

**June 7, 2023**

**To:** Mayor and Members of City Council

202301584

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

**Subject: Emergency Ordinance – Commercial CRA – 2151 Colerain Avenue**

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Attached is an Emergency Ordinance captioned:

**APPROVING AND AUTHORIZING** the City Manager to execute a Community Reinvestment Area Tax Exemption Agreement with West End Empire, LLC, thereby authorizing a fifteen-year tax exemption for 100 percent of the value of improvements made to real property located at 2151 Colerain Avenue in the West End neighborhood of Cincinnati, in connection with the remodeling of an existing building into approximately 4,500 square feet of residential space consisting of six rental units, at a total construction cost of \$752,844.

### **BACKGROUND/CURRENT CONDITIONS**

The property at 2151 Colerain Avenue is a blighted and vacant multifamily building in the West End neighborhood in Cincinnati. West End Empire, LLC (the “Developer”) submitted a Commercial CRA Application seeking city assistance to rehabilitate the property. The renovation will consist of the rehabilitation of the building into six (6) two-bedroom units with rents affordable to households not to exceed 60% of the area median income.

### **DEVELOPER INFORMATION**

The project is led by 2151 Colerain LLC, an affiliate of West End Empire, LLC. West End Empire LLC is a newly developed company focused on the acquisition and revitalization of property in the Cincinnati market. The company is committed to investing in blighted areas and assisting in the city's efforts to bring communities back to life. The company's ownership shares over 35 years of development and construction expertise in the surrounding local and national markets.

### **RECOMMENDATION**

The Administration recommends approval of this Emergency Ordinance. This is an Emergency Ordinance so financial closing and construction can commence as soon as possible after passage.

Attachment: Project Outline

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

## Project Outline

<b><u>Project Description Details</u></b>	<b><u>Explanation</u></b>
Project Name	2151 Colerain Avenue
Street Address	2151 Colerain Avenue
Property Condition	The property address is 2151 Colerain Avenue and is in the West End neighborhood. This project consists of the rehabilitation of a very old building and will revitalize six (6) two-bedroom units at rents not to exceed 60% AMI and will maintain the affordability through the tax abatement term.
Neighborhood	West End
Incentive Application Process	Commercial CRA (Non-LEED)
Recent or other projects by Developer	West End Empire is a newly developed company focused on the acquisition and re-vitalization of property in the Cincinnati market. The company is committed to investing in blighted areas and assisting in the city's efforts to bring communities back to life. The company's ownership shares over 35 years of development and construction expertise in the local, as well as national markets.
Approval at planning commission/Neighborhood support	Planning Commission approval is not applicable.
Plan Cincinnati Goals	Achieves the Sustain Initiative Goal 2 (page 180 by preserving our built history) and Live Initiative Goal 3 (page 148 by providing quality healthy housing for all income levels) of Plan Cincinnati

**Project Image**



<b><u>Incentive Summary Category</u></b>	<b><u>Explanation</u></b>
Abatement Term and amount	15-year, net 67%
Construction Cost & Private investment committed	Approximately \$750,000 in hard construction costs, with \$300,000 from the Affordable Housing Trust Fund.
Sq. Footage by Use	Approximately 4,500 SF of Residential space
Number of units and rental ranges	Six residential two-bedroom units with rents that range \$1,150-\$1,289 per month based on size; rents will not exceed what is affordable to 60% AMI during the abatement term.
Jobs created/retained and payroll (living wage)	The project is anticipated to create 1 FTE at an estimated \$40,000 annual payroll and 30 Construction jobs at an estimated \$435,000 annual payroll.
“But For”	This project would not proceed without abatement and without a financial subsidy; the project is undercapitalized with a \$300,000 request in gap financing from Affordable Housing Trust Fund.
Cash on Cash Return for developer (Market return between 8-12%,	Without Abatement: average 14% (Over 15yr Term) With Abatement: average 20% (Over 15yr Term)  *Although the project has anticipated higher cash on return of around 20% with the abatement, the developer is not paying

depends on investment risk)	themselves a developer fee. If they were to pay themselves a developer fee of around 10%, then their rate of return would be in line with 14% with an abatement and 6% without an abatement.
LEED or other environmental build	Non-LEED
Neighborhood VTICA	No Neighborhood VTICA with the investment of the trust fund and extended affordability
Total Public Benefit (Benefits Realized vs Taxes Forgone)	\$0.61 of new CPS/Income taxes for each \$1 forgone
Projected Income Tax Revenue	\$15,098
MBE/WBE Goals	30% SBE
Transit Access/Walkability	The project site sits along metro bus routes 27, and 31, and is ¼ mile from Linn Street.
Geography	Located in the West End Neighborhood Revitalization Strategy Area
Historic Preservation/Existing Building Renovation	This project will renovate one blighted building, preserving, and placing it into productive use.
Public Infrastructure Improvements	N/A

Rent	Affordable to Salary	City Jobs (Min Salary exceeds affordable salary)
\$1,289.00	\$51,560.00	Senior Plant Operator, Service Crew Leader, Water Customer Service Representative, Water Works Maintenance Worker
\$1,150.00	\$46,000.00	Supervisor of Inspections, Administrative Technician, Supervisor of Maintenance, Supervisor of Water Customer Service,

AMI	1	2	3	4	5	6	7	8
30%	\$20,100	\$22,950	\$25,800	\$28,650	\$32,470	\$37,190	\$49,910	\$46,360
50%	\$33,450	\$38,200	\$43,000	\$47,750	\$51,600	\$55,400	\$49,250	\$63,050
60%	\$40,140	\$45,840	\$51,600	\$57,300	\$61,920	\$66,480	\$59,100	\$75,660
80%	\$53,520	\$61,120	\$68,800	\$76,400	\$82,560	\$88,640	\$78,800	\$100,880