

December 1, 2021

To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager



202103152

Subject: CRA TAX EXEMPTION FOR THE FARMERS HOTEL, LLC

Attached is an Emergency Ordinance captioned:

APPROVING AND AUTHORIZING the City Manager to execute a *Community Reinvestment Area Tax Exemption Agreement* with The Farmers Hotel, LLC, thereby authorizing a 12-year tax exemption for 100% of the value of improvements made to real property located at 4000 and 4004 Colerain Avenue in the Northside neighborhood of Cincinnati, in connection with the remodeling of an existing building into approximately 3,840 square feet of residential space, consisting of 6 residential units, and approximately 2,500 square feet of commercial space, at a total construction cost of approximately \$645,000.

BACKGROUND/CURRENT CONDITIONS

The Farmers Hotel, LLC owns and intends to renovate one (1) historic, vacant, blighted building at 4000 and 4004 Colerain Avenue in Northside.

The former Farmers Hotel is considered Northside's oldest commercial building, and the only remaining former hotel along Colerain Avenue that once catered to farmers as they drove livestock into the city during the Porkopolis days. The former Farmers Hotel was a threatened building that was designated as a historic landmark in 2013, then was later acquired and stabilized by the Hamilton County Land Bank.

The redevelopment of the site will replace underutilized land blocks, reduce vacancy, create jobs, and provide quality housing options.

DEVELOPER INFORMATION

The Farmers Hotel LLC, an affiliate of Rock Island Realty LTD, will be the owner, developer, and general contractor. Rock Island Realty LTD, owned and managed by Lisa Meeks, is an experienced Northside-based developer of smaller residential and commercial properties, with a focus on the Northside area. Rock Island Realty LTD has renovated 50+ single-family homes, 23 commercial spaces, and does remodeling work for clients of \$1.2 million a year.

PROJECT DESCRIPTION

The Farmers Hotel will consist of the gut renovation and preservation of one (1) historic, vacant, blighted building at 4000 and 4004 Colerain Avenue in Northside. At completion, the project will create six (6) rehabilitated market-rate apartment units and will include approximately 3,840 square feet of total residential space. The unit count by type consists of (2) studio units and (4) one-bedroom units. Rent will range between \$1,610-\$3,423 per month depending on the square footage of the unit (ranging from 435-925 square feet). In addition, the project will include 2,500 square feet of commercial space.

Total investment is projected to be at \$795,000 and is estimated to be completed by July 2022. The project will support the creation of 10 Full-Time Equivalent positions with an estimated total annual payroll of \$447,824.

This project represents Plan Cincinnati's "Vision to Compete" by making a targeted investment, and its "Vision of Live" to support and stabilize our neighborhoods. This project also achieves Plan Cincinnati's Sustain Initiative Area's Goal to "Preserve our built history" (p. 197). This incentive is consistent with the uniform rules for Community Reinvestment Areas adopted by Council Ordinance 119-2007.

TI PM, LLC is owned by Mark Bruggeman, a registered architect. TI PM, LLC has extensive experience in historic renovations in Over-the-Rhine, including projects at 1608-1610 Pleasant Street, 1703 Pleasant Street, and 126 W. Elder Street.

PROPOSED INCENTIVE

The Department of Community and Economic Development (DCED) is recommending a 100% net 52%, 12-year CRA tax exemption based on this project's 15% VTICA contribution and financial underwriting. Pursuant to the Commercial CRA policy established by City Council, this project scored 11 points on the Neighborhood CRA scorecard as indicated below, which would merit a 12-year net 52% 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)	8
TOTAL	11

* *"But For" Analysis Explanation:* 3 points were awarded for the following reason:

- Project is not economically feasible without abatement.

SUMMARY	
Forgone Public Benefit if Project Does not Proceed	
CPS PILOT (Forgone New Revenue)	(\$43,804)
VTICA (Forgone New Revenue)	(\$19,911)
Income Tax (Forgone New Revenue)	(\$96,730)
Total Public Benefit Lost	(\$160,445)
Incentive Value	
Annual Net Incentive to Developer	\$5,752
Total Term Incentive to Developer	\$69,025
City's Portion of Property Taxes Forgone	\$18,654
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$3,650
Total Term CPS PILOT	\$43,804
VTICA	
Annual VTICA	\$1,659
Total Term VTICA	\$19,911
Income Tax (Max)	\$96,730
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$160,445
Total Public Benefit ROI	\$2.32
City's ROI	\$8.60

PROJECT TEAM & TIMELINE

The project team (listed below) will make themselves available at the request of the councilmember(s).

- Assistant City Manager: John Juech
- DCED Director: Markiea Carter
- Project Attorney: Kaitlyn Geiger

The anticipated council timeline, which includes two Budget and Finance meetings if necessary is as follows:

- December 1, 2021: Introduction to City Council
- December 6, 2021: Budget and Finance (1)
- December 13, 2021: Budget and Finance (2)
- December 15, 2021: City Council for Final Approval

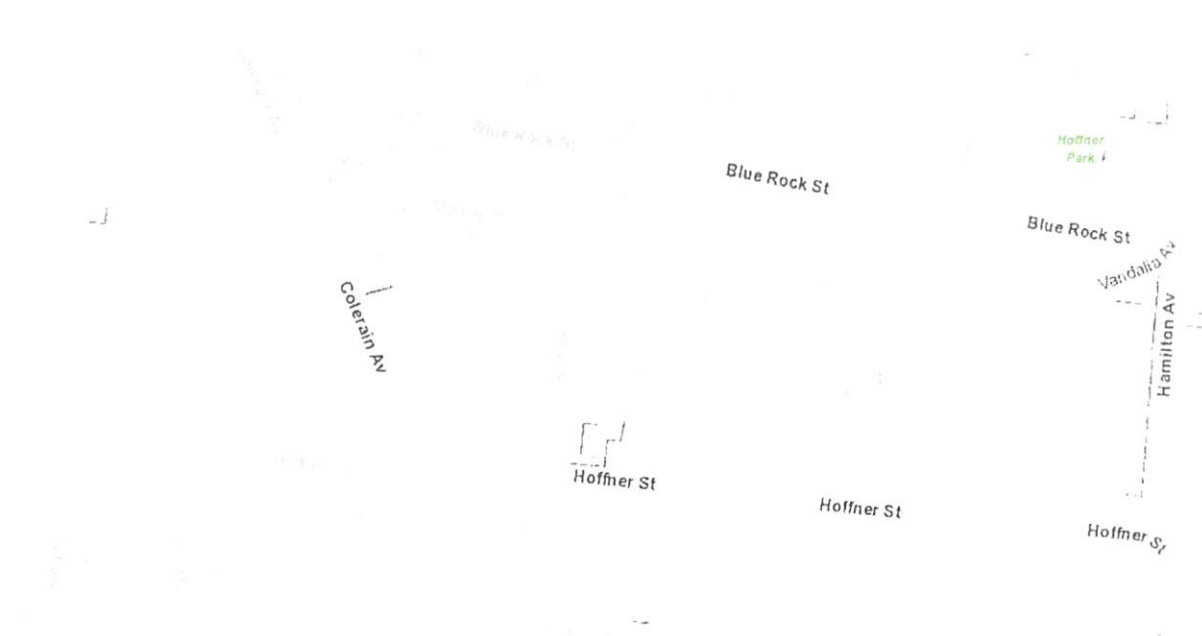
RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: A. Property location and photographs

Copy: Markiea L. Carter, Director, DCED *mlc*

Attachment A: Location and Photographs



4000 & 4004 Colerain, Project Location



4000 & 4004 Colerain Avenue, Project Photo