

May 26, 2021

To: Mayor and Members of City Council

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

202102016

Subject: **COMMUNITY REIVESTMENT AREA TAX EXEMPTION
AGREEMENT FOR 4145 APPLE STREET CINCINNATI, OHIO
45223**

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 Apple Street Senior LLC, thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 4145 Apple Street in the Northside neighborhood of Cincinnati, in connection with the construction of a new building comprised of approximately 49,475 square feet of residential space, consisting of 57 rental units, which construction 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 construction cost of approximately \$8,759,328.

BACKGROUND/CURRENT CONDITIONS

Apple Street Senior LLC will acquire and intends to construct a 57-unit senior apartment building at a former grocery store site located at 4145 Apple Street in Northside. The developer hopes for construction to commence in the late Spring of 2021. The vacant and blighted structure that currently exists on site will be demolished for the construction of the new building.

DEVELOPER INFORMATION

Pennrose, LLC and Northsiders Engaged in Sustainable Transformation (NEST) have joined forces forming Apple Street Senior LLC. Pennrose LLC has developed over 15,000 rental housing units, representing \$3.5 billion in total development costs. Pennrose LLC and NEST are co-developers of this project and will share ownership at a 75%/25% split, respectively. Both entities have significant development experience within the Cincinnati area.

PROJECT DESCRIPTION

- The proposed development consists of 49,475 sq. ft. of residential space
- The new development consists of the new construction of a 3-story, 57-unit, building with 48 rear parking spaces
- Private Investment Committed-\$11.9 million
- Public Investment Committed-\$1 million
- Jobs created/retained and payroll- The project is anticipated to support the creation of 21 temporary construction jobs with a total payroll of \$2.6 million and 1.5 permanent jobs with an annual payroll of \$66,000

PROPOSED INCENTIVE

DCED is recommending a net 67%, 15-year CRA tax exemption. It has been determined that this project warrants a maximum CRA incentive without VTICA based on the following factors: project will create affordable units for extremely low- to low-income households (30% - 60% AMI); this incentive is consistent with previously awarded LITHC projects; and project meets the qualifications of an Undercapitalized Project, as described in Section 3 of Ordinance 339-2018. The project has separately been awarded up to \$1 million in HOME funds through the 2020 Notice of Funding Availability process.

SUMMARY	
Forgone Public Benefit if Project Does not Proceed	
CPS PILOT (Forgone New Revenue)	(\$539,455)
VTICA (Forgone New Revenue)	\$0
Income Tax (Forgone New Revenue)	(\$85,884)
Total Public Benefit Lost	(\$625,339)
Incentive Value	
Annual Net Incentive to Developer	\$73,017
Total Term Incentive to Developer	\$1,095,257
City's Portion of Property Taxes Forgone	\$210,978
Public Benefit	
CPS PILOT	
Annual CPS Pilot	\$35,964
Total Term CPS PILOT	\$539,455
VTICA	
Annual VTICA	\$0
Total Term VTICA	\$0
Income Tax (Max)	\$85,884
Total Public Benefit (CPS PILOT/VTICA /Income Tax)	\$625,339
Total Public Benefit ROI	\$0.57
City's ROI	\$2.96

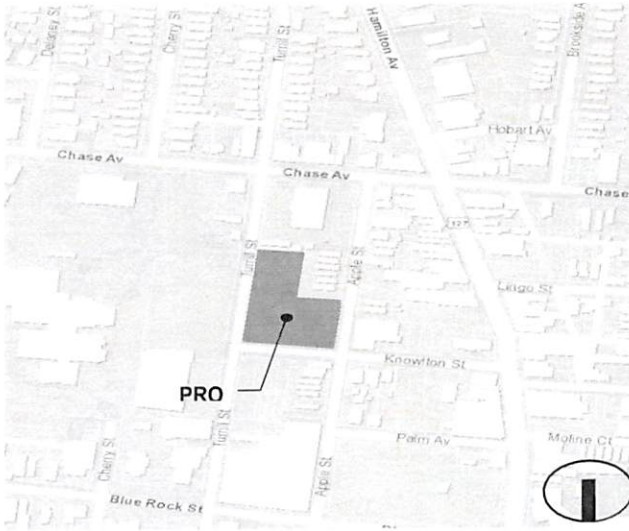
RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance to allow construction to commence 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



Property Location/Address: 4145 Apple Street Cincinnati, Ohio 45223