

June 16, 2021

To: Mayor and Members of City Council 202102265

From: Paula Boggs Muething, City Manager

Subject: **LEED COMMUNITY REINVESTMENT AREA TAX EXEMPTION AGREEMENT FOR CLC 300 MAIN STREET 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 CLC 300 Main Street LLC, thereby authorizing a 15-year tax exemption for 100% of the value of improvements made to real property located at 300 Main Street, 304 Main Street, and 302 E. Third Street in the Central Business District of Cincinnati, in connection with the remodeling of the existing building into approximately 40,000 square feet of commercial office 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 \$7,000,000.

BACKGROUND/CURRENT CONDITIONS

This property is a multi-story vacant building in the Central Business District of Cincinnati, and it is within the Main and Third Street Historic District. The Developer submitted a CRA application to DCED requesting assistance in the redevelopment of this property.

DEVELOPER INFORMATION

CLC 300 Main Street, LLC is the development entity that will be renovating these buildings on behalf of Pure Romance. Pure Romance is an existing Cincinnati company that is moving from its current location at 655 Plum to this location across downtown. With this move, they will be adding five full time jobs to their payroll.

PROJECT DESCRIPTION

Once completed, this project will consist of 40,000 square feet of office space to house the new Pure Romance headquarters. In connection with this project, it is estimated that 75 temporary construction jobs will be created at a total annual payroll of \$3,950,000, 110 full-time equivalent employees will be retained at a total annual payroll of \$10,454,878, and 5 full-time equivalent employees will be created at a total annual payroll of \$325,000.

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 52% CRA Tax Abatement.

SUMMARY		
Forgone Public Benefit if Project Does not Proceed		
CPS PILOT (Forgone New Revenue)		(\$588,288)
VTICA (Forgone New Revenue)		(\$267,403)
Income Tax (Forgone New Revenue)		(\$3,478,612)
Total Public Benefit Lost		(\$4,334,303)
Incentive Value		
Annual Net Incentive to Developer		\$61,800
Total Term Incentive to Developer		\$926,999
City's Portion of Property Taxes Forgone		\$230,076
Public Benefit		
CPS PILOT		
Annual CPS Pilot		\$39,219
Total Term CPS PILOT		\$588,288
VTICA		
Annual VTICA		\$17,827
Total Term VTICA		\$267,403
Income Tax (Max)		\$3,478,612
Total Public Benefit (CPS PILOT/VTICA /Income Tax)		\$4,334,303
Total Public Benefit ROI*		\$4.68
City's ROI*		\$18.84
*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		

LEED CRA Tax Exemption

CLC 300 Main Street, LLC

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RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance.

Attachment: A. Property location and photographs

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

Attachment A: Location and Photographs

