city of CINCINNATI
Interdepartment Correspondence Sheet

May 19, 2021

To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager CB for PBM

202101968

Subject: **CRA ABATEMENT AGREEMENT FOR THREE OAKS SENIOR**

Attached is an Emergency Ordinance captioned as follows:

> **APPROVING AND AUTHORIZING** the City Manager to execute a *Community Reinvestment Area Tax Exemption Agreement* with Oakley Yards Land, LLC, thereby authorizing a 15-year tax exemption for 45% of the value of improvements made to real property located at 2800 Robertson Avenue in the Oakley neighborhood of Cincinnati, in connection with the construction of 150 to 200 units of senior housing, at a total construction cost of approximately $35,000,000.

BACKGROUND/CURRENT CONDITIONS

The Developer is proposing to redevelop the former Kenner Toy Factory site in Oakley into a mixed-use phased development that will include approximately 350 to 400 market-rate residential apartment units, 150 to 200 units of senior housing, 105 single-family homes and necessary public infrastructure improvements to support the overall development. Total project cost is expected to be $165 million. Previously, pursuant to Council Ordinance 493-2019, effective December 11, 2019, the City established a project-based tax increment financing exemption on the Project Site pursuant to Ohio Revised Code 5709.40(B).

DEVELOPER INFORMATION

The Developer, Oakley Yards Land, LLC, is an affiliate of Neyer Properties, Inc. of Cincinnati. Neyer Properties, formed in 1995, is a fully integrated real estate company headquartered in the Evanston neighborhood of Cincinnati. Recent projects completed by Neyer include the Baldwin building renovation in Walnut Hills and the Keystone Park development in Evanston.

PROJECT DESCRIPTION

Developer will redevelop the former Kenner Toy Factory site into a walkable mixed-use residential development. The project will consist of the Developer's design and construction of approximately 350 to 400 market-rate residential apartment units, 150 to 200 units of senior housing and 105 single-family homes. The project will also consist of various public infrastructure improvements, such as demolition of former industrial buildings, environmental remediation, and design and construction of public right of way, public roads, public pedestrian path, park space, stormwater management, utilities, and sitework. The senior project will cost an estimated $35 million and expected to be completed in its entirety by June 2024.

The Developer estimates that the multifamily project will support the creation of 200 full-time equivalent temporary jobs with an annual payroll of approximately $12,000,000; and 50 full-time equivalents at an annual payroll of approximately $2,750,000 following completion of construction.

The development is supported by the Oakley Community Council and is also consistent with the Plan Cincinnati's Compete Initiative Area, particularly within the Goal to "Focus development on the existing centers of activity by developing compact walkable mixed-use districts and better connect them to residential areas" (Plan Cincinnati, page 116).

PROPOSED INCENTIVE

The Emergency Ordinance provides for a 45%, 15-year CRA tax exemption for this property. The exemption applies only to the increase in value of the building attributable to the project improvements. Pursuant to the Commercial CRA policy established by City Council, this project scored 3 points on the Neighborhood CRA scorecard as indicated below, which would merit a 5-year, net 40% CRA Tax Abatement:

"But For" Analysis (0-3 points) *	3
LEED (0-6 points)	0
Neighborhood VTICA (1 point for contributions over 1% but less than 15% and 8 points for contributions of 15% or more)	0
TOTAL	3

However, the Administration is recommending a 15-year, 45% CRA abatement, which is inconsistent with the project's points determination. Under City Council Ordinance 339-2018, the Administration may determine that an Undercapitalized Project warrants an abatement term and/or percentage up to the maximum amounts permitted. The Administration has determined the project would not be financially feasible if limited to a CRA abatement calculated solely using the points determination. The recommended abatement percentage and term is also necessary to ensure that the debt issued to pay for certain public improvements related to the project can be serviced by the Project TIF revenues.

SUMMARY	
Forgone Public Benefit if Project Does not Proceed	
CPS PILOT (Forgone New Revenue)	($2,632,253)
VTICA (Forgone New Revenue)	$0
Income Tax (Forgone New Revenue)	($1,066,500)
Total Public Benefit Lost	($3,698,753)
Incentive Value	
Annual Net Incentive to Developer	$356,285
Total Term Incentive to Developer	**$5,344,271**
City's Portion of Property Taxes Forgone	**$1,029,459**
Public Benefit	
CPS PILOT	
Annual CPS Pilot	$175,484
Total Term CPS PILOT	**$2,632,253**
VTICA	
Annual VTICA	$0
Total Term VTICA	**$0**
Income Tax (Max)	**$1,066,500**
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	**$3,698,753**
Total Public Benefit ROI*	$0.69
City's ROI**	$1.04

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The emergency clause is needed so that the project can meet its construction commencement deadlines.

Attachment: A. Property location and photographs

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

<u>**Attachment A: Location and Photographs**</u>

Property Location & Concept Plan