

June 3, 2021

To: Mayor and Members of City Council 202102089

From: Paula Boggs Muething, City Manager

Subject: **LEED COMMUNITY REINVESTMENT AREA TAX EXEMPTION
AGREEMENT FOR 1410 VINE LLC**

Attached is an Emergency Ordinance captioned as follows:

APPROVING AND AUTHORIZING the City Manager to execute a *Community Reinvestment Area Tax Exemption Agreement (LEED or Living Building Challenge)* with 1410 Vine LLC, an affiliate of 3CDC, thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 1410 Vine Street in the Over-The-Rhine neighborhood of Cincinnati, in connection with the remodeling of an existing building into approximately 6,572 square feet of commercial space, which remodeling shall be completed in compliance with Leadership in Energy and Environmental Design Silver, Gold or Platinum standards or Living Building Challenge standards, at a total remodeling cost of approximately \$3,630,000.

BACKGROUND/CURRENT CONDITIONS

This property is a multi-story vacant building in the Over-the-Rhine neighborhood of Cincinnati. It is within the OTR Historic District, and many Cincinnatians know this building as the former Wielert's Café—a saloon and beer garden that served as a home base for the infamous Boss Cox. The Developer submitted a CRA application to DCED requesting assistance in the redevelopment of this property.

DEVELOPER INFORMATION

1410 Vine, LLC is a subsidiary of Cincinnati Center City Development Corporation (3CDC). 3CDC is 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

Once completed, this project will consist of 6,572 square feet of commercial space. In connection with this project, it is estimated that 73 temporary construction jobs are created at a total annual payroll of \$2,270,000 and 44 full-time equivalent employees will be created at a total annual payroll of \$1,785,000.

This project is consistent with several of Plan Cincinnati's goals including the City's goal to remain competitive economically, and the City's goal to be good stewards of its resources—both built and environmental.

PROPOSED INCENTIVE

The Ordinance provides for a 100% (net 52%), 15-year CRA tax exemption for this property. The exemption applies only to the increase in value of the building attributable to the project improvements. Pursuant to the LEED Commercial CRA policy established by City Council, this project is located within the Streetcar VTICA Area and is therefore eligible for a 15-year net 60% CRA Tax Abatement.

SUMMARY		
Forgone Public Benefit if Project Does not Proceed		
	CPS PILOT (Forgone New Revenue)	(\$333,669)
	VTICA (Forgone New Revenue)	(\$151,668)
	Income Tax (Forgone New Revenue)	(\$598,028)
	Total Public Benefit Lost	(\$1,083,365)
Incentive Value		
	Annual Net Incentive to Developer	\$35,052
	Total Term Incentive to Developer	\$525,782
	City's Portion of Property Taxes Forgone	\$130,496
Public Benefit		
	CPS PILOT	
	Annual CPS Pilot	\$22,245
	Total Term CPS PILOT	\$333,669
	VTICA	
	Annual VTICA	\$10,111
	Total Term VTICA	\$151,668
	Income Tax (Max)	\$598,028
	Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$1,083,365
	Total Public Benefit ROI*	\$2.06
	City's ROI*	\$8.30
*If the project were going to happen regardless of incentive, this is the return of real dollars for public benefits as potential future dollars are forgone		

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. This is an Emergency Ordinance to allow 3CDC to commence construction at the earliest possible time.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs

