the Labor community on construction of the Project to ensure good wages and career training. Applicant will (or will cause the end-user to) adopt hiring policies to ensure at least 25% of any new employees hired are residents of the City and such policies will give preference to residents of the City. 			
JOB CREATION AND RETENTION	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Project will create and/or retain significant jobs and payroll. Project will create and/or retain small/neighborhood business jobs and payroll. Project will create and/or retain more than 10 jobs per acre. 			
PLACE-BASED INVESTMENT	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Project is located in a Federally designated NRSA and/or Opportunity Zone. Project is located within 1/2 mile of a Neighborhood Business District. Project is located along a transit corridor. 			
<ul style="list-style-type: none"> Project encourages traditional compact, walkable neighborhood development. Project is placed within a federally designated Hub Zone. 			
HISTORIC PRESERVATION	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Project will directly lead to the preservation of a historic structure. Project will create increased market activity and investment that will support and encourage preservation of proximate historic structures. 			
TRANSFORMATIVE PROJECT	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Project fills a neighborhood need and/or adds a new community asset (i.e. retail, commercial, grocery, housing). Project saves or preserves existing community asset. Project creates or enhances a public space to be utilized by the community. Project creates/repairs City infrastructure. Project is within a "Targeted Neighborhood" as defined in Ordinance No. 275-2017, as amended. Project is a "Catalytic Project" as defined in Ordinance No. 275-2017, as amended. 			

The Balanced Development Priorities outlined herein are intended to be utilized as a starting point for discussions of certain public benefits created by applicable projects, and are not intended to prevent or discourage the City Administration from presenting projects for Council consideration that do not meet the criteria listed herein. Acknowledging that projects may have benefits that are not captured in the criteria set forth in the Balanced Development Priorities, Council encourages the City Administration to bring forth all worthy projects.