

City of Cincinnati

August 31, 2020

To: Mayor and Members of City Council

From: Paula Boggs Muething, Interim City Manager

*JM
for PBM*

202001358

Subject: **FUNDING AGREEMENT FOR COURT AND VINE HOLDINGS, LLC. COURT STREET HOUSING REDEVELOPMENT**

Attached is an Emergency Ordinance captioned as follows:

AUTHORIZING the City Manager to execute a *Funding Agreement* with Court and Vine Holdings, LLC, or other subsidiary of Cincinnati Center City Development Corporation (3CDC) acceptable to the City, providing for a forgivable loan of \$1,500,000 and development of a scattered-site, mixed-use project in the Central Business District of Cincinnati consisting of the construction of approximately twenty-eight market-rate residential condominium units and 8,943 square feet of commercial space; **ESTABLISHING** new capital improvement program project account no. 980x164x211630, "Court Street Housing Redevelopment - TIF" to provide resources for the acquisition of real property associated with the development; **AUTHORIZING** the transfer and appropriation of the sum of \$1,500,000 from the unappropriated surplus of Downtown/OTR West Equivalent Fund 482 (Downtown/OTR West TIF District) to the newly-established capital improvement program project account no. 980x164x211630, "Court Street Housing Redevelopment - TIF," to provide resources for the acquisition of property associated with the development in the form of a forgivable loan; and further **DECLARING** expenditures from such project account serve a public purpose.

BACKGROUND/CURRENT CONDITIONS

OTR Holdings, Inc. is the current property owner of the project referred to as Court Street South, which includes 4 historic buildings located at 7-11 E. Court Street, 31 E. Court Street, 37 E. Court Street, and 915 Vine Street in the Central Business District. These historic buildings are currently vacant. OTR Holdings, Inc. submitted a Financial Assistance application for each of the buildings included in the Court Street South Project. These applications were received and reviewed by DCED.

DEVELOPER INFORMATION

OTR Holdings, Inc. and Court and Vine Holdings, LLC are subsidiaries of Cincinnati Center City Development Corporation (3CDC), a non-profit organization that has invested over \$1.47 billion dollars in development in Downtown and Over-the-Rhine over the past 15 years. This investment has resulted in 300 apartment units, 534 condominiums, 156 hotel rooms, 320 shelter beds, 1,070,500 square feet of commercial space, and 4,925 parking spaces. They recently completed a similar condominium development on the north side of Court Street.

PROJECT DESCRIPTION

The Court Street South project is 4 separate buildings, each with ground floor commercial space and residential condos above. Upon completion this project will consist of 28 condominiums and 7,553 square feet of commercial space.

This transmittal specifically refers to the residential condo portion of the project. The residential condos will consist of mostly one-bedroom condos, with a small portion of two-bedrooms condos. Their unit size ranges from 486 square feet to 1205 square feet. The average sale price of the units is projected to be \$398 per square foot. The estimated total project cost is \$11,579,772. This project will create eight permanent jobs at a total annual payroll of \$250,000 and 58 temporary construction jobs at an annual payroll of \$2,986,069. This project aligns with the Compete and Live Initiatives of Plan Cincinnati, and 3CDC has received the support of the Downtown Residence Council.

PROPOSED INCENTIVE

DCED is recommending a forgivable loan of \$1,500,000 to fund acquisition costs of the Court Street South project based on its "but-for" analysis and determination that such incentive is needed to fill a budget gap to make this project feasible. The loan is structured to be forgiven and/or repaid at the end of year three, with any repayment dependent upon the level of net profits earned by the developer on the sale of residential condominium units. Increasing homeownership in the urban core is an important factor in stabilizing the Downtown small business economy. This project will result in a more vibrant Court Street and a help promote a much-needed link between the Riverfront, the CBD, and Over-the-Rhine.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs

