

April 7, 2021

To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager

*SPM/PBM*

202101278

Subject: **PROPERTY SALE AND DEVELOPMENT FOR 1630 WEST NORTH BEND ROAD**

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Attached is an Emergency Ordinance captioned as follows:

**AUTHORIZING** the City Manager to execute a Property Sale and Development Agreement with D-HAS Development, LLC pursuant to which the City of Cincinnati will sell, for \$1.00, approximately 2.8484 acres of undeveloped land located at 1630 West North Bend Road in College Hill neighborhood of Cincinnati, for the construction of a private roadway, streetscape, a private community greenspace, and utility infrastructure to create buildable lots for eventual development of approximately 31 single-family.

#### **BACKGROUND/CURRENT CONDITIONS**

College Hill Station is a 7.5-acre, mixed-use development located at the northwest and northeast corners of Hamilton Avenue and North Bend Road in College Hill. Between 2017 and 2018, DCED collaborated with the City's preferred developer of the site, College Hill Community Urban Redevelopment Corporation (CHCURC), in a request for proposals (RFP) process to develop what was then 7.5 acres of vacant City-owned land. As a result of the RFP, the Philadelphia-based developer Pennrose was selected as the lead developer in a partnership with CHCURC. Part of the accepted proposal called for a single-family subdivision on the westernmost portion of the site, which would be separately developed by D-HAS Development, LLC ("Developer"). Since that time, Pennrose and CHCURC purchased approximately 4.7 acres from the City and in 2020 successfully commenced construction on the mixed-use portion of College Hill Station consisting of apartments and commercial storefronts.

The separate single-family portion of College Hill Station, which is the final phase, is the subject of this legislation. DCED has been working with the Developer to advance the sale and development of the westernmost 2.8 acres of the site, 1630 West North Bend Road ("Property"). The Property was formerly a nursing home that became

vacant and blighted, and then was acquired and demolished by the City for redevelopment purposes in the late 2000s.

## **DEVELOPER INFORMATION**

The Developer, D-HAS Development, LLC, is owned by Douglas Hinger. Mr. Hinger is an architect and is also the President of Traditions Building Group (“Builder”). The Developer will be responsible for acquiring the Property, subdividing it into home lots, and developing the utilities and infrastructure to prepare the lots for vertical construction. The Builder will be at risk to construct each pre-sold house.

The Developer and Builder are unique in specializing in urban design and in providing highly customizable options and finishes. They recently completed a very similar development in Evanston called Merrimac Square. The Builder has also built other urban single-family projects in Cincinnati as part of its City Series, at many different price points and in varied locations including Northside, East Walnut Hills, and Hyde Park, in addition to the Evanston project.

## **PROJECT DESCRIPTION**

The project involves the acquisition and subdivision of the Property into 31 home lots, grading the site and installing necessary utilities and infrastructure including a private street, and creating common area amenities such as green space (“Project”). As the buildable lots are pre-sold to homebuyers who will select custom finishes and home details, the lots will then be sold to the Builder to construct each house.

Each of the 31 houses will be customized and designed to achieve variety within the pedestrian-scaled community. The homes will be approximately 2,000 square feet, and similar in size and style, with a 3-story wood frame. Each home will have a first floor consisting of the entry, a 2-car garage, and a studio; a second floor consisting of a customizable main living level; and a third floor consisting of two bedrooms. Homebuyers will also have the option of adding a customizable fourth floor, which could consist of an unfinished attic for storage, or a luxury rooftop terrace with a covered porch and kitchenette. A homeowners’ association will maintain the grounds and roadways through a monthly fee paid by each of the homeowners.

Home prices will range from the low \$400,000s to potentially higher, depending on custom options selected by the homebuyers. Anticipated prices would be similar in range to Merrimac Square in Evanston. In total, the project is anticipated to represent at least \$12,000,000 in private investment. During construction, there will be approximately 65 workers employed on the job site representing \$4,800,000 in approximate payroll.

This development is supported by College Hill Community Urban Redevelopment Corporation and College Hill Forum. The project is also consistent with the Plan Cincinnati goal of “provide[ing] quality healthy housing for all income levels,”

particularly the action step of “direct[ing] funding to develop more moderate and high-income rental and homeownership housing stock” (*Plan Cincinnati*, p. 165).

Cincinnati Planning Commission approved the sale of the Property at its meeting on April 19, 2019.

City Planning and the Developer conducted a public engagement meeting with College Hill Stakeholders following the City Manager’s Community Engagement Policy on Monday March 29, 2021 at 4pm. A written summary of the engagement session can be found on City Planning’s Website. The Developer has also conducted extensive engagement with the College Hill Forum and College Hill Community Urban Redevelopment Corporation and has received letters of support from both organizations.

### **PROPOSED INCENTIVE**

The administration and the Developer have negotiated a Property Sale and Development Agreement (“PSDA”) which would allow the College Hill Station Single Family project to move forward. DCED is recommending the following two financial incentives as part of the PSDA terms:

**Sale of Property Below Fair Market Value** – The City would sell the 2.8-acre parcel of City property for \$1.00, which is a reduction from the fair market value of \$540,000 as determined by City appraisal.

**City Capital Grant** – The City would provide up to \$180,000 to remediate a recently discovered old building foundation related to the former nursing home demolished by the City, which must be removed and replaced with good fill in order to make the site buildable. If the City grant is insufficient to cover the removal cost, the Developer is required to complete the removal with private funding.

The reason for the subsidy is to close a financing gap. DCED’s underwriting shows that the Project is not economically feasible without these incentives as it would require higher than feasible land sale costs for the single-family lots.

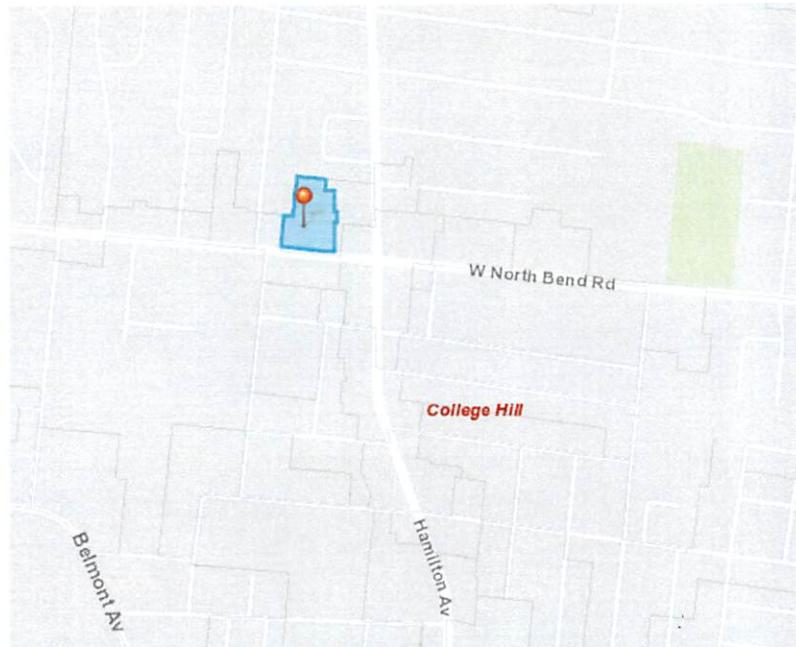
### **RECOMMENDATION**

The Administration recommends approval of this Emergency Ordinance. The reason for the emergency is to accommodate the construction timelines of the Project, which is currently behind schedule.

Attachment: A. Property Location and Site Plan

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

## Attachment A: Property Location and Site Plan



*Property Location - 1630 W. North Bend Rd*



*Site Plan*