



123 E. McMicken Avenue (aka Volkshaus)

123 E. McMicken Avenue, LLC

Net 52%, 15-year CRA

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## Address

123 E. McMicken Avenue

## Developer

123 E. McMicken Avenue, LLC

## Neighborhood

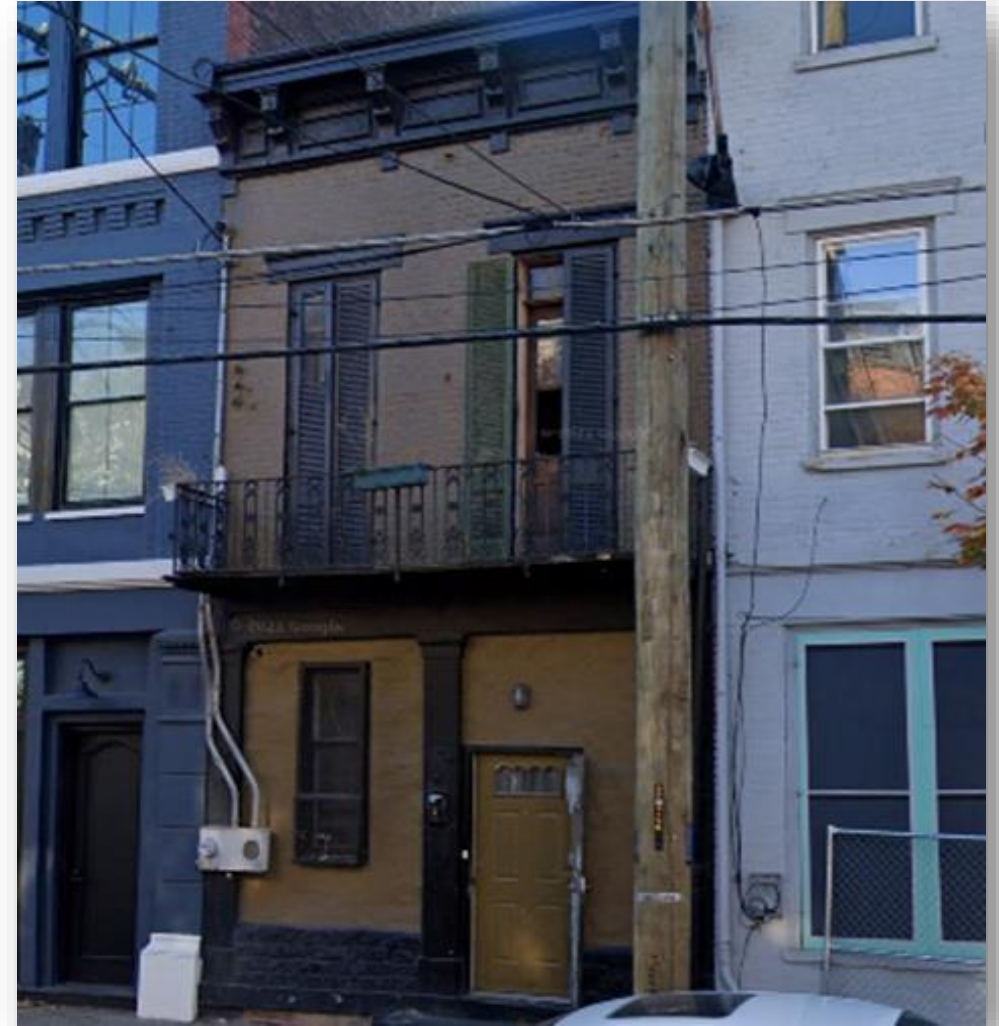
Over-the-Rhine

## Existing Condition

This is a vacant, historic building which will be transformed into 1,530 square feet of commercial space.

## Planned Investment

\$352,909 to remodel the existing building.

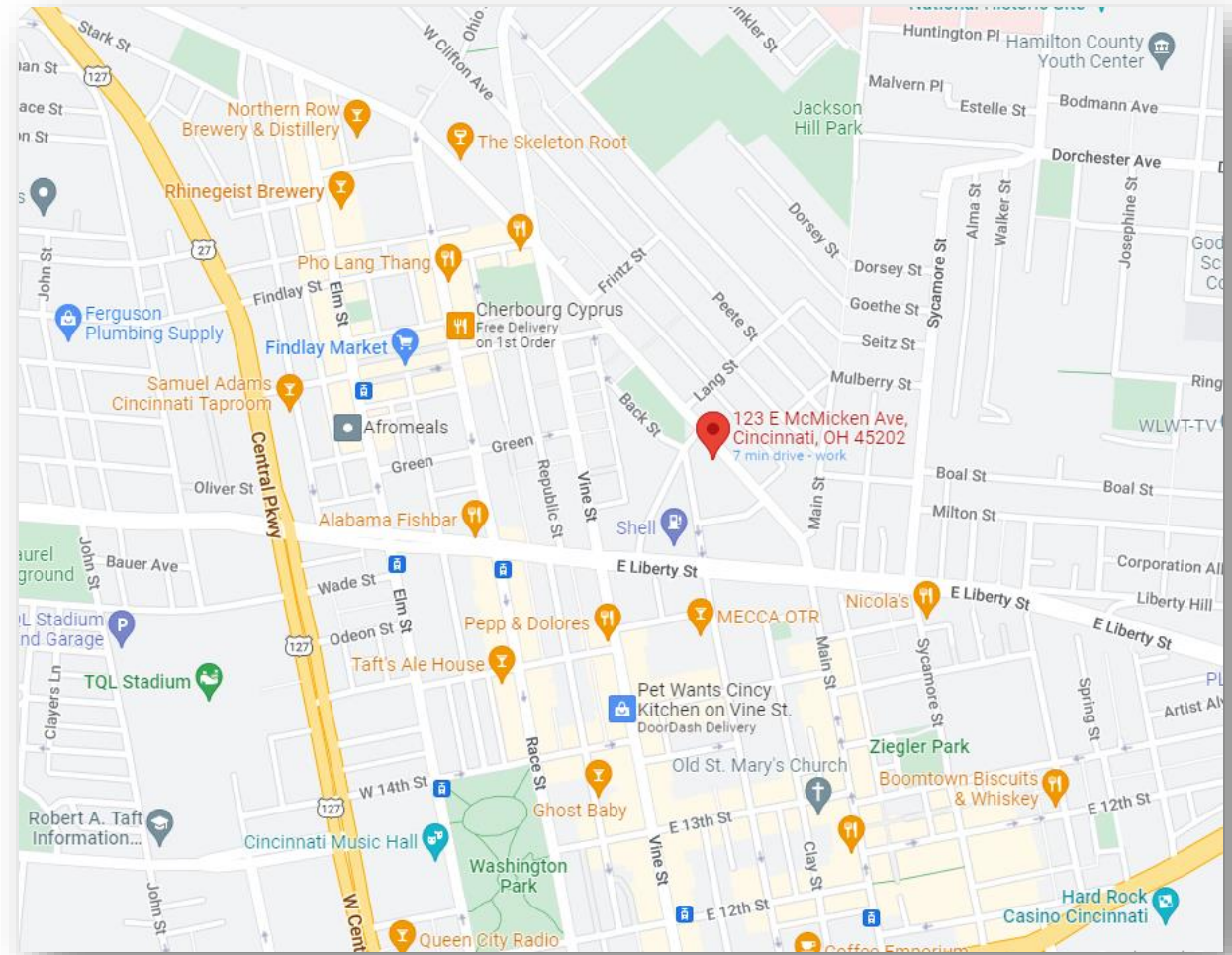


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## Project Summary

- This project will bring commercial development to the severely underinvested McMicken corridor.
- The programming of the space is intentionally designed to welcome all members of the community—creating a unique public/private space.



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## Project Need

Based on the analysis, completed with assistance from a third-party consultant, it was determined that if the rents are held at the level proposed by the Developer, the rents are far below market. While the incentive does slightly increase the rate of return, the rate of return is still lower than similar projects within the market area when the rents are kept.

Additionally, the continuing change in demand for office space may present a challenge in leasing at higher rates.

PROFORMA WITHOUT ABATEMENT (Market Rent)	
Revenue	\$31,624
Operating Expenses	\$14,864
Net Operating Income	\$16,760
Debt Service	\$6,724
Cash Flow	\$10,035
Cash on Cash Return	9%

PROFORMA WITH ABATEMENT (Below Market Rent)	
Revenue	\$22,338
Operating Expenses	\$12,510
Net Operating Income	\$9,828
Debt Service	\$6,724
Cash Flow	\$3,104
Cash on Cash Return	3%

\*Operating Expenses in Transmittal did not reflect all real estate tax payments due

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### Proposed Incentive

DCED is recommending a 100%, net 52% , 15- year CRA tax exemption for this property.

Incentive Terms		
CRA		
Exemption Term		15
Exemption Rate		52%
CPS PILOT Rate		33%
VTICA Rate		15%
Annual Benefits		
Public Benefit		
Annual School Board PILOT		1,372.35
Annual VTICA PILOT		623.80
Annual Payroll Tax		842.40
Total Public Benefit		2,838.55
Company Benefit		
Annual Taxes Foregone		2,162.50
City's Portion of Property Taxes Foregone		584.42
Total Term Benefit		
Public Benefit		
Total School Board PILOT		20,585.30
Total VTICA PILOT		9,356.95
Total Payroll Tax		12,636.00
Total Public Benefit		42,578.25
Company Benefit		
Total Taxes Foregone		32,437.44
City's Portion of Property Taxes Foregone		8,766.30
ROI		
City's ROI		4.86

**Thank you!**

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