

## Wright, Angela

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**From:** Weber, William  
**Sent:** Friday, February 26, 2021 3:38 PM  
**To:** Wright, Angela  
**Subject:** Proposed transmittal e-mail

Councilmember Landsman,

On behalf of the City Manager's Office, please find attached an illustrative example of a completed rubric and corresponding transmittal for a hypothetical project. The purpose of this communication is to provide a demonstration of how the City Administration would apply the proposed rubric and present project information to Council.

Robert, please submit and include this e-mail and attachments as a communication for the Budget and Finance agenda for 3/1/2021



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March 1, 2021

To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager

Subject: **EMERGENCY ORDINANCE – DEVELOPMENT AGREEMENT  
WITH NEIGHBORHOOD DEVELOPERS, LLC (ILLUSTRATIVE  
PURPOSES ONLY)**

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Attached is an Emergency Ordinance captioned as follows:

**AUTHORIZING the City Manager to execute a *Development Agreement* with Neighborhood Developers, LLC pertaining to the redevelopment of property located in the Northside neighborhood of Cincinnati, and providing for City assistance to the project in the form of a rebate of a portion of the service payments in lieu of taxes imposed in connection with a proposed 30-year property tax exemption for improvements pursuant to Ohio Revised Code Section 5709.41, subject to the passage by this Council of a separate ordinance authorizing such tax exemption.**

### **BACKGROUND**

The ABC Development project involves the redevelopment of three vacant buildings adjacent to the neighborhood business district in Northside. Neighborhood Developers, LLC acquired the properties over the course of two years. Two of the buildings are uninhabitable in their current state and will be razed for construction of a new large-scale mixed-use building offering residential and flexible-office space. The third building will be renovated into an apartment building which offers efficiencies and 1-2-bedroom units.

### **DEVELOPER INFORMATION**

Neighborhood Developers, LLC is a joint venture between Partners First, LLC a regional development firm, and Queen City Built, LLC, a Cincinnati-based minority-owned development company. The development team specializes in urban infill, mixed-use, and multifamily residential buildings, and this will be their first project

in Cincinnati. Partners First, LLC has previously demonstrated success developing mixed-use infill projects in Indianapolis, Louisville, and Nashville, while Queen City Built, LLC offers expertise renovating two- and three-family properties in the City.

## **PROJECT DESCRIPTION**

Pursuant to the Development Agreement between the City of Cincinnati and Neighborhood Developers, LLC, the project will include 150 residential units, 10,000 square feet of street-level retail space, 7,500 square feet of flexible office space, and a surface parking lot. The total project cost is estimated to be \$30 million.

## **PRIORITIES RUBRIC**

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

- **Balanced Housing Production**  
*The ABC Development project will create 100 market-rate residential units and 50 affordable residential units. The mixture of affordable residential units will include 25 units available to low-income and 25 middle/workforce income households, otherwise stated as earning 51-80% and 81-120% of the area median income (AMI), respectively.*
- **Improvement of Vacant, Blighted, and/or Underutilized Properties**  
*This project involves the complete transformation of three vacant buildings which have historically been subject to code enforcement and police response actions. These properties have a blighting effect on the surrounding neighborhood, and present health and safety concerns to residents. Two of the buildings will be razed to accommodate construction of a new large-scale mixed-use building offering residential and flexible-office space. Project will revitalize one long-vacant building, which will be converted into residential rental units. The commercial reuses of these properties provide an additional amenity to the neighborhood.*
- **Environmentally Sustainable Development**  
*Obtaining LEED certification or equivalent is not feasible for the development due to financial constraints and increased development costs associated with obtaining such status.*
- **Voluntary Tax Incentive Contribution**  
*As a material representation of the Development Agreement, Neighborhood Developers, LLC has committed to a 15% contribution of the exempted value of the improvements in support of neighborhood improvements in the neighborhood of the project and affordable housing city-wide. The value of this contribution is estimated to be \$2,500,000.*
- **Inclusion**  
*Neighborhood Developers, LLC is a joint venture between Partners First, LLC and Queen City Built, LLC. The principals of Queen City Built, LLC graduated from the 2021 Cohort of Minority Developer Training in the City of Cincinnati. Further,*

*Neighborhood Developers, LLC will publicly present the bidding opportunities for the project, as well as will present the bidding opportunities through the City's Meet & Confer process.*

- **Community Engagement**  
*Neighborhood Developers LLC engaged with the Northside Community Council through their formal meeting process on three occasions. Separately the development team worked with the local CDC and Business Association to formulate alignment between the development concept and specific area needs.*
- **Living Wages**  
*The project developer has committed to comply with the City's Living Wage Policy. All temporary and permanent jobs created by the Project will meet or exceed \$15/hour.*
- **Place-Based Investment**  
*This project will contribute to the vitality of the NBD by creating residential units and commercial space immediately adjacent and within walking distance to the NBD. The project's location on Main Street is accessible by a number of City bus routes.*
- **Transformative Project**  
*The project delivers assets to the community in the form of new retail space and unique commercial space for flexible office users which is proximate to newly created housing stock. The project eliminates a significant and long-term blight that has had negative safety impacts on nearby residents as evidenced by CPD runs to the location. The project will reduce deployment of City resources to secure and respond to safety hazards resulting from the existing property conditions.*

## **PROPOSED INCENTIVE**

This Emergency Ordinance authorizes the City Manager to execute the Development Agreement with Neighborhood Development, LLC. The City intends to exempt improvements to the Property from real estate taxation under Section 5709.41 of the Ohio Revised code for 30 years. From the service payments, Neighborhood Development, LLC will make a 33% annual payment to the School Board and a 15% annual VTICA payment, as reflected in the following Summary.

<b>SUMMARY</b>	
<b>Forgone Public Benefit if Project Does not Proceed</b>	
CPS PILOT (Forgone New Revenue)	(\$5,515,196)
VTICA (Forgone New Revenue)	(\$2,506,907)
Income Tax (Forgone New Revenue)	(\$157,500)
<b>Total Public Benefit Lost</b>	<b>(\$8,179,604)</b>
<b>Incentive Value</b>	
Annual Net Incentive to Developer	\$289,687
<b>Total Term Incentive to Developer</b>	<b>\$8,690,612</b>
<b>City's Portion of Property Taxes Forgone</b>	<b>\$2,156,963</b>



<b>Public Benefit</b>	
CPS PILOT	
Annual CPS Pilot	\$183,840
Total Term CPS PILOT	<b>\$5,515,196</b>
VTICA	
Annual VTICA	\$83,564
Total Term VTICA	<b>\$2,506,907</b>
Income Tax (Max)	<b>\$157,500</b>
<b>Total Public Benefit (CPS PILOT/VTICA /Income Tax)</b>	<b>\$8,179,604</b>
Total Public Benefit ROI*	\$0.94
City's ROI*	\$3.79

### **RECOMMENDATION**

The Administration recommends approval of this Emergency Ordinance.

Attachments:

- A. Property Location and Photographs
- B. Council Priorities Rubric

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

**Attachment A: Property Location and Photographs**

**Attachment B: Council Priorities Rubric**

## PRIORITIES RUBRIC

### PROJECT: ABC Development Project (Illustration Only)

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

Does the present value of proposed City assistance exceed \$3 million? Yes ☒ No ☐

CATEGORY	APPLICABLE?	EXCEEDS	MEETS
<b><u>BALANCED HOUSING PRODUCTION</u></b> <ul style="list-style-type: none"> <li>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.</li> <li>Project creates or preserves extremely low-income housing units (0%-30% AMI) to the extent financially feasible given project conditions.</li> <li>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.</li> <li>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.</li> </ul>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b><u>IMPROVEMENT OF VACANT, BLIGHTED AND/OR UNDERUTILIZED PROPERTIES</u></b> <ul style="list-style-type: none"> <li>Project replaces a vacant and/or underutilized property and adds net-new housing units without displacing existing residents.</li> <li>Project activates a previously vacant building or property.</li> <li>Project eliminates a blighted parcel or parcels (as defined in Ohio Revised Code Section 1.08).</li> <li>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.</li> <li>Project will involve remediation of a brownfield site or involves mitigation of previously existing site conditions that make redevelopment difficult.</li> </ul>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b><u>ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT</u></b> <ul style="list-style-type: none"> <li>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).</li> </ul>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## VOLUNTARY TAX INCENTIVE CONTRIBUTION

- 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 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**

- 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 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.
- Applicant has participated, is participating, or will participate in the City's program advancing minority development professionals.

## COMMUNITY OUTREACH

- Applicant has engaged all necessary stakeholders in the community in an open and public process, as early as feasible. DCED can provide information regarding best practices upon an applicant's request.
- 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

- 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.

## **JOB CREATION AND RETENTION**

- 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

- 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.
- Project encourages traditional compact, walkable neighborhood development.

<ul style="list-style-type: none"> <li>Project is placed within a federally designated Hub Zone.</li> </ul>			
<b><u>HISTORIC PRESERVATION</u></b>			
<ul style="list-style-type: none"> <li>Project will directly lead to the preservation of a historic structure.</li> <li>Project will create increased market activity and investment that will support and encourage preservation of proximate historic structures.</li> </ul>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b><u>TRANSFORMATIVE PROJECT</u></b>			
<ul style="list-style-type: none"> <li>Project fills a neighborhood need and/or adds a new community asset (i.e. retail, commercial, grocery, housing).</li> <li>Project saves or preserves existing community asset.</li> <li>Project creates or enhances a public space to be utilized by the community.</li> <li>Project creates/repairs City infrastructure.</li> <li>Project is within a "Targeted Neighborhood" as defined in Ordinance No. 275-2017, as amended.</li> <li>Project is a "Catalytic Project" as defined in Ordinance No. 275-2017, as amended.</li> </ul>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

This Priorities Rubric is intended to be utilized as a starting point for discussions of certain public benefits created by applicable projects, and is 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 this Priorities Rubric, Council encourages the City Administration to bring forth all worthy projects.