

December 4, 2024

To: Mayor and Members of City Council

From: Sheryl M.M. Long, City Manager *SW*

202402470

Subject: Emergency Ordinance – Approving and Authorizing CRA Tax Exemption Agreement with Seventh Street Living LLC

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement (LEED or Living Building Challenge) with Seventh Street Living, LLC, thereby authorizing a fifteen-year tax exemption for 100 percent of the value of improvements made to real property located at 36 E. Seventh Street in the Central Business District of Cincinnati, in connection with the remodeling of an existing building into mixed-use space containing approximately 2,700 square feet of commercial retail space, approximately 4,000 square feet of commercial office space, and approximately 205,214 square feet of residential space consisting of approximately 162 residential rental units, which remodeling shall be completed in compliance with Leadership in Energy and Environmental Design Silver, Gold, or Platinum standards or Living Building Challenge standards, at a total remodeling cost of approximately \$50,653,948.

STATEMENT

HOUSING: The additional housing units this project will provide will go toward helping to alleviate Cincinnati's strained housing market, which is currently experiencing increasing affordability issues due to lack of supply.

OFFICE/COMMERCIAL: The preservation of office units will help contribute to Cincinnati's economic stability by opening up more potential for future job opportunities by improving maintained space for new tenants.

BACKGROUND/CURRENT CONDITIONS

In 2024, CIG Communities acquired 36 E. 7th Street, a 12-story office tower on top of a 14-story parking garage in the Central Business District. Through its affiliate entity Seventh Street Living, LLC, CIG will convert the property from its existing use as an office to 162 apartment units. In addition to the residential conversion, the 1st and 2nd floors will be renovated and preserved as a mix of commercial, office, and amenity space. CIG Communities submitted a Commercial Community Reinvestment Area (CRA) application seeking City incentives to support the renovation and partial conversion of the building in November of 2024.

DEVELOPER INFORMATION

Seventh Street Living, LLC, is a wholly owned subsidiary of CIG Communities. Founded in 1984 as Capital Investment Group, CIG Communities is an established real estate development and property management company operating in the Midwest, Mid Atlantic, and Southeastern parts of the United States. The company has over 1,200 housing units under management. Notable projects in the Cincinnati region include 550 Lytle Park, Aspire Kenwood, and Aqua on the Levee.

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	Avant
Street Address	36 E. 7th Street
Neighborhood	Central Business District
Property Condition	Primarily vacant building
Project Type	Renovation
Project Cost	Hard Construction Costs: \$50,653,948 Acquisition Costs: \$4,838,450 Soft Costs: \$11,451,905 Total Project Cost: \$66,944,303
Private Investment	Private Financing: \$ 43,768,934 Developer Equity: \$23,175,369
Sq. Footage by Use	Residential: 205,214 SF Office: 4,000 SF Commercial Retail: 2,700 SF
Number of Units and Rent Ranges	5 Studio Units; Rent \$1,650 87 1-BR Units; Rent Range \$1,750 - \$2,675 64 2-BR Units; Rent Range \$2,750 - \$4,600 2 3-BR Units; Rent Range \$3,975 - \$4,750 4 Penthouse Units; Rent Range \$3,575 - \$5,600 162 Total Units
Median 1-BD Rent Affordable To	Salary: \$81,000 City Job Classification: Supervising Crime Analyst, Geotechnical Engineer, Supervising City Planner
Jobs and Payroll	Created FTE Positions: 20 Total Payroll for Created FTE Positions: \$868,800 Average Salary for Created FTE Positions: \$43,440 Construction FTE Positions: 175 Total Payroll for Construction FTE Positions: \$26MM
Location and Transit	Located within the Downtown Development District Transit Score: 99
Community Engagement	Presented at Community Council (CC) on 9/10/2024, CC has provided a letter of support.
Plan Cincinnati Goals	Compete Initiative Area Goal 2 (p. 114-120), Live Initiative Area Goal 2 (p. 156-163), Sustain Initiative Area Goal 2 (p.193-198)

Project Image and Site Map



Proposed Incentive

Incentive Terms	15-year, net 67%
Incentive Application Process	Commercial LEED CRA – Downtown Streetcar Area
SBE/MBE/WBE Goals	SBE Goal of 30%

Potential Taxes Forgone & Public Benefit

Taxes Forgone	Value
Annual Net Incentive to Developer	\$591,670
Total Term Incentive to Developer	\$8,875,046
City's Portion of Property Taxes Forgone (Term)	\$1,861,526
City's TIF District Revenue Forgone (Term)	\$0

Public Benefit	Value	
CPS PILOT	Annual	\$291,419
	Total Term	\$4,371,291
VTICA	Annual	\$0
	Total Term	\$0
Income Tax Total Term (Maximum)	\$795,406	
Total Public Benefit (CPS PILOT, VTICA, Income Tax)	\$5,166,697	

Total Public Benefit ROI*	\$0.58
City's ROI**	\$0.43

* 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.

For Reference: 2024 Cincinnati MSA Area Median Income Limits

AMI	1	2	3	4	5	6	7	8
30%	\$22,050	\$25,200	\$28,350	\$31,450	\$34,000	\$36,500	\$39,000	\$41,550
50%	\$36,700	\$41,950	\$47,200	\$52,400	\$56,600	\$60,800	\$65,000	\$69,200
60%	\$44,040	\$50,340	\$56,640	\$62,880	\$67,920	\$72,960	\$78,000	\$83,040
80%	\$58,700	\$67,100	\$75,500	\$83,850	\$90,600	\$97,300	\$104,00	\$110,700