

April 9, 2025

To: Mayor and Members of City Council

From: Sheryl M.M. Long, City Manager

202500732

Subject: Emergency Ordinance – Approving and Authorizing a CRA Tax Abatement with 33 W. Fourth St, LLC

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement with 33 W. Fourth St, LLC, thereby authorizing a twelve-year tax exemption for 100 percent of the value of improvements made to real property located at 33 W. Fourth Street in the Downtown neighborhood of Cincinnati, in connection with the remodeling of an existing building into approximately 41,737 square feet of commercial space including a boutique hotel with approximately 44 guest rooms, at a total construction cost of approximately \$12,400,000.

STATEMENT

HOTELS: The addition of these hotel rooms will relieve Cincinnati's existing and worsening hotel demand issue; a healthy hotel room supply benefits residents by increasing tourist's spending within city-limits instead of regional alternatives and decreasing necessity for the widespread proliferation of short-term-rentals (STR), ultimately allowing for more STR to long-term housing conversion.

BACKGROUND/CURRENT CONDITIONS

The project involves the renovation of 33 West Fourth Street located in the Central Business District. The three to four-story building is vacant and has long been in a state of disrepair, with barricade orders dating back to 2015. 33 W Fourth St. LLC, an affiliate of Blue Suede Hospitality Group, plans to renovate the building resulting in a new 42,000 square foot, 44-room boutique hotel with 1,200 square feet of additional commercial retail space on the first floor. 33 W Fourth St. LLC submitted a Commercial Community Reinvestment Area (CRA) application seeking City incentives to support the renovation and of the building in October of 2024.

DEVELOPER INFORMATION

Established in 2022, Blue Suede Hospitality Group (BSHG) has acquired and developed eight underutilized buildings into operating boutique hotels in Florida, New York, Virginia, Michigan, and Tennessee. BSHG is represented by Founder Kenneth Lipschutz

and Director Adam Nadler. This will be BSHG's first project in Ohio and the Cincinnati market.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

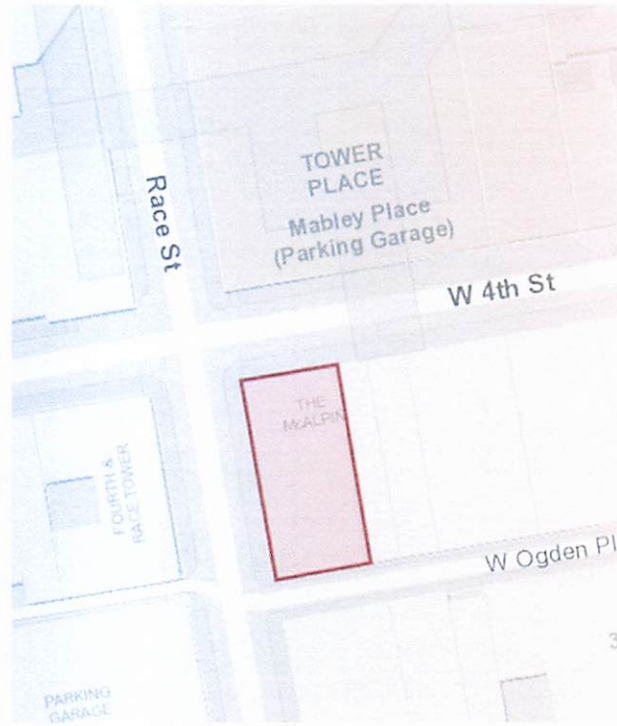
Attachment: Project Outline and Proposed Incentive

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

Project Outline

Project Name	33 W. Fourth St. CRA
Street Address	33 W. Fourth St.
Neighborhood	Central Business District
Property Condition	Vacant Building
Project Type	Renovation
Project Cost	Hard Construction Costs: \$12.4MM Acquisition Costs: \$1.9MM Soft Costs: \$2.5MM Total Project Cost: \$16.8MM
Private Investment	Private Financing: \$0 Developer Equity: \$14.2MM
Sq. Footage by Use	Hotel: 40,500 SF (44 rooms) Commercial: 1,237 SF
Jobs and Payroll	Created FTE Positions: 6 Total Payroll for Created FTE Positions: \$360,000 Average Salary for Created FTE Positions: \$60,000 Construction FTE Positions: 57 Total Payroll for Construction FTE Positions: \$4.0MM
Location and Transit	Located within the West Fourth Street Historic District Transit Score: 80
Community Engagement	None reported.
Plan Cincinnati Goals	Compete Initiative Area Goal 2 (p. 114-120), Sustain Initiative Area Goal 2 (p.193-198)

Project Image and Site Map



Proposed Incentive

Incentive Terms	12-year, net 52%
Incentive Application Process	Commercial CRA – Downtown Streetcar Area (Non-LEED)
“But For”	Without Abatement: 6.6% return (avg. over term) With Abatement: 6.9% return (avg. over term) Project would not proceed without an abatement.
Environmental Building Certification	Non-LEED
VTICA	Streetcar VTICA – 15%
SBE/MBE/WBE Goals	SBE Goal of 30%
Other Incentives & Approvals	\$1.3MM in State Historic Tax Credits secured. Also seeking \$2.4MM in Federal Historic Tax Credits.

Potential Taxes Forgone & Public Benefit

Taxes Forgone	Value
Annual Net Incentive to Developer	\$54,574
Total Term Incentive to Developer	\$654,891
City's Portion of Property Taxes Forgone (Term)	\$208,688
City's TIF District Revenue Forgone (Term)	\$919,366

Public Benefit		Value
CPS PILOT	Annual	\$34,634
	Total Term	\$415,604
VTICA	Annual	\$15,743
	Total Term	\$188,911
Income Tax Total Term (Maximum)		\$149,760
Total Public Benefit (CPS PILOT, VTICA , Income Tax)		\$754,275

Total Public Benefit ROI*	\$1.15
City's ROI**	\$0.13

* 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.