

September 14, 2020

202001538

To: Mayor and Members of City Council

From: Paula Boggs Muething, Interim City Manager

Subject: **ORDINANCE AUTHORIZING A PROPERTY SALE AND DEVELOPMENT FOR 835-847 OAK STREET**

Attached is an Emergency Ordinance captioned as follows:

AUTHORIZING the City Manager to execute any and all agreements and take such other steps as may be necessary in order to sell City-owned real property at 835-847 Oak Street in the Walnut Hills neighborhood of Cincinnati to Melrose IHNGC Limited Partnership, an affiliate of The Model Group, Inc. and Interfaith Hospitality Network of Greater Cincinnati, Inc.

BACKGROUND/CURRENT CONDITIONS

The property located at 835-847 Oak Street consists of seven City-owned vacant lots at the corner of Oak Street and Melrose Avenue in Walnut Hills. The City has owned three of the parcels (837-841 Oak) since 2001 and acquired the four adjacent parcels (835 and 843-847 Oak) from the Hamilton County Land Reutilization Corporation in June 2020 as part of a property swap. All parcels have been vacant for at least 20 years. Co-developers Interfaith Hospitality Network of Greater Cincinnati (IHNGC) and Model Property Development approached the City about the purchase of the property for the site of a planned permanent supportive housing project in 2019. The Model Group owns the adjacent parcel at 849 Oak Street and this parcel will be included in the development. Based on Model's ownership of the adjacent parcel and the benefit this permanent supportive housing project will provide to the City, DCED determined that it would be in the best interest of the City to pursue a direct sell in accordance with Cincinnati Municipal Code Sec. 331-5, Sale or Lease Without Competitive Bidding.

DEVELOPER INFORMATION

Melrose IHNGC Limited Partnership is owned by IHNGC who has provided wraparound social services, rapid rehousing, and emergency shelter for families experiencing homelessness in Greater Cincinnati since 1991. IHNGC is collaborating with co-developer, Model Property Development, a Cincinnati-based real estate

developer who has completed over 56 Low-Income Housing Tax Credit (LIHTC) projects including several permanent supportive housing projects such as Anna Louise Inn and Sheakley Center for Youth.

PROJECT DESCRIPTION

Melrose IHNGC will purchase the property from the City to construct a 26-unit LIHTC permanent supportive housing project known as Melrose Place. The City-owned property will be consolidated with the adjacent Model-owned property at 849 Oak Street. The project will provide affordable, stable housing for families experiencing homelessness. The development will consist of a new four-story, LEED-certified building, which will include a multi-purpose room, counseling offices, and on-site parking. IHNGC will offer all residents on-site mental health counseling, case management, legal services, and life skills training, with additional specialized support for children.

This \$6.3 million project will include the new construction of 26 residential units consisting of three one-bedrooms, 13 two-bedrooms, and ten three-bedrooms. Three units will be affordable at 30% Area Median Income (AMI), five at 50% AMI, and 18 at 60% AMI. Total rents are projected at \$775 for one-bedrooms, \$911 for two-bedrooms, and \$1,185 for three-bedrooms but all units' rents will be subsidized by the Department of Housing and Urban Development so tenants will pay no more than 30% of their household income on housing costs. The annual operating subsidy from HUD is essential to be able to provide units affordable to persons at 30% AMI. The private investment generated through the LIHTC program represents approximately 87% of the construction costs and will help to reduce the amount of debt the project has to take on to work.

On February 7, 2020, Walnut Hills Area Council voted in support of this project and City Planning Commission approved the property sale on August 7, 2020.

This Ordinance complies with Plan Cincinnati's Live Goals 2 and 3 on pages 156-178 by providing a full spectrum of housing options and improving housing quality and affordability. Additionally, the project will create a more livable community by supporting and stabilizing the Walnut Hills neighborhood through the redevelopment of vacant property.

PROPOSED INCENTIVE

DCED is recommending a sale of the property at a reduced value of \$1 to Melrose IHNGC. This recommendation is based on the significant noneconomic benefit that this permanent supportive housing project will provide to families experiencing homelessness and is in accordance with Cincinnati Municipal Code Sec. 331-1, Sale or Lease of City-Owned Real Property – General Provisions. The combined fair market value of the property is \$24,500.

IHNGC has also submitted a request for construction assistance from DCED through the Notice of Funding Availability process which has not yet concluded due to delays related to COVID-19 earlier in the year. Awards from this process are expected later in September to meet LIHTC deadlines where applicable.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. This Ordinance is an emergency in nature so that the developer can obtain the necessary site control required as a condition of Ohio Housing Finance Agency's to secure the Low-Income Housing Tax Credits award.

Attachment A: Property location and photographs

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

Attachment A: Location and Photographs



Property Location



835-847 Oak Street



NORTH ELEVATION (OAK STREET)

Project Rendering