

June 16, 2021

To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager *CAB to PBM*

202102267

Subject: **ORDINANCE – DEVELOPMENT AGREEMENT - WALWORTH**

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Attached is an Emergency Ordinance captioned as follows:

**AUTHORIZING** the City Manager to execute a Development Agreement with East End Development LLC pertaining to the redevelopment of property located south of Columbia Parkway along Walworth Avenue in the East End neighborhood of Cincinnati, pursuant to which the City will assign special assessment revenue and service payments in lieu of taxes received by the City to the Port of Greater Cincinnati Development Authority to facilitate the redevelopment project, which consists of environmental remediation and construction of various public improvements including public infrastructure, an extension of Walworth Avenue, and related improvements in support of a housing subdivision and related private improvements.

#### **BACKGROUND/CURRENT CONDITIONS**

The project site is located at 3100 Walworth Avenue, Cincinnati in the East End neighborhood of Cincinnati. In total, the site includes 7.1410 acres of vacant, unimproved land where 39 single family lots have been created and construction has commenced on a number of the lots. The whole assembled site comprises the Homearama Development proposed by East End Development, LLC.

#### **DEVELOPER INFORMATION**

East End Development, LLC, an affiliate of Meierjohan Building Group – led by Thomas J. Ackermann and Ralph Meierjohan, will be the developing entity of the site. T.J. Ackermann and Ralph Meierjohan have each been developing and building communities in the Greater Cincinnati area for the past 30 years. Together they have a large wealth of knowledge and experience in the field of real estate development, construction, and project management. Upon completion of public improvements and site preparation, third party home builders will purchase parcels for single-family home development from East End Development, LLC.

## **PROJECT DESCRIPTION**

Developer has remediated a contaminated brownfield site at 3101 Walworth Avenue in the East End neighborhood and prepared the site for the construction of 39 single family homes. This is the site of Homearama @ Walworth Junction in partnership with the Greater Cincinnati Home Builders Association. Developer will cause construction of the 39 single family homes; each home will consist of approximately 3,000 square feet of living space and range in sales price from \$800,000 to \$1,600,000. In addition, the Developer will be seeking LEED Neighborhood Development – a first in the City of Cincinnati – requiring all homes built in the subdivision to meet LEED Gold standards.

Developer will also construct several public infrastructure improvements. This includes sidewalks, extension of the Walworth Avenue Street, stormwater, sewer, public signage, remediation of certain environmental conditions and other related improvements to the Walworth Junction housing sub-division.

## **FINANCIAL INCENTIVE STRUCTURE**

City Council previously approved:

1. A Tax Increment Financing Project in December of 2019 providing for a 100% TIF Exemption for a term of 30 years with a 25% payment to Cincinnati Public Schools and
2. A special assessment on 33 lots within the Homearama site to assess the costs of the public infrastructure against the lots. The assessment will assess an estimated \$3,073,661.83 of eligible public infrastructure costs and associated financing costs over a 15-year period. The estimated per lot assessment is \$10,000 per year per lot.

This ordinance would allow the City Administration to enter into a Development Agreement with the Developer and related agreements including a Cooperative Agreement with the Port Authority for an issuance of debt to pay for the construction of public infrastructure and environmental remediation at the site. The agreements would provide the TIF and Special Assessment revenues collected by the City from homes constructed at the project site for the repayment of the debt. The estimated debt to be issued would be in four series as follows:

1. Series A-1: principal amount not to exceed \$2,975,000, for a 15-year term.
2. Series A-2: principal amount not to exceed \$895,000, for a 15-year term.
3. Series B-1: in a principal amount not to exceed \$6,375,000, for a 30-year term.
4. Series B-2: in a principal amount not to exceed \$2,465,000, for a 30-year term.

Total debt issuance is estimated to be \$12,710,000 including \$3,870,000 in bonds primarily serviced by Special Assessments (A Series) and \$8,840,000 in bonds primarily serviced by Project TIF (B Series).

The City would provide a non-tax pledge as a credit enhancement to the Series A-1 only as the Series A-1 bonds would repay costs related to the Walworth Avenue extension which will be a public street. The City's pledge of its non-tax revenue would be fourth in the payment waterfall for Series A-1. The first payment source on the Series A-1 would be 100% of the Special Assessment Revenue. The second payment source on the Series A-1 would be 100% of the Project TIF revenue. The third payment source on the Series A-1 would be a payment guarantee by the Developer's principals (TJ Ackermann and Ralph Meierjohan). Only if the first three payment sources are insufficient would the City's non-tax revenue be required as a fourth source of repayment.

### **RECOMMENDATION**

The Administration recommends approval of this Emergency Ordinance. The reason for the emergency clause is in order to facilitate the completion of the project and construction of all of the homes at the earliest possible time.

Attachment: A. Project Site Plan & Map

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

