

City of Cincinnati



202000997

August 3, 2020

To: Mayor and Members of City Council

From: Paula Boggs Muething, Interim City Manager *CB for PBM*

Subject: **FOURTH AMENDMENT TO FUNDING, ACQUISITION AND DEVELOPMENT AGREEMENT WITH ACKERMANN ENTERPRISES, INC.**

Attached is an Emergency Ordinance captioned as follows:

AUTHORIZING the City Manager to execute a Fourth Amendment to Funding, Acquisition and Development Agreement with Madisonville Phase I LLC, Madisonville Phase II LLC, Madisonville Phase III LLC, and Ackermann Enterprises, Inc., in order to facilitate the companies' multi-phased mixed-use redevelopment of the property; **ESTABLISHING** new capital improvement program project account no. 980x164x211631, "Madison & Whetsel Phase IIB Public Improvements," for the purpose of providing resources to facilitate the construction of various public improvements associated with a portion of the development; **AUTHORIZING** the transfer and appropriation of \$950,000 from the unappropriated surplus of Madisonville District Equivalent Fund 498 (Madisonville TIF District) to the newly established capital improvement program project account 980x164x211631, "Madison & Whetsel Phase IIB Public Improvements"; and **DECLARING** expenditures from such project account to be for a public purpose.

BACKGROUND/CURRENT CONDITIONS

The Department of Community and Economic Development (DCED) issued a Request for Qualifications (RFQ) from developers in April 2014 for 6.25 acres of assembled land surrounding the intersection of Madison Road and Whetsel Avenue in the center of the Madisonville neighborhood. A selection committee, in partnership with neighborhood stakeholders, selected Ackermann Group to complete a final development proposal for the site.

In June 2016, City Council approved Ordinance No. 241-2016, which authorized the Funding, Acquisition and Development Agreement (FADA) between Ackermann

Enterprises, Inc. (“Developer”) and the City. The FADA contemplated the Phase I project to generally include the Southwest, Northwest, and Northeast blocks of the Madison and Whetsel intersection and a potential Phase II project on the Southeast block.

In June 2018, City Council approved Ordinance No. 161-2018, which authorized the First Amendment to the FADA, which finalized the scope of Phase I project to include 106 new residential units, 5,000 SF of new retail space, 13,500 SF of new office space, in addition to retail improvements to the Madison Center and public infrastructure improvements on the Southwest and Northwest blocks and a potential Phase II project included the Northeast and Southeast blocks.

In September 2019, City Council approved Ordinance No. 341-2019, which authorized the Second Amendment to the FADA, which split the Phase II project into a Phase IIA project and Phase IIB project. The scope of the Phase IIA project included 120 new residential units, 7,892 SF of new retail space, 120 surface parking spaces, and supporting public ROW improvements on the Northeast block. The potential Phase IIB project would be on the Southeast block and after an extension for time in the Third Amendment to the FADA in July 2020, the Developer has until September 30, 2020 to exercise its purchase option.

The Developer is nearing the completion of construction of the Phase I project and has commenced construction on the Phase IIA project. The Developer has also submitted a new financial assistance application to support the Phase IIB project. The proposed fourth amendment contemplates a Phase IIB project including only the Southeast block and a potential future phase on several City owned parcels directly north of the Northeast block.

A site plan showing the blocks described above can be found in Attachment A.

DEVELOPER INFORMATION

Ackermann Group is a local property management and development firm led by Dobbs Ackermann. The company has been involved with large mixed-use projects including the ongoing Phase I and Phase IIA projects at Madison & Whetsel as well the completed University Station Project located near the Dana Avenue and Montgomery Road intersection in the neighborhood of Evanston and City of Norwood.

PROJECT DESCRIPTION

The proposed Phase IIB project will cover the entire Southeast block. This area includes ten City owned parcels and one parcel owned by the Developer. The acquisition of the Developer owned parcel was funded by the City and the City retains a repurchase option for these parcels in the event the project does not occur.

The scope of the new construction project includes the following:

- Approximately 92 market rate residential rental units (studio and 1-bedroom units). Rents are estimated to range from \$971 to \$1,778.
- Approximately 18,900 SF of commercial space
- Approximately 94 surface parking spaces
- Approximately 15 public parking spaces on Prentice Street
- ROW infrastructure improvements to support the private development including streetscaping, water main, a public plaza, and roadway maintenance

The public plaza included as part of the ROW infrastructure improvements will extend along Whetsel Avenue from Madison Road to Prentice Street. The public plaza will measure 0.8 acres. Five percent of the proposed Project TIF service payments will be retained by the City and will go towards the maintenance and programming of the public plaza. A centrally located public space for community events has been a focal point for Madisonville residents.

The total project cost is estimated to be \$24.0MM, including \$16.3MM in private investment. The Developer is committing to cause the creation of 88 FTE permanent jobs and \$4.9MM in annual payroll as a result of the project as well as 124 construction jobs with \$6.8MM in one-time payroll.

The Developer has presented and discussed the Phase IIB project at several Madisonville Community Council (MCC) meetings. The Developer has also formed a committee comprised of MCC, Madisonville Community Urban Redevelopment Corporation (MCURC), as well as other stakeholders to review and vote on design considerations for the project. Members of the community have communicated to City Council that there are concerns for this Phase IIB project and the development as a whole in terms of affordable housing, provision of parking to support commercial space and apartments, use of District TIF funds, and others.

PROPOSED INCENTIVE

DCED is recommending the following incentive package for the Phase IIB project:

TIF District Grant: The City will provide a grant on a reimbursement basis of up to \$950,000 from the Madisonville TIF District Fund for the eligible ROW infrastructure improvement expenses that support the Phase IIB project. This Emergency Ordinance authorizes the establishment of new capital improvement program project account no. 980x164x211631 "Madison & Whetsel Phase IIB Public Improvements."

Project TIF: The City will create a 30-year, 70% net rate project-based TIF exemption for the Phase II project site to fund public infrastructure debt to be issued by the Port Authority.

SUMMARY – 30 Year Term of Incentive	
Incentive Value	
Annual Net Incentive to Developer	\$225,942
Total Term Incentive to Developer	\$6,778,260
City's Portion of Property Taxes Forgone	\$1,249,729
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$80,694
Total Term CPS PILOT	\$2,420,807
Public Plaza Operation & Maintenance Fund	
Annual	\$16,139
Total Term	\$484,161
Income Tax (Max)	\$3,276,000
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$6,180,968
Total Public Benefit ROI*	\$0.91
City's ROI*	\$4.95

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: A. Site Plan

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

Attachment A: Site Plan



- Red:** Phase I (Under construction)
- Yellow:** Phase IIA (Under construction)
- Green:** Phase IIB (Proposed)
- Blue:** North Sierra Project (Potential)